

Drake Accounting[®]

2023 User's Manual

DrakeSoftware[®]

Support.DrakeSoftware.com | 828.349.5908

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Introduction

There are two versions offered for Drake Accounting: the **Professional Edition** and the **Forms Edition**.

With the **Professional Edition**, Drake Accounting offers professional, full-scale accounting services to unlimited clients. Drake Accounting allows you to prepare and print both live and after-the-fact payroll in one or more locations, as well as Forms W-2/W-3, 1099/1098/1096, 940/940-PR, 941/941-PR/941-SS, 943/943-PR, 944/944(SP), and 945. Payroll information is transferred to the journal with the click of a button. Drake Accounting also provides the ability to manage client financial records through the use of double-entry bookkeeping. A number of reports are provided, including multi-column profit and loss reports, pre-posted reports, comparative or single column balance sheets, and payroll reports. Templates make the creation of a Chart of Accounts easy, but Drake Accounting also allows users to create a custom Chart of Accounts either by editing an existing one or creating one from scratch. Users can also export information into Drake Tax Software, reducing data entry time required to prepare clients' tax returns. Use Drake Accounting to enter vendor invoices, print (and reprint) live vendor checks, and enter after-the-fact vendor invoice information for bookkeeping purposes. Use the Accounts Payable module's Check Writer to print vendor checks. Use the Accounts Receivable module to record and track customer invoices, shipments, payments, and balances.

With the **Forms Edition**, focus on federal state payroll reporting and filing services. Features of the Forms Edition are included in the Professional Edition.

Regardless of which edition you are using, Drake Accounting offers unlimited clients with unlimited print and e-file (where applicable) capabilities for federal and state forms from 50 states and Departments of Revenue and Labor. There are no per form or per e-file charges.

For more information about Drake Accounting or to order Drake Accounting, visit our website at Accounting.DrakeSoftware.com or call our Sales Department at (800) 890-9500.

Documentation Standards

Use the following key in reading this manual:

“Window/dialog box names, tab names, and field names”

Window/dialog box names, tab names, and field names appear bold (e.g., **Client Setup** dialog box, **GL Account Numbers** tab, **Firm Name** field).

“Dialog box buttons”

Dialog box buttons appear bold (e.g. **Save**).

“Keyboard keys to type”

Appear in bold. (e.g., Press **Y** for Yes).

“Command paths”

Appear bold and separated by an angle bracket “>” (e.g., **Client > Edit**).

“Click”

Press the left mouse button.

“Double-click”

Press the left mouse button twice in rapid succession.

“Right-click”

Press the right mouse button.

Features

Drake Accounting has many features to ensure your business runs as effectively and efficiently as possible.

General

- Install Drake Accounting as a complete program each year rather than an upgrade to last year's program.
- Return to a prior year's program and run reports.
- Reproduce Forms W-2/W-3, 1099/1096, and 94x tax returns.
- All client setup and chart of accounts information can be brought into the new program from last year's software.
- Bring over one client at a time or in a batch.
- Backup clients individually or in a batch; restore backups individually or in a batch.
- Automatically backup client data at designated times or at the click of a button.
- Add, edit, and save client notes that are accessible throughout the program.
- Field validators to ensure all required information for e-filing and other tasks has been entered.
- Hot key shortcuts to allow for faster and more efficient data entry.
- Create and edit cover letters, engagement letters, and compilation letters.

Payroll

- Live payroll to create and print payroll checks.
- After-the-fact payroll to enter payroll stub information for bookkeeping purposes.
- Set up benefits, deductions, and pay rates per location.
- Combine all locations worked onto one check or one check per location.
- Pay multiple pay rate employees.
- Produce and print payroll reports.
- Produce, print, and e-file Forms 940/940-PR, 941/941-PR/941-SS, 943/943-PR, 944, and 945.
- Produce and print Forms 941-X, 943-X, 944-X, 944(SP) and 945-X.
- Produce and print state unemployment reports.
- Produce and print Forms W-2/W-3.
- Produce and print Forms W-2c/W-3c.
- Most state tax and wage reports, with new ones being added as requested and when approved by the state.
- Track employer's contribution to FICA, 401(k), and Medicare.
- Track employee sick and vacation hours earned, used, and remaining.
- Enter state and locality-specific taxes.
- Split direct deposit of payroll checks for employees between two bank accounts.

Accounting

- Create a customizable chart of accounts (COA).
- Save up to ten years of COA history.
- Make prior-year adjustments easily with balances automatically updated that are affected by the adjustment.

- Automatically and manually enter journal transactions.
- Create scheduled transactions for those that are recurring.
- Generate offsetting transactions automatically when entering transactions into the journal.
- Monthly/yearly breakdown of basic financial reports.
- Enter and import bank reconciliation statements.
- Rename accounts and mark accounts as inactive.
- Enter start-of-year beginning balances and month-to-month balances for each account.
- Run a start-of-year balance sheet to reflect the year-to-date and run monthly reports for months entered.
- Create accounts (postable and up to nine sub-levels nested).
- Add, edit, or delete transaction descriptions entered and saved during journal entry.
- Use the Live Posting method to avoid any delays between creating transactions and those transactions affecting the chart of accounts.

Payables

- Set up an unlimited number of vendors.
- Set up federal, state, and additional withholdings to flow to the 1099-MISC and 1099-NEC.
- Use **Batch Payments** to pay multiple invoices using one payment.
- Enter invoices for future payment or as after-the-fact for bookkeeping purposes.
- Use extensive invoice sorting and query capabilities.
- Print and reprint vendor checks with automatic entry in the journal.
- Print vendor checks without having to schedule payments using **Quick Payments**.
- Print blank checks with an Owner-level option in **User Setup** and create transactions for those checks using the **Blank Check Reconciliation** screen.
- Generate an invoice for the vendor's check.
- Write transactions to the journal automatically for vendor checks.
- Produce, print, and create e-files for Forms 1099-MISC, 1099-NEC, and 1096.
- Create **Payables** payments from the journal and view the invoice that is created from these transactions under **Payables > Invoices**.

Receivables

- Set up invoicing parameters, service charge indicators, payment terms, account aging, and status information.
- Set up sales tax information by state.
- Add customer demographics, statuses, shipping information, and balances.
- Identify items "for sale" and set prices.
- Link transactions to items and debit and credit accounts.
- Add, edit, print, and delete customer invoices.
- Receive and apply payments to one or more invoices.
- Use **Batch Payments** to pay multiple invoices using one payment.
- Use the **Bank Deposit** screen to create a bank deposit slip based on payments made in the **Receivables** module.

Reports

- Compare gross and net profit and loss for a selected month of this year and last year.

- Produce and print Forms W-2, W-3, 1099-MISC, 1099-INT, 1099-DIV, 1099-R, 1098-MORT, 1098-C, 1098-T W-2G, 1099-PATR, 1099-OID, 1099-NEC, 1099-S, 1099-A, 1099-B, 1099-C, 1096, and 94x series tax return information “on the fly”.
- Run many reports without having to post transactions.
- Create report sets for batch print federal and state forms, as well as letters and reports in one place.
- Customize DevExpress reports in the Print Preview screen.

Contacting Drake Accounting Support

Telephone Support

Call (828) 349-5908 to speak to a dedicated Drake Accounting Support Agent.

Email Support

DAS@DrakeSoftware.com

When emailing Drake Accounting Support, please include:

1. Your name
2. Best way to be contacted
3. A detailed description of the issue
4. Use the "Client Transfer Utility" (Tools > Client Transfer) to safely get your client file to Drake's servers.

Drake Accounting Support strongly recommends that once you upload a file to Support, you do not continue working in the file until Drake Accounting Support informs you the issue has been resolved and a repaired client file is ready to be downloaded, if applicable.

If you begin to work on the file after uploading it and then download the file Drake Accounting Support has repaired, it will overwrite the data you entered. Downloading the new repaired client file will not merge with the updates you have done.

Support Hours

December 3rd – April 19th

Monday – Friday 8 AM to 10 PM EST
Saturday 8 AM to 6PM EST

April 20th – December 1st

Monday – Friday 8 AM to 9 PM EST
Saturday 9 AM to 5 PM EST

System Requirements

Review all system requirements before installing Drake Accounting. Drake Accounting requires a computer running Windows 8.1 or above. In addition, the software will only support Windows Servers 2012 and above. All operating systems are expected to have the latest updates installed.

If also using Drake Documents (installed with Drake Tax), a TWAIN-compliant scanner is recommended.

Supported Operating Systems

- Windows 8.1
- Windows 10
- Windows Server 2012
- Windows Server 2016
- Windows Server 2019

System Requirements

Operating system	Windows 10 Pro, 64-bit
Processor	2.0 GHz or faster multi-core processor (Intel Core i5 or equivalent)
RAM	8 GB or more
Hard drive	<ul style="list-style-type: none"> • 2 GB or more of available hard drive space, plus 3-5 MB per client (actual space requirements will vary based on the type and number of clients) • Solid-state (SSD) hard drives can enhance system performance
Monitor	Capable of 1920 x 1080 resolution
Internet connection	<ul style="list-style-type: none"> • Internet access is required to install program updates and to e-file • Internet access is required if you are using the YubiKey 5 Series for multi-factor authentication (MFA) • High-speed Internet access (e.g., DSL, cable, fiber optic) is recommended for direct deposit and portal access
Optical drive	CD drive (only required for CD service)
Printer	<ul style="list-style-type: none"> • Laser printer (required if submitting printed forms to the Social Security Administration) • Drake Accounting offers MICR printing, and this requires a laser printer with a magnetic ink cartridge
Browser	<ul style="list-style-type: none"> • Internet Explorer 11 or Edge browser must be installed • Other browsers such as Google Chrome and Firefox can be installed and used as the default
Microsoft .NET Framework	Version 4.8 or higher

Minimum System Requirements

The following minimum system requirements will support Drake Accounting on most systems. For superior performance, it is recommended to have upgrades above the stated minimums. Actual requirements will vary based on your system configuration, as well as the features and other programs that are installed.

- 1 Ghz processor (Intel Core i3 or equivalent)
- 4 GB of RAM
- 1 GB of available hard drive space, plus 3-5 MB per client
- Monitor capable of 1024 x 768 screen resolution
- Internet access (required to install program updates and to e-file)

Network Capabilities

In an office of one to 100, it is easy to network Drake Accounting with a dedicated server or peer-to-peer (P2P) network.

Installation Instructions

Drake Accounting can be installed to a stand-alone PC or a network, including a peer-to-peer setup.

There are two prerequisites (**Microsoft SQL Server, and .Net Framework**) that may need to be installed before Drake Accounting can be installed. The Drake Accounting installation will determine whether any of these need to be installed. If needed, they will be installed automatically before the actual Drake Accounting program is installed. If these prerequisites are not needed, it will skip these installations and begin the Drake Accounting installation process (**Step 11**).

After installing Drake Accounting, the program will need to be activated. See "[Activating Drake Accounting](#)" for more information.

Installing Drake Accounting on the Primary (Most Frequently Used) Workstation

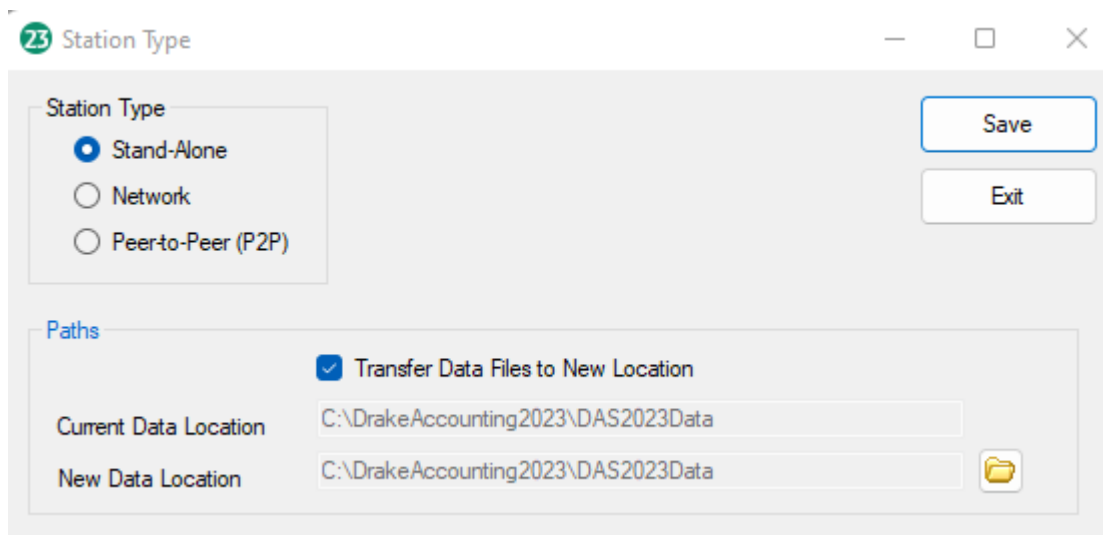
1. Download and run **DrakeAccounting2023.exe**.
2. The Microsoft SQL Server Compact Setup is displayed. Click **Next** at the Microsoft SQL Server Compact Setup.
3. Read through the license agreement for Microsoft SQL Server Compact, select **I accept the terms in the license agreement**, and click **Next**.
4. Click **Install** to begin installing Microsoft SQL Server Compact.
5. Once the Microsoft SQL Server Compact Setup has been successfully installed, click **Finish**. .Net Framework will start downloading after the Microsoft SQL Server has been completed.
6. Read the license agreement for .NET Framework, select **I have read and accept the license terms**, and click **Install**.
7. Once the prerequisites have been completed, click **Next** at the **Drake Accounting 2023 Setup Wizard**.
8. The **IRS Security Summit Notice** will display. Please read through this information and click **Next**. There are four screens to this notice.
9. Read the End-User License Agreement and select **I accept the terms in the License Agreement** and click **Next**.
10. If using a Wacom Signature Pad, select **Wacom Signature Pad SDK** under **Optional Installations**.
11. Click **Browse** and choose the appropriate drive to install Drake Accounting, if the default selected drive is incorrect.
12. On the **Configure Shortcuts** window, select where to create Drake Accounting shortcuts (Desktop and/or Start Menu Program folder). Click **Next**.
13. Click **Install** and **Finish** to complete the installation of Drake Accounting.

Installing Drake Accounting on a Network Station (Other than the Primary)

1. After completing the installation steps above, go to **Start > File browser**.

2. Locate the network drive that Drake Accounting was installed on, or on your keyboard, simultaneously press the **Windows Key + E** to open **File Explorer**, then go to the drive that Drake Accounting 2023 was installed on.
3. Open the **DrakeAccounting2023** Folder.
4. Double-click **nwclient.exe**.
5. Click **Next**.
6. **Accept the License Agreement** and click **Next**.
7. Click **Browse** and choose the network drive that Drake Accounting was installed on.
 - Go to the DrakeAccounting2023 folder and select **DrakeAccounting2023.exe**.
 - Click **Open** and **Next**.
8. Go through the rest of the installation process by clicking **Install**.
9. Once the installation process is complete, click **Finish**.

Installing Drake Accounting 2023 as Peer-to-Peer (P2P)




The Station Type window

Drake Accounting supports a P2P setup, with Drake Accounting installed on separate stations and communicating to the same database. **It is crucial for each station to be on the same patch because machines at different patch levels can corrupt data.**

The default Drake Accounting 2023 location for data is a folder called **DAS2023Data**. The data path will always be **DAS2023Data**. If you choose C:/Temp, the data path will be C:/Temp/DAS2023Data. Each year will have a unique folder.

To install DAS 2023 as a P2P setup:

1. Download Drake Accounting to the applicable workstations.
2. Install any needed prerequisites as prompted by the installation process.
3. Complete the **Drake Accounting 2023 Setup** screens on each work station.
4. Run Drake Accounting on each workstation.
5. Choose **Peer-to-Peer (P2P)** on the **Station Type** window.


6. To transfer client files, reports, and other important files to a different location than the **DAS2023Data** folder, check **Transfer Data Files to New Location** and browse to the new location.
 - Checking the **Transfer Data Files to New Location** option will copy the contents of the **DAS2023Data** folder over to the new location you choose and will zip and archive the **DAS2023Data** folder.
 - If you want to move the data path to a network location, **only one station** will check this option and select the new data path.
 - The other stations would simply point to the new location and leave this option unchecked.
 - To select a new location, click the folder icon  and browse to the appropriate location.
7. Click **Save** when finished.

Patching on P2P

Each machine checks for patches when launching Drake Accounting. When getting updates, every user needs to be out of Drake Accounting so the system can successfully patch. If one station needs to patch, each individual station will need to get updates. The program cannot successfully run if two different versions are trying to connect to the database. It is recommended for stations to get updates at the same time to keep versions consistent.

If there is a patch available and there are others who are using the software, Drake Accounting will prompt you that the application needs to close before patches can be installed.

Accessing the Station Type Window

On the **Client Selector** screen, click the Station Settings icon .

Activating Drake Accounting

Drake Accounting must be activated to have full access to the software. If Drake Accounting is not activated, the software can be operated in **Demo** mode. In Demo mode, users can have full use of the program for 90 days with the exception of printing and e-filing Forms W-2 and 1099.

An Internet connection is required to activate Drake Accounting.

After completing the **Firm Information Setup** screen during initial set up, a message will display to activate Drake Accounting. If not, it may have to be manually updated, and you will need to log into the Drake Support website (Support.DrakeSoftware.com), and go to **Account > Serial Numbers** to retrieve your Drake Accounting serial number.

To activate Drake Accounting:


1. Go to **File > Activate Drake Accounting**.
2. Click **Activate Software**.
3. A prompt will ask if you wish to activate your software.
4. Click **Yes** to activate.
5. Click **OK** to begin using Drake Accounting.

Navigation

Drake Accounting is a Windows-based program, which uses a **Tree View** menu. There is also an icon-based default screen called the "Alternative Desktop View" that allows you to click on icons to open modules and options.

Tree View Menu








The **Tree View** menu is displayed along the left side of the Drake Accounting window. It functions the same as it does inside a Windows folder.

Click the plus sign (+) to the left of the module name (e.g., **Employees**) to expand the Tree View for available submodules (e.g., **Options**), represented by the plus sign (+) under the module name. Press **Ctrl+Shift+T** or click the "hamburger icon"  to toggle between hiding and showing the Tree View menu. Based on individual user settings, the Tree View menu can be hidden. See "Creating the Initial Owner Account" for more information on this feature.

It is not necessary to close a module or screen before going to another screen. Click on the desired module or screen, and Drake Accounting closes the current screen and opens the new screen. If there is unsaved entries on the screen being closed, a prompt to save is displayed.

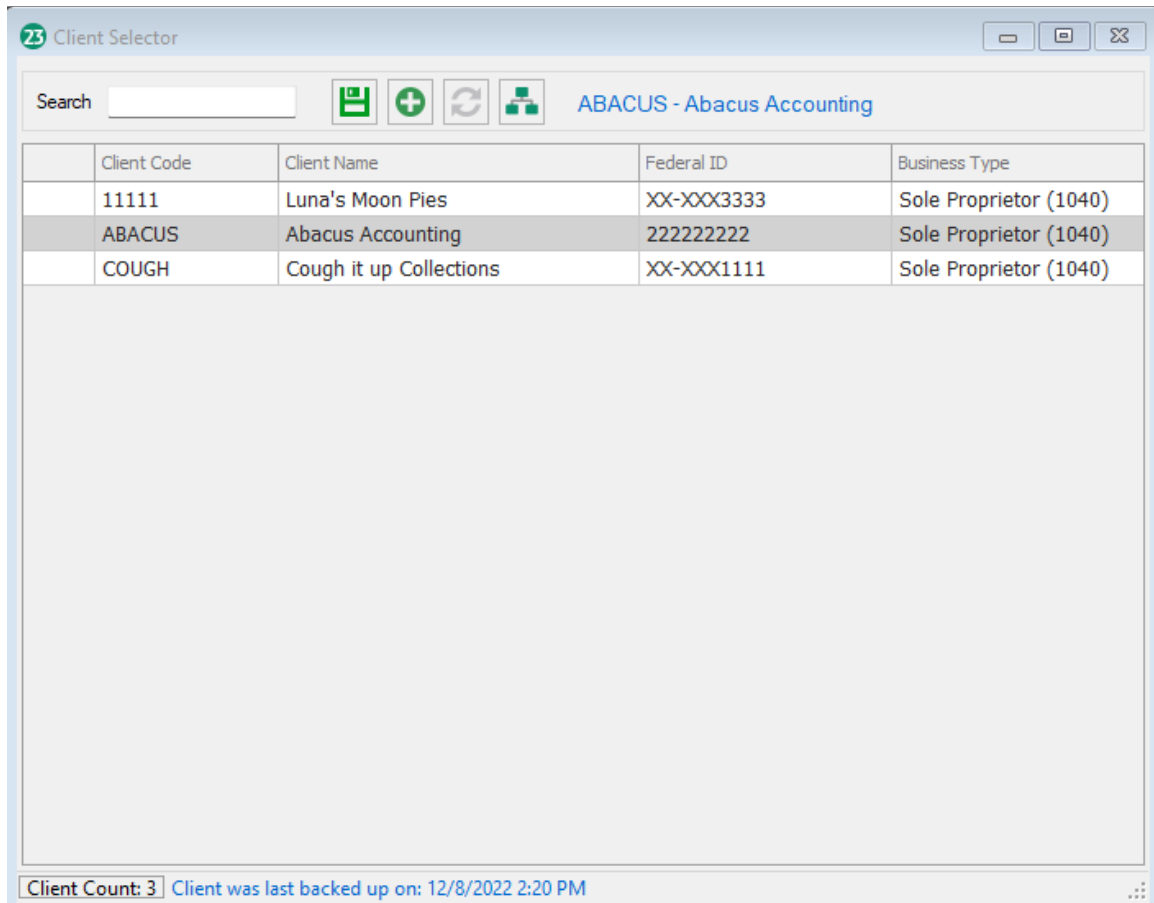
Other Menu Options

In the upper right corner, the following icons are displayed:

Icon	Description
 Reporting	Opens the Reports screen to choose a report.
 Video Tutorials	Launches your web browser to the available video tutorials for Drake Accounting.
 Log Out	Logs current user out of Drake Accounting. This will bring up the User Login screen. See " Logging out of Drake Accounting " for more information.
 Settings	Click the drop down icon  to display the following settings options: <ol style="list-style-type: none"> 1. Change Password - Opens the User Setup screen. It will ask for the current user password and display password requirements in red. Once desired changes have been made, click Save. 2. Change Security Questions - Opens the User Setup screen. Click the Security Questions tab. Change questions and answers as desired. Check the box next to Show Answers to display answers without asterisks (*). Click Save when finished. 3. Default – Choose how you want to view Drake Accounting– the Default, Client Health, or Retro-Desktop view.
 Calculator	Launches the Windows calculator.
 Help	A browser will open to the Knowledge Base. Access the Knowledge Base at https://kb.drakesoftware.com .

Client Selector Window

The **Client Selector** window is the main or Home window of Drake Accounting and is displayed when all other Drake Accounting windows are closed. It lists all the clients you have created in the software.



The Client Selector screen

Changing the Active Client






To view a different client's information:

1. Go to the Drake Accounting **Client Selector** window. This window is displayed when all other Drake Accounting windows are closed.
2. There are two ways to change the active client in Drake Accounting:
 - a. Click on the desired client from the **Client Selector** grid, or
 - b. Enter the Client Code, Client Name, ID Number or Business Type in the **Search** box in the upper left corner. The Search will give a drop menu of clients when the first letter/number is typed in the client code box using Autocomplete. If a match is not found, a message is displayed asking if you would like to create that client.

The active client is indicated with a blue highlight. A client highlighted in grey indicates there is missing information in that client's setup.

Client Selector Icons

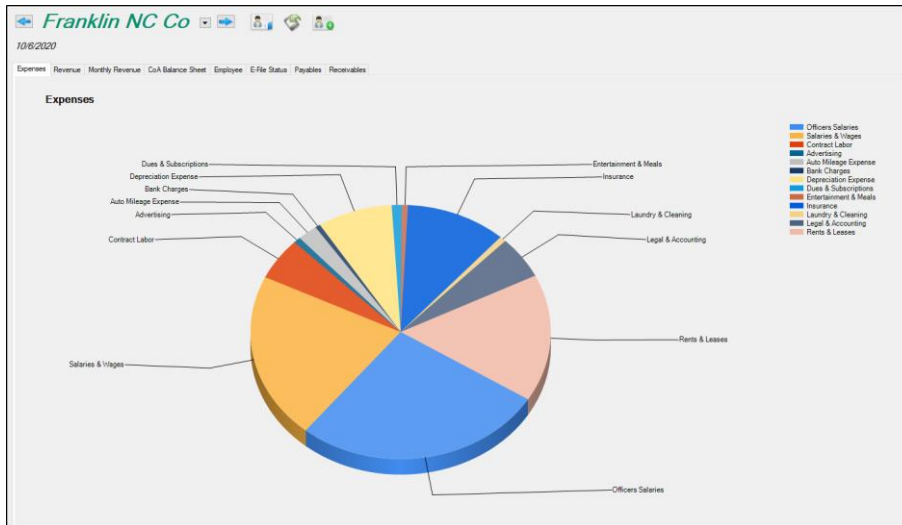
The **Client Selector** icons are used to perform several functions, including creating a new client, backing up the active client, and rebuilding the client list.

Icon	Description
 <p>Search field</p>	Change the active client or search for a client using the Client Code, Client Name, Federal ID, or Business Type .
 <p>Backup Current Client</p>	Makes a backup of the active client's files. The backup file is written to the location specified in the Backup field on the Firm > Firm Information Setup window.
 <p>Add New Client</p>	Sets up a new client. If a unique Client Code was not entered into the Client Code field prior to clicking this icon, one is required on the Client Setup window.
 <p>Rebuild Client List</p>	Refreshes client list when clients are missing from the Client Selector grid. This may occur when adding, deleting, or importing clients.
 <p>Station Type</p>	Opens the Station Type window to choose the network setup. To transfer client files, reports, and other important files to a different location than the DAS2023Data folder, check Transfer Data Files to New Location and browse to the new location.

Client Health View

The **Client Health** screen allows for an in-depth look into the financial status of any selected client. You can view data from expense reports, revenue reports, Payables, Receivables, and more in graphical form. This includes pie charts or bar graphs in a two-dimensional or three-dimensional format. You can better advise your clients on their financial status with a clear, easy-to-understand representation of their information. You can also save these reports to PDF format and view them under **Tools > Review Reports** or using the **Quick Save Viewer** on the bottom left of Client Health. To see the **Client Health** screen, you can select it either from the drop down under Settings on the **Client Selector** screen, or by going to **Client > Health** on the tree menu.

Colors cannot be changed for charts on the **e-File Status** and **CoA Balance Sheet** tabs.



The Client Health View

Choosing the Client Health View

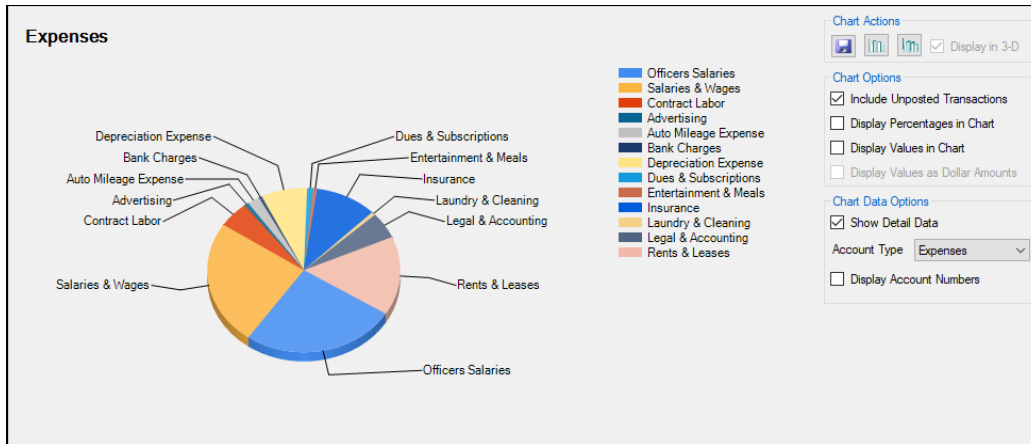
This will set up the **Client Health View** to be the default screen when opening Drake Accounting. It is also available under **Client > Health** if it is not set up as the default option. Once you check Client Health View, there will also be a **Health Options tab** for additional options.

1. Go to **Firm > User Setup**.
2. Click on the user you wish to apply this view to.
3. Click on the **Options tab**.
4. Check **Client Health View**.
5. **Save** when finished.

Overview of the Client Health View

Expenses Tab

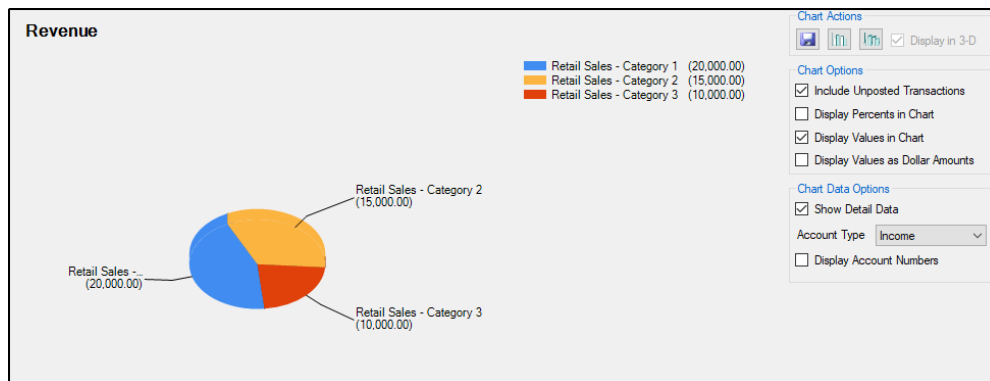
- Displays information about **Expenses, Other Expenses, and Cost of Goods** account types for YTD.
- Can also include **Unposted Transactions**.
- **Show Detail Data** displays the individual accounts based on the account type chosen.
 - This will change the chart from 2-D to 3-D.



An example of the Expenses tab of Client Health with a positive incline

Revenue Tab

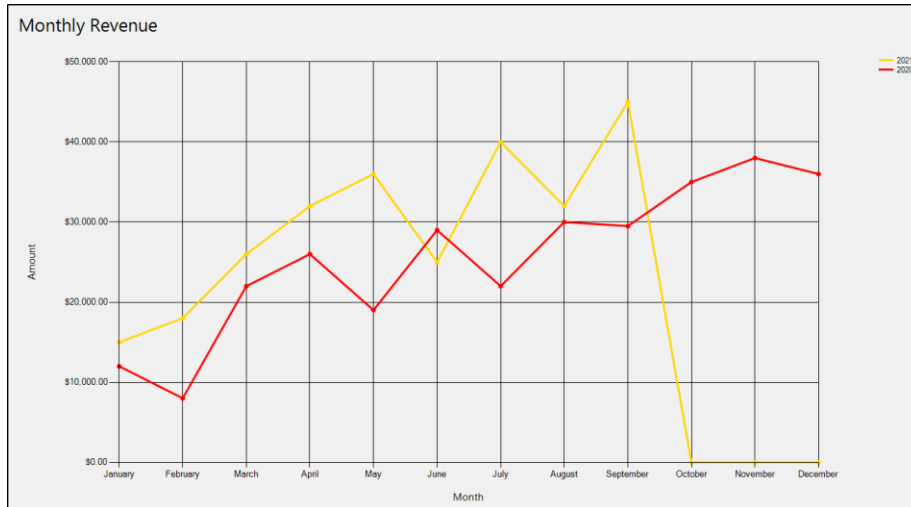
- Displays information about **Income** and **Other Income** account types for YTD.
- Can also include **Unposted Transactions**.
- **Show Detailed Data** displays the individual accounts based on the account type chosen.
 - This will change the chart from 2-D to 3-D.



An example of the Revenue tab of Client Health with a negative incline

Monthly Revenue Tab

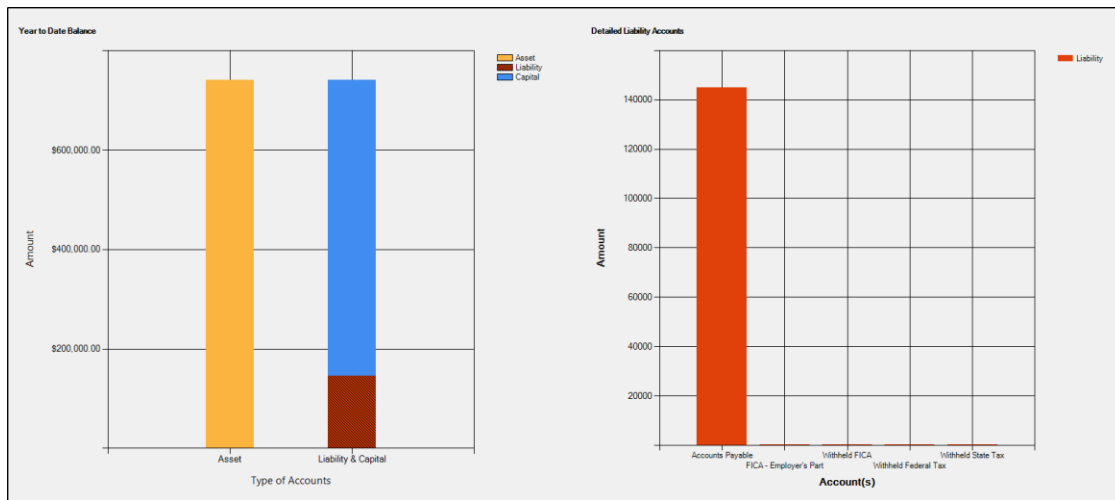
- Displays a monthly break down of revenue in either bar or line graph.
- Can choose to include prior year revenue data and **Unposted Transactions**.
- Current year will only display to the last month of transactions (i.e., if the last transaction is in March for the Current Year, the last Current Year Data point will be in March).



An example of the Monthly Revenue tab of Client Health with custom font and colors

CoA Balance Sheet Tab

- Displays a comparison between **Assets**, **Capital**, and **Liability**.
- Can choose to display **Year-to-Date**, **Prior Month vs Current Month**, or **Historic Comparison**.
 - **Historic Comparison** allows for the input of two months to compare them.
- **Capital** and **Liability** are stacked columns.
- When hovering over either a column or a legend, they can be selected to display a detailed breakdown of the selected type to the right.

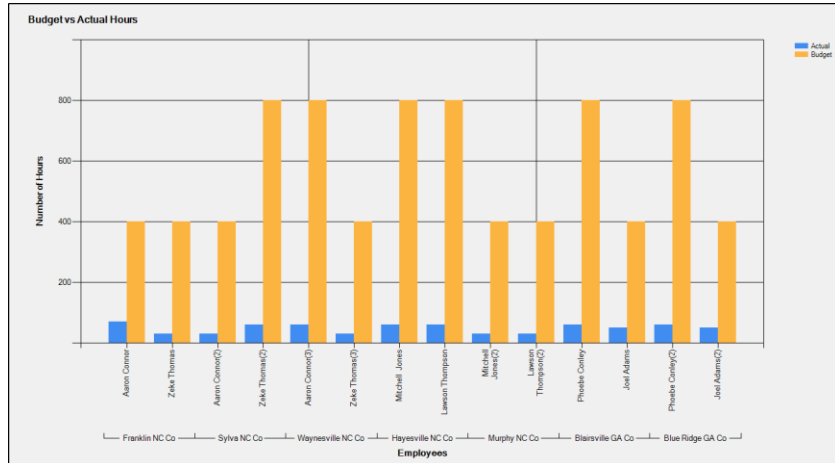


An example of the CoA Balance Sheet tab with a detailed breakdown of liability accounts

Employee Tab

- Displays a comparison between an employee's budgeted hours and the actual hours worked.
- Can choose to display terminated employees.
- Can select the employees to show on the chart.

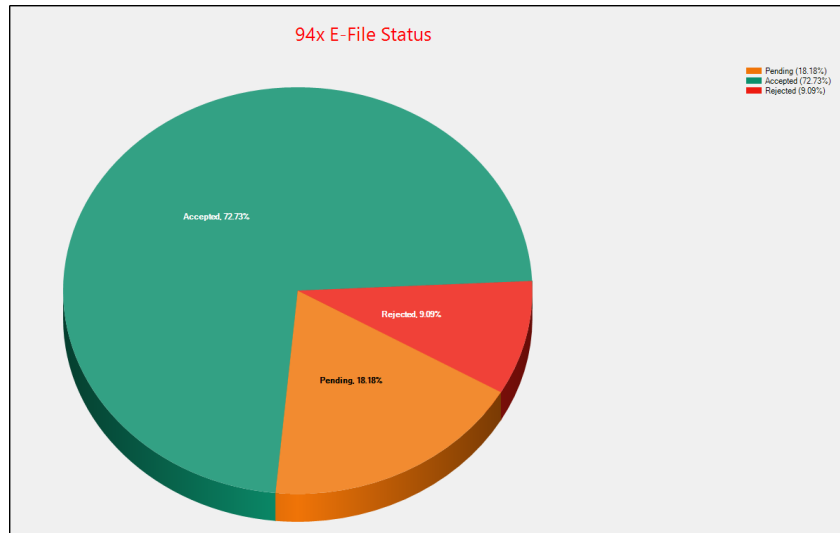
- Can show a predicted **Annual Actual vs Annual Budget** for each employee.
- Display options include **Column** or **Stacked Column**.
- **Group By** and filter options include **Division, Location, Pay Class**.
- A summary of each grouping is available (the **Summarize Grouping** option).



An example of the Employee tab grouped by location

e-File Status Tab

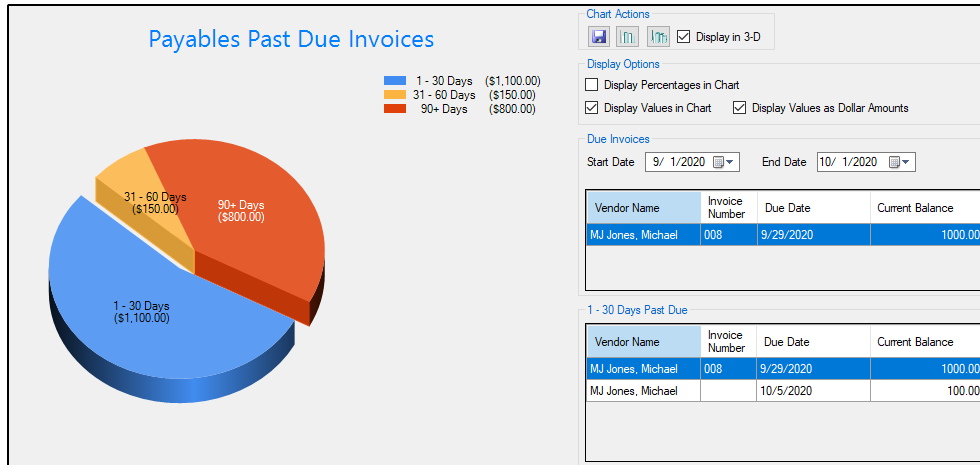
- Displays the status of 94x returns: **Pending, Approved, and Rejected**.
- Can choose to display **All** or individual 94x e-filing types.



An example of the e-File Status tab with statuses of Accepted, Rejected, and Pending

Payables Tab

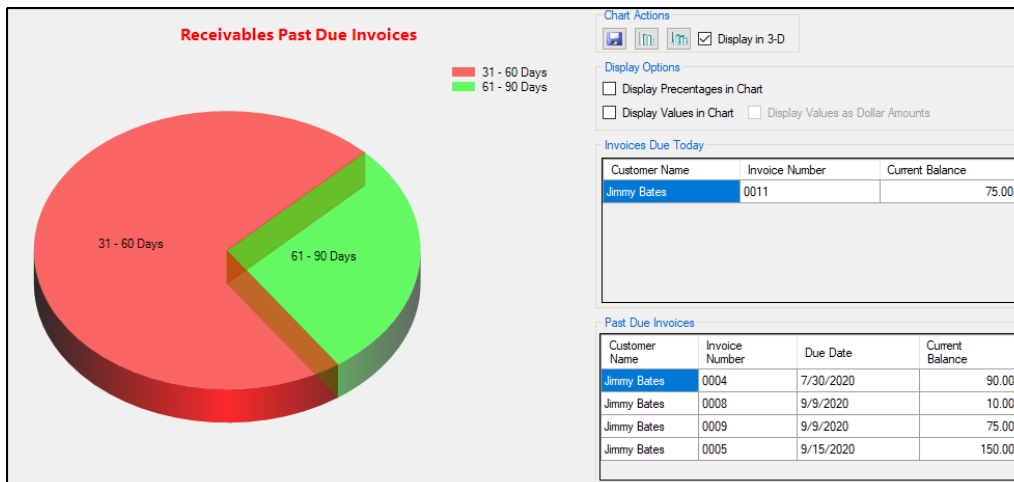
- Displays overdue invoices in 1-30, 31-60, 61-90, 90+ days.
- Can select a "pie slice" to display those invoices in the lower right data grid.
- Can search for **Due Invoices** using the start and end date ranges.



An example of Payables tab with a chosen slice representing which invoices are due for that period







Receivables Tab

- Displays overdue invoices in 1-30, 31-60, 61-90, 90+ days.
- Can select a "pie slice" to display those invoices in the lower right data grid.
- Displays invoices due today.



An example of a customized Receivables tab with invoices due

Client Health Global Actions and Options

- **Save Button** 
 - Displays a menu of options when clicked
 - **Save** (also available when right-clicking on graph)
 - Allows you to choose a location to save the chart as a PDF.
 - **Quick Save** (also available when right-clicking on graph)
 - Saves to **Review Reports** and allows you to review and delete from **Tools > Review Reports > Display Charts**.
 - **Print** (also available when right-clicking on graph)
 - Brings up print dialog box to print the chart.
- **Quick Save Viewer** 
 - Located at the bottom left of **Client Health** screen
 - Opens up **Review Reports to Display Charts**, allowing you to view their quick-saved charts.
- **Chart Options** (or right-click on chart) 
 - **Title and Axes tab**
 - **Chart Titles and Axis Styling**
 - Allows you to change **Chart Titles** and **Axis Titles**.
 - Allows styling of those titles, including font, style (bold, italic, etc.), text color, and font size.
 - Chart title position can be changed.
 - **Chart Colors tab**
 - Allows you to change the chart colors to one of the pre-defined colors/themes.
 - **CoA Balance Sheet** and **e-File Status tabs** are currently not able to change colors/themes.
- **3-D Chart Options** (or right-click on chart and click Edit 3-D Graph) 
 - Allows you to adjust the 3-D chart look & feel.
 - **Incline**
 - Tilts the chart between -90 and 90 degrees
 - **Y-Axis Rotation**
 - Rotates the chart left to right.
 - **Wall Width**
 - Increases or decreases the 3-D boarder around the chart.
 - **Group Bars**
 - For Column charts this will align all the bars along the x-axis.
 - **Lighting**
 - Allows the choice between 3 styles.
- **Display in 3-D** 
 - When checked the chart will display in "3-D Mode."
 - When checked will activate the **3-D Chart Options** button and menu option.
- **Hand Cursor** 





- When hovering over a chart or legend and the cursor changes from an arrow to a hand, that means that its clickable.
- **CoA Balance Sheet, Payables, and Receivables** are currently the only tabs that implement this feature.
- **Show Chart Labels** Show Chart Labels
 - Displays Y-values for each point.
 - Available on **Monthly Revenue, Employee, and CoA Balance Sheet.**
- **Display Values as Dollar Amounts** Display Values as Dollar Amounts
 - Forces labels, tooltips, Y-axis values to be formatted as dollars.
 - Available on **Monthly Revenue and CoA Balance Sheet.**
- **Display Percentages in Chart** Display Percentages in Chart
 - Shows percentages for each account in the graph.

Changing Clients

You can switch between clients using the **Client Health** screen. The drop down icon displays a list of clients to choose from. The left and right arrows switch to the next client.

Actions on Client Health

These options are available only when Client Health is the startup (default) screen.

Icon	Description
 Open	Closes Client Health and opens client selector.
 Backup	Saves a backup of the current client.
 Add Client	Closes Client Health and allows you to create a new client.
 Change Station Info	Opens the Station Type window.


Saving on Client Health

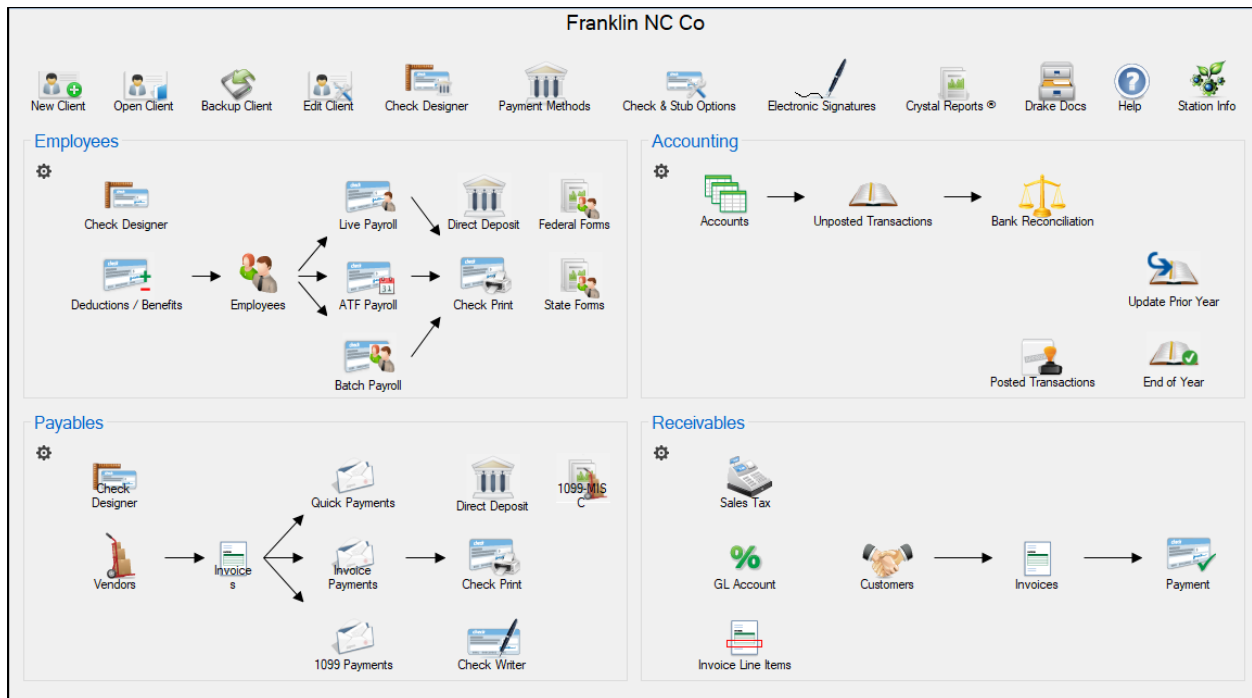
When **Client Health** closes or there have been changes made to **Client Health** options, the current tab is saved. When **Client Health** opens or changes clients, it loads the saved options and selects the last tab prior to closing. Each client has their saved chart options and selected tab.

Alternative Desktop View

Under **Firm > User Setup > Options tab**, select this option to have the “retro” desktop display when opening Drake Accounting. It functions by clicking the icon to open the module you wish to open. The current client is displayed at the top (e.g., **Test Client** shown below).

Under **User Setup > Options tab**, check **Alternative Desktop View** to activate this feature. Checking **Remember Tree View Visibility on Close** will expand the **Alternative Desktop** to maximum size and hide the Tree Menu the next time you exit the program and log back in.

Click the gears icon  to open the **Options** window for the module the icon is located within (i.e., clicking the gears icon in the **Employees** section will open **Employee Options**).




The Alternative or "Retro" Desktop View

Hot Key Shortcuts

Desired Action	Hot Key/Combinations
Hide/Show Tree Menu	Ctrl + Shift + T

Open Drake Accounting Knowledge Base	F1
Move cursor forward one field	Tab or Enter
Move cursor within a field	← or →
Delete character behind the cursor	Backspace
Delete character in front of the cursor	Delete
Override deductions and benefits with default values under Employee Setup	F3
Select more than one deduction (Deductions and Benefits Setup)	Hold Ctrl + Left mouse click each deduction to select
Copy	Ctrl + C
Cut	Ctrl + X
Paste	Ctrl + V
Select all (Only in Bank Reconciliation)	Ctrl + A
Add transactions in the Journal	Enter or Insert (key) Ctrl + N
Delete transactions in the Journal	Ctrl + D
Save transactions in the Journal	Ctrl + S
Selects multiple (sequential) cells in the Journal and fills them with the value entered in the cell with the blinking cursor	Shift (key) + Click or Drag
Selects individual (non-sequential) cells in the Journal and fills them with the value entered in the cell with the blinking cursor	Hold Ctrl + Left mouse click each cell to select
Print simple reports from data grid contents (Chart of Accounts, Transactions screens, Bank Reconciliation, etc.)	Ctrl + P or Ctrl + PrtScn (key)
Log out	Ctrl + L
Takes user to the first tab that displays when opening the screen (when in a screen that has multiple tabs)	Home (key)
Takes user to the last tab that displays when opening the screen (when in a screen that has multiple tabs)	End (key)
Moves to the next or previous page	PgUp (key)
Moves to the next or previous page	PgDn (key)
“Quick Save” a pie chart or bar graph (Client Health)	Ctrl + S
Zoom out (Client Health)	Ctrl + -
Zoom in (Client Health)	Ctrl and +
Open Chart Options (Client Health)	Ctrl + E

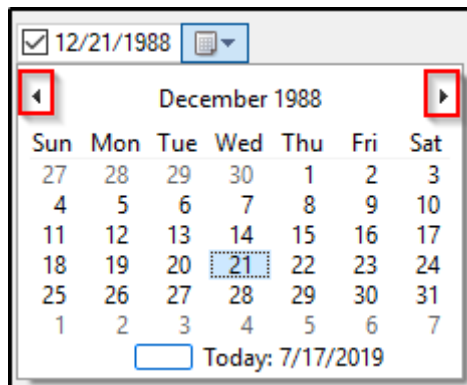
Date Fields

There are two ways to select a date for any **Date** field in Drake Accounting. Select the appropriate year, then month, then date. The calendar closes and the **Date** field displays the selected date. Click the date drop down icon  to the right of the **Date** field to open the calendar function. The calendar function is displayed with the month, year, and date currently in the **Date** field highlighted.

Use one of the following methods to select the appropriate date:

Method 1 — Use this method if you need to select a date that is only a few months earlier or later than the one currently displayed in the **Date** field.

- Click the left and right arrows to display the next or previous month (see below).
- Once the appropriate month is displayed, click the desired date. The calendar closes and the **Date** field displays the selected date.

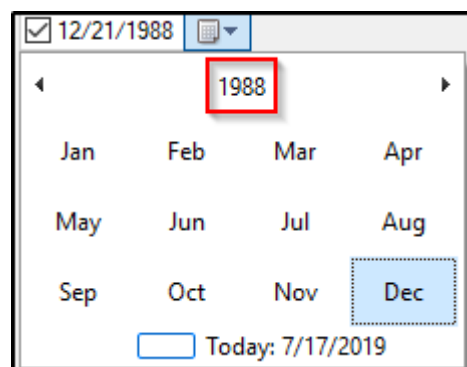


Moving One Month at a Time

Method 2 — Use this method to select a date that is months or years earlier or later than the date currently displayed in the **Date** field.

1. Display all months of the selected year

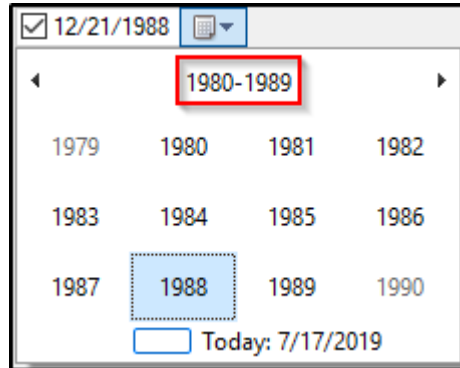
- Click the calendar header (“December 1988” in the above example) once to display all months of the selected year.
- Click the arrows to display the next or previous year’s monthly calendar.



Method 2 After Clicking the Calendar Header

2. **Display all decades in the current century**

- Click the calendar header a third time (now displaying the year range of the decade containing the selected year to display all decades in the current century).
- Click the arrows to display the next or previous century.



Method 2 After Clicking the Calendar Header Three Times

File Menu

The following is accessible through the File Menu:

1. **Setup Panel** – This is the portal to most of the Drake Accounting setup.
2. **Importing** – Import employee, Receivables customer information, chart of accounts information, and vendor information from QuickBooks®, Sage 50®, Intuit Easy ACCT®, and 94x returns from Dillner’s Accounting Tools®.
3. **Activate Drake Accounting** – Drake Accounting must be activated to have full access to the software. See “[Activating Drake Accounting](#)” for more information.

Setup Panel

Use the **Setup Panel (File > Setup Panel)** as a central location to access module setup information.

Employees Tab

1. **Employee Options**
 - Enter payroll options and general ledger account numbers. See "[Employee Options](#)" for more information.
 - **Payroll Options** — Use this tab to set up how overtime is stored; payroll posting options; automatic sick and vacation accrual options; and 401(k) matching options. Go to **Employees > Options > Payroll Options**.
 - **GL Account Numbers** — The account information entered is used to generate entries into the payroll journal from payroll entries. Go to **Employees > Options > GL Account Numbers**.
2. **Deductions and Benefits**
 - Create or edit deductions and benefits. See “[Deductions and Benefits Setup](#)” for more information.
 - All deductions and benefits beyond the standard deductions offered to any employee must first be set up.
 - Go to **Employees > Deductions & Benefits**.
3. **Employee Setup**
 - Employee setup consists of entering the employee’s basic contact information, payroll rates, sick and vacation balances, federal, state, and local withholding, assigning deductions and benefits to the individual employee from those previously set up, and entering bank information if the employee will be receiving their pay using direct deposit. See "[Employee Setup](#)" for more information.
 - Go to **Employees > Employee Setup**.

Accounting Tab

1. **Accounting Options**

- Set preferences for accounting options found under **Accounting > Options**. See "Accounting Options" for more information.
- Create journals and assign a unique code and description.

2. **Chart of Accounts**

- Set up the Chart of Accounts from scratch or select a template with account number, level, name, type, and balances.
- To set up a Chart of Accounts, go to **Accounting > Chart of Accounts**. See "Chart of Accounts" for more information.

Payables Tab

1. **Payables Options**

- Set preferences for Payables bookkeeping options under **Payables > Options**. See "Payables Options" for more information.

2. **Vendor Setup**

- Vendors must be set up before vendor invoices can be entered into Drake Accounting. See "Vendor Setup" for more information.
- Go to **Payables > Vendor Setup**.

Receivables Tab

1. **Receivables Options**

- Set preferences for charges, messages, statuses, and invoicing, including transaction and types. See "Receivables Options" for more information.

2. **Sales Tax Setup**

- Set up state-, county-, and city-specific sales tax information. This is set up by going to **Receivables > Sales Tax Setup**. See "Sales Tax Setup" for more information.

3. **Invoice Item Setup**

- Invoice items must be set up in Drake Accounting before invoices can be entered. Go to **Receivables > Invoice Item Setup**. See "Invoice Item Setup" for more information.

4. **Customer Setup**

- Set up Receivables customer information prior to entering any invoice information for that customer. Go to **Receivables > Customer Setup**. See "Customer Setup" for more information.

Financial Tab

1. **Direct Deposit Setup**

- Enter the firm's direct deposit account information by going to **Firm > Direct Deposit Setup**. See "[Direct Deposit Setup](#)" for more information.
2. **Check Designer**
 - Create a MICR or pre-printed check design that can be used by every client and every client bank account.
 - Create and edit check designs by going to **Financial > Check Designer**. See "[Check Designer](#)" for more information.
 3. **Payment Methods**
 - Set up as many bank accounts as needed for each client.
 - Enter client-specific bank account information by going to **Financial > Payment Methods**. See "[Payment Methods](#)" for more information.
 4. **Check & Stub Options**
 - Select the pre-printed check stock you'll be using to print payroll and Payables checks and select what information to print on the check stubs.
 - Make these selections by going to **Financial > Check & Stub Options**. See "[Check & Stub Options](#)" for more information.

Importing from Other Software

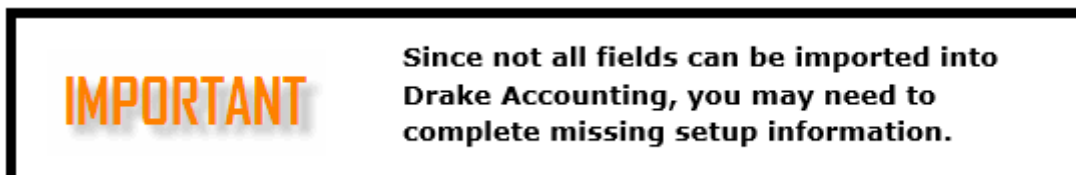
Use the import feature to import information from QuickBooks, Sage 50, Intuit Easy ACCT, and 94x returns from Dillner's Accounting Tools. See "[Appendix I: Imported Data Fields](#)" for more information on the data that can be imported.

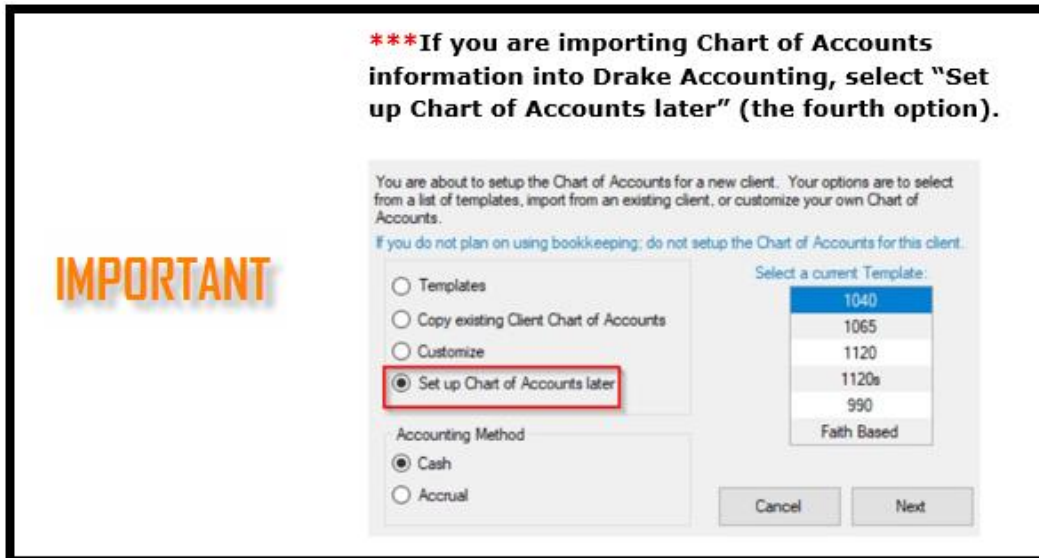
[Importing from QuickBooks](#)

Import client, employee, vendor, customer, and **Chart of Accounts information***** (including account balances) from Intuit's QuickBooks software.

If you use QuickBooks Online, you will need to contact them so they can export the ".iif" files that will be used when importing into Drake Accounting.

Complete the entire conversion process for a client before returning to QuickBooks and creating another client export file, as you can only convert one QuickBooks client at a time into Drake Accounting.





Selecting the fourth option when importing chart of accounts information

There are three steps to this process:

1. Complete the export process in QuickBooks
2. Complete the import process in Drake Accounting.
3. Verify the information and complete the setup in Drake Accounting.

NOTE

All transactions from the QuickBooks transaction register must be posted to the Chart of Accounts prior to exporting information from QuickBooks.

If you will be converting the Chart of Accounts, it is strongly recommended that you print a Trial Balance Report in QuickBooks prior to beginning this process.

Part 1: Complete export process in QuickBooks

1. In QuickBooks, select the company to be imported into Drake Accounting.
2. Go to **Edit > Preferences**.
3. Choose **Accounting > Use account numbers**.
4. Verify that **Use Account Numbers** is selected.
5. In the Chart of Accounts, verify the accounts exist.
6. Make sure all transactions in the General Journal are posted to the Chart of Accounts.
7. Close the Chart of Accounts.
8. Go to **File > Utilities > Accounting > Export > Lists to IIF Files**.
9. On the **Export** window, select all check boxes.
10. Click **OK**.
11. Save the export file from QuickBooks using an extension of .iif.

The export file from QuickBooks must have an extension of ".iif". If a different extension is used, Drake Accounting will not be able to successfully perform the import.

NOTE

Please note that not all fields can be imported into Drake Accounting, which is why it is crucial to verify the information in Drake Accounting once the conversion process has been completed. See Part 3 of these instructions for more information.

Part 2: Complete import process in Drake Accounting

1. In Drake Accounting, go to **File > Import**.
2. Select **Import QuickBooks**.
3. Enter information in the following fields:
 - **File to Import**
 - Click the folder icon on the right side of the **File to Import** field.
 - Navigate to the export (*.iif) file created in QuickBooks in Part I of these instructions.
 - Click **OK**.
 - **Client Code**
 - Enter a client code. A **Client Code** must be a unique code not currently used in Drake Accounting. Client codes are up to eight alpha/numeric characters (0 - 9, A - Z, and a - z) including underscores (_).
 - Select to import Employee, Customer, Chart of Account, or Vendor information or **Select All Imports** to import all four. Information can be imported only once. Selections previously imported are unavailable to be imported again.
 - If a client with the client code entered exists in Drake Accounting, only import information that does not exist in Drake Accounting.
 - For instance, if there is an employee in Drake Accounting for the client code entered, employee information will not be imported. If a client with the client code entered does not already exist in Drake Accounting, a new client will be created using the new code.
4. Click **Import**.
 - If a client with the **Client Code** entered does not exist in Drake Accounting, the **Client Setup** window is displayed.
 - Complete and save the required fields before the import process will begin. When data is successfully imported, a window is displayed showing how many records of each data type was imported and if any errors occurred.
5. When the Chart of Accounts Setup window displays, be sure to select the appropriate template on the right (1040, 1065, 1120, 1120s, 990, Faith Based).

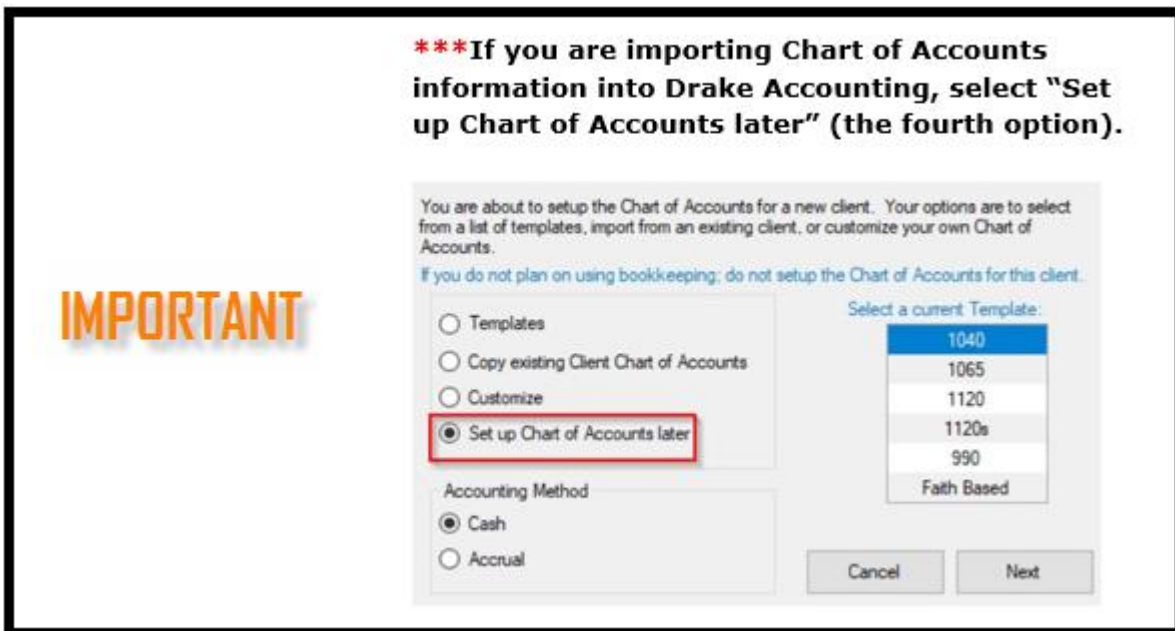
Part 3: Verify the information and complete the setup in Drake Accounting

1. Go to **Client > Edit**.
2. Verify the imported information.
3. Complete the Client Setup.
4. Go to **Accounting > Chart of Accounts**.
5. Verify that each account, its account type, and account balance is correct.
6. Go to **Employees > Employee Setup**.
7. Verify the information is correct for each employee.
8. Go to **Payables > Vendor Setup** if using Drake Accounting's Accounts Payable feature.
9. Verify the information is correct for each vendor.
10. Go to **Receivables > Customer Setup** if using Drake Accounting's Accounts Receivable feature and verify the information is correct for each customer.

Importing from Sage 50

Import client, employee, vendor, customer, and **Chart of Accounts information***** (including account balances) from Sage 50 software.

The export file must have an extension of ".csv." If a different extension is used, Drake Accounting will not be able to successfully perform the import.



Selecting the fourth option when importing chart of accounts information

NOTE Account # will have the "-" and everything past it removed, and any non-unique Account #s will be given a unique account # slightly different from their original one.

There are three parts to this process:

1. Complete the export process in Sage 50.
2. Complete the import process in Drake Accounting.
3. Verify the information and complete the setup in Drake Accounting.

Part 1: Complete export process in Sage 50

1. Select the company to be imported into Drake Accounting.
2. Go to **File > Select Import/Export**.
3. Select to export one of the following. These lists can be exported one at a time. You may create all four export files of a single client before converting them to Drake Accounting or create and convert one file at a time:
 - a. Accounts Receivable - Customer List
 - b. Accounts Payable - Vendor List
 - c. Payroll - Employee List
 - d. General Ledger - Chart of Accounts List
4. Click **Export**.
5. Select the Options tab.
6. Click the arrow button to change the file name and to choose where to save the export file. Save the export files from Sage 50 using the default file names and an extension of **".csv"**.
7. Select **Include Headings** under **Export Options**.
8. Select **Include Headings** under **Export Options**.
9. Click **OK**.

Part 2: Complete import process in Drake Accounting

1. In Drake Accounting, go to **File > Import**.
2. Select **Import Sage 50**.
3. Enter information in the following fields:
 - **Folder to Import**
 - Click the folder icon on the right side of the **File to Import** field. Navigate to the export folder where the files were created in the Sage 50 Part 1 of these instructions. With the export folder selected, click **OK**.
 - **Client Code**
 - Enter a client code. If a client with the client code entered exists in Drake Accounting, you can only import information that does not exist in Drake Accounting. For instance, if there is an employee in Drake Accounting for the client code entered, employee information will not be imported.
 - If a client with the client code entered does not already exist in Drake Accounting, a new client will be created using the new code. A **Client Code** must be a unique code not currently used in Drake Accounting. Client codes are up to eight alpha/numeric characters (0 - 9, A - Z, and a - z) including underscores (_).
 - Select to import Employee, Customer, Chart of Account, or Vendor information or **Select All Imports** to import all four. Information can be imported only once. Selections previously imported are unavailable to be imported again.
4. Click **Import** to begin the import process.

- If a client with the **Client Code** entered does not exist in Drake Accounting, the **Client Setup** window is displayed and you will have to complete and save the required fields before the import process will begin.
 - When data is successfully imported, a window is displayed showing how many records of each data type was imported and if any errors occurred.
5. When the Chart of Accounts Setup window displays, be sure to select the appropriate template on the right (1040, 1065, 1120, 1120s, 990, Faith Based).

Part 3: Verify the information and complete the setup in Drake Accounting

1. Go to **Client > Edit**. Verify the imported information and complete the client setup.
2. Go to **Accounting > Chart of Accounts** and verify that each account, its account type, and account balance is correct.
3. Go to **Employees > Employee Setup**. Verify the information is correct for each employee.
4. Go to **Payables > Vendor Setup** if using Drake Accounting's Accounts Payable feature. Verify the information is correct for each vendor.
5. Go to **Receivables > Customer Setup** if using Drake Accounting's Accounts Receivable feature. Verify the information is correct for each customer.

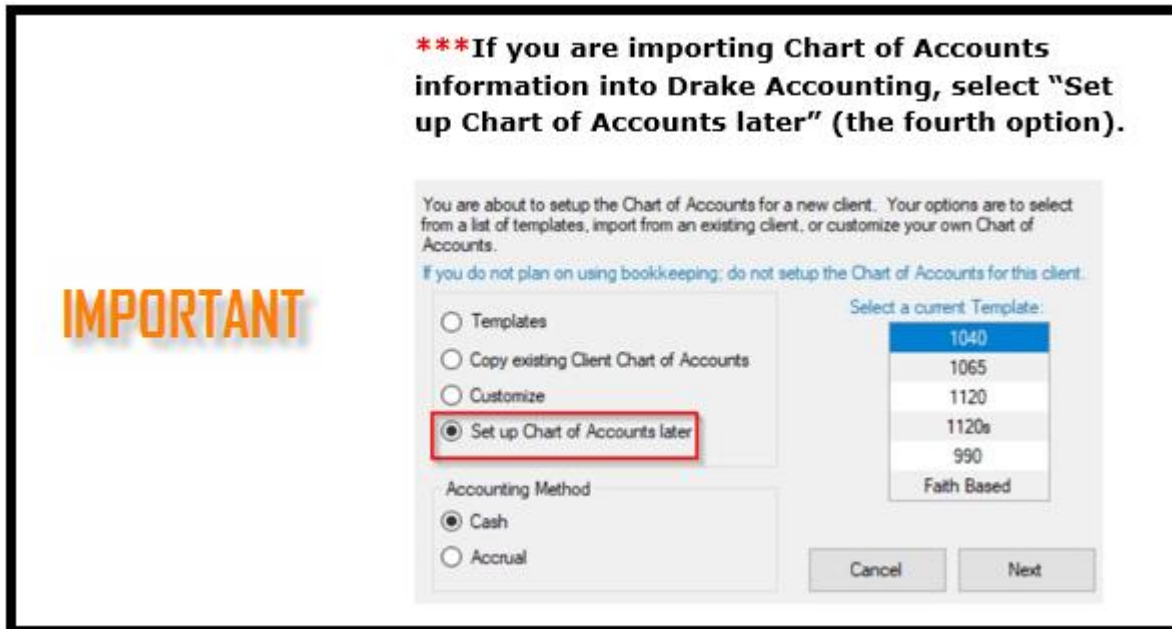
Importing from Intuit EasyACCT

Import employees, vendors, and **Chart of Accounts information***** (including account balances) from Intuit's EasyACCT software.

All exported file names must end in “.csv” and the file name should indicate the type of information the file contains. The file name for the file containing the exported employee information must contain the word “employee.” The file name for the file containing the exported vendor information must contain the word “vendor.” The file name for the file containing the exported chart of accounts must contain the word “chart.”

IMPORTANT

Since not all fields can be imported into Drake Accounting, you may need to complete missing setup information.



Selecting the fourth option when importing chart of accounts information

There are three steps to this process:

1. Complete the export process in EasyACCT.
2. Complete the import process in Drake Accounting.
3. Verify the information and complete the setup in Drake Accounting.

Part 1: Complete export process in EasyACCT

1. Select the company to be imported into Drake Accounting.
2. Go to **File > Open Company**.
3. Click the **EasyACCT Utilities** icon in the **System Navigator** and go to **Import/Export Data**.
 - If a "Named Transfer" has been created, you can skip the remaining steps in Part I of this process and move on to Part II. However, file naming and data type constraints still apply. See the note below step 7.
4. Select the **Export Data** button in the **Import/Export** section.
5. Select the data to export.
 - Only one export can be selected at a time so this step must be repeated for each additional data type to be imported into Drake Accounting.
 - Employees, Vendors, or Chart of Accounts can be selected for export using the **Data Transfer Options - Type of Data to Transfer** field combinations below:
 - Employees - **Employee/Payroll** - **Employee Records**
 - Vendors - **General Ledger** - **Vendor Records**
 - Chart of Accounts - **General Ledger** - **Account Records**
6. In the **File Format to Transfer** field, select "Comma Delimited."
7. Select the **Include Column Headings When Exporting Data** checkbox.
8. Set the **Path/File Name** field. It is recommended that you export to an empty folder on your hard drive and that you use the same folder for all exported files.

9. Once the required data has been entered, click **Next** and specify the transfer options you prefer. These options vary based on the data type selected for export.
10. Give each field to be exported a sequence number in the **Define Transfer Fields** tab.
11. Click **Begin Transfer**.
12. A window will display, asking if you wish to save your preferences. Click **Yes**.

Part 2: Complete import process in Drake Accounting

1. Go to **File > Import**.
2. Select **Import Intuit EastACCT**.
3. Enter information in the following fields:
 - **Folder to Import**
 - Click the folder icon on the right side of the **File to Import** field. Navigate to the export folder where the files were created in EasyACCT in Part 1 of these instructions. Click **OK**.
 - **Client Code**
 - Enter a client code. If a client with the client code entered exists in Drake Accounting, you can only import information that does not exist in Drake Accounting. For instance, if there is an employee in Drake Accounting for the client code entered, employee information will not be imported.
 - If a client with the client code entered does not already exist in Drake Accounting, a new client will be created using the new code. A **Client Code** must be a unique code not currently used in Drake Accounting. Client codes are up to eight alpha/numeric characters (0 - 9, A - Z, and a - z) including underscores (_).
 - Select to import Employee, Chart of Accounts, or Vendor information or **Select All Imports** to import all three. Information can be imported only once. Selections previously imported are unavailable to be imported again.
4. Click **Import** to begin the import process.
 - If a client with the **Client Code** entered does not exist in Drake Accounting, the **Client Setup** window is displayed and you will have to complete and save the required fields before the import process will begin. When data is successfully imported, a window is displayed showing how many records of each data type were imported and if any errors occurred.
5. When the Chart of Accounts Setup window displays, be sure to select the appropriate template on the right (1040, 1065, 1120, 1120s, 990, Faith Based).

Part 3: Verify the information and complete the setup in Drake Accounting

1. Go to **Client > Edit**. Verify the imported information and complete the client setup.
2. Go to **Accounting > Chart of Accounts** and verify that each account, its account type, and account balance is correct. (The Chart of Accounts will display a message if you try to leave the page with a nonzero balance.)
3. Go to **Employees > Employee Setup**. Verify the information is correct for each employee.
4. Go to **Payables > Vendor Setup** if using Drake Accounting's Accounts Payable feature. Verify the information is correct for each vendor

[Importing 94x from Dillner's Accounting Tools](#)

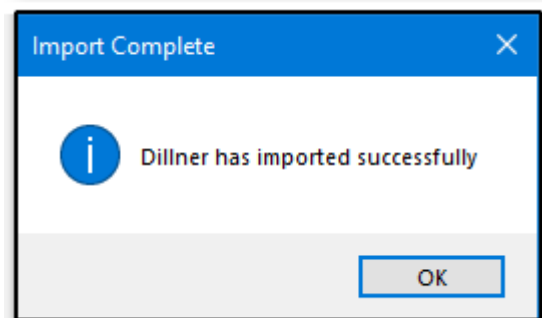
You can import Forms 940 and Forms 941 from Dillner's software into Drake Accounting®!

When you export your information in Dillner's, it will create a **.txt file** that you will then import in Drake Accounting®.

As a result, this will generate Forms 941 that are ready to be transmitted, which can be seen under **e-Filings > 94x > Transmit 94x Forms**. Additionally, the import process allows you to print or save the 94x Forms and it creates 94x e-Files under **e-Filings > Manage e-Files** based on the information being imported. If applicable (refer to step 7), the clients associated with these e-Files will then show up in the Client Selector, and you will be prompted to complete the **Client Setup**, if needed. See below for more details about this process.

After you have completed the exporting process in Dillner's, you are ready to import into Drake Accounting®.

1. In Drake Accounting®, go to **File > Import**.
2. Select **Import Dillner's Tax**.
3. Click the folder icon to browse to the location where you saved the .txt file that was created during the export process in Dillner's software.
 - Select the file.
 - Click **Open**.
4. Check the box for **940** or **941**.
5. Click **Import**.
6. When the process is complete, you will see the message displayed below:

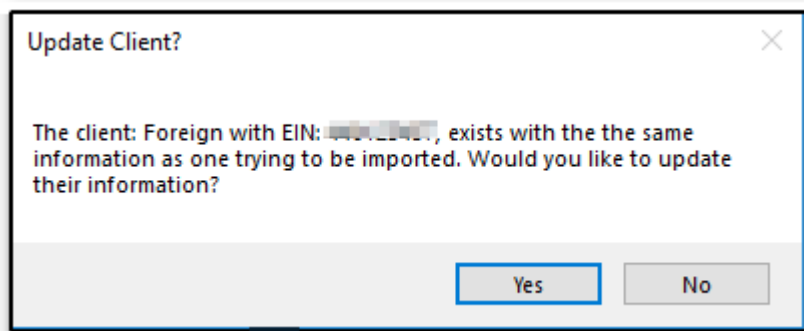


7. To verify that the 94x e-Files were created, go to **e-Filings > Manage e-Files**.
 - **If you imported a .txt file that has less than five (5) 94x forms.**
 - DAS will attempt to create clients from the information being imported.
 - As a result, the 94x e-Files will appear under the associated client
 - If this process is unsuccessful, an error message will display and explain what went wrong. This could be a result of selecting an invalid .txt file that does not follow the correct format.
 - **If you imported a .txt file with five (5) or more 94x forms**
 - The 94x forms will appear under the default client that is currently selected in the Client Selector upon opening the software.

8. To transmit the 94x forms, go to **e-Filings > 94x > Transmit 94x Forms >** and select either **940** or **941**.
 - Select the files to transmit.
 - Click **Transmit**

Importing a client that already exists in Drake Accounting®

If the client already exists in Drake Accounting®, a message will pop up asking if you wish to update client information when you go to **File > Import** and select the appropriate .txt file.



- Clicking **Yes** will update the existing client's information with the imported client's information.
- Clicking **No** will not update the existing client's information, but it will still generate a 94x forms.

Firm Menu

Firm Module Overview


1. Entering information about your firm (Firm name and contact information, EIN, EFIN, Drake password, etc.). See "Firm Information Setup".
2. Adding and editing user accounts. See "User Setup".
3. Establishing the email account that will be used to send out Receivables invoices to clients' customers via email. See "Email Setup".
4. Adjusting alignment for Forms 1099/1098 and W-2/W-2c/W-3/W-3c. See "Adjust Tax Form Printing".
5. Editing federal, state, and locality rates and withholding. See "Rates & Withholding Setup".
6. Entering direct deposit authentication information (if the Direct Deposit feature will be used). See "Direct Deposit Setup".
7. Accessing the Portal and setting up syncing settings. See "Portal Setup".
8. Designating the firm to utilize the EFTPS import/export feature. See "EFTPS".
9. Create custom engagement letters and more. See "Letters".
10. Selecting multiple reports, letters, and federal and state forms for easy batch printing. See "Report Sets".
11. Generating firm-level reports. See "Reports".

Updating Firm Information from Prior Year

When you open Drake Accounting 2023 for the first time, you will be asked if you used Drake Accounting last year. If you did, click **Yes** to update your firm information from Drake Accounting 2022. If you did not or do not wish to update your firm's information from prior year, click **No** to continue to the **Firm Information** screen. See "[Firm Information Setup](#)" for details about this screen.

If you need assistance, contact Drake Accounting Support at (828) 349-5908.


Updating Firm Information from Drake Accounting 2022

1. When you first open Drake Accounting 2023, you will be prompted to select your station type. When finished making your selection, click **Save**.
 - The default Drake Accounting 2023 location for data is a folder called **DAS2023Data**. The data path will always be **DAS2023Data**. If you choose C:/Temp, the data path will be C:/Temp/DAS2023Data. Each year will have a unique folder.
 - To transfer client files, reports, and other important files to a different location than the **DAS2023Data** folder, check **Transfer Data Files to New Location** and browse to the new location.
 - Checking the **Transfer Data Files to New Location** option will copy the contents of the **DAS2023Data** folder over to the new location you choose and will zip and archive the **DAS2023Data** folder.
 - If you want to move the data path to a network location, **only one station** will check this option and select the new data path.
 - The other stations would simply point to the new location and leave this option unchecked.
 - To select a new location, click the folder icon  and browse to the appropriate location.
2. If you selected **Yes** to using Drake Accounting last year, you will see the **Update Firm Information** window. If you select **No**, you will be taken to the **Firm Information Setup** screen to complete. See "[Firm Information Setup](#)" for more information about this screen.
3. Select the data path you wish to update your prior-year firm information from.
 - If you do not see the path you need, click **Browse**.
 - You must select a valid path or you will receive an error.
4. If needed, select a different path for backups for 2023.
5. Once all paths are correct, click **Update**.
6. When the **Update Prior Year Clients** window displays, select the appropriate data path to update clients from Drake Accounting 2022.
 - If necessary, click **Browse** to find another location if it is not listed.
7. If you wish to bring over on-the-fly forms, non-on-the-fly forms, or both, select the applicable option in the **Import Option** drop down.
 - If you select **Non-OTF Forms Only**, the only available options are Forms W-2, 1099-MISC, and 1099-NEC.
 - Select the specific forms you wish to bring over, or press **Select/Deselect All** to select all the forms. Press **Select/Deselect All** again to uncheck all the forms.
8. When you have selected the clients you wish to bring over, click **Update**.

- If you are not bringing over any clients, click **Exit**.
9. When the process of bringing clients over is complete, click **Exit**.
 10. You will then be asked if you wish to activate your copy of Drake Accounting. Click **Yes**. Click **OK**.
 11. Log out of Drake Accounting 2023 to set up a password for the first user you wish to establish a password for.
 - Usernames are brought over from 2022, but passwords are not.
 12. Enter the applicable username or email in the **Username or Email** field and click **Login**. Click **OK**.
 13. Read through the IRS Security Summit Notice and click **Next**.
 - There are four screens to this notice.
 - Click **OK**.
 14. Enter a password that meets the required (red) criteria in the **Password** field. Re-enter the password into the **Retype Password** field.
 - Once requirements have been met, the requirements will become green.
 15. At this time, you can complete the other tabs in User Setup, if desired. See "[Creating the Initial Owner Account](#)" for more details about each of the tabs.
 16. Click **Save** when finished.
 17. Click **Exit**.
 18. Enter the password you just created into the **Password** field and click **Login** to sign into Drake Accounting.

Firm Information Setup

The first time Drake Accounting is launched, the program opens the **Firm Information Setup** window (if prior year firm information has not been updated. See "[Updating Firm Information from Prior Year](#)" for more information). Enter the information on this window before entering transactions. Access this window later from **Firm > Firm Information Setup**.

The red exclamation mark  indicates a required field. This information about the firm must be entered. There is one firm set up for all clients and reflects the information that the IRS associates with the firm's EIN.

To enter the firm information:

1. On the **Firm Information Setup** screen (**Firm > Firm Information Setup**), complete the **Basic Information** section. This is the firm's (accountant's) information.
2. Complete the **Business Identification** section.
 - **PTIN** - This is the PTIN of the firm owner's EFIN.
 - **Federal ID (Required)** - Enter the firm's Employer Identification Number (EIN) or Social Security Number (SSN).
 - **EFIN (Required)** - This is the EFIN the firm uses when e-filing tax returns.
 - **Account # (Required for e-filing 94x series tax returns)** - Enter the Drake account number associated with the firm's EFIN that can be found by going to the Drake Support website (Support.DrakeSoftware.com) and going to **Account > Serial Numbers**.
 - **e-File Password** - Enter the Drake password found on the Drake Support website (Support.DrakeSoftware.com), going to **Account > Serial Numbers**.

- The EIN, EFIN, Drake account number, and Drake password all must be entered to e-file 94x forms.
- If you are unsure of your e-file password or Drake account number, sign into the Drake Support website to retrieve your information. Click on the link in the note under the **Check Printer** section to have your browser take you to the login page for the Support website.
- This information must be correctly entered before the screen can be saved. To reduce data entry mistakes, it is recommended to copy and paste this information from the website without any extra spaces or characters.
- **Show Password** - Check this option to display the password.
- **TCC** - Enter the five-character alphanumeric Transmitter Control Code (TCC) assigned by the IRS/ECC-MTB.
 - A TCC must be obtained to e-file data with this program.
 - As of September 2022, the IRS updated the application for a TCC. It can be found on IRS.gov and replaces both the current Form 4419 and the Fill-in Form 4419 found on the FIRE website.

3. e-File Setup

- **e-File 94x** - Select this option if you plan to e-file any 94x tax returns.
 - If this option is not selected, e-filing of the 94x returns will not be available.
- **ERO PIN**
 - If you are e-filing any 94x tax returns as an ERO, enter a self-selected five-digit numeric PIN.
 - An ERO (Electronic Return Originator) e-files their customers' 94x tax returns and is not responsible for the content of the return.
- **Name Control**
 - If you are unsure of what to put in the Name Control field, have an officer of the firm contact the IRS EIN verification line at (800) 829-4933.
 - An incorrect Name Control causes e-filed 94x tax returns to be rejected, so do not guess at this information.
 - Enter the name control assigned by the IRS to the firm.
 - This name appears on all written correspondence from the IRS to the firm.
- **Reporting Agent PIN**
 - If you are e-filing any 94x tax returns as a Reporting Agent, enter the five-digit PIN you received from the IRS.
- **Transmit Federal W-2 e-Files through Drake Accounting**
 - You will be able to bulk e-file the federal e-file Forms W-2/W-3 to the Social Security Administration via Drake Software. The process is essentially the same as e-filing a single file, but with bulk, you are able to transmit more than one at a time to the SSA using Drake Accounting.
 - This option must be selected in order to transmit Forms W-2/W-3 through Drake Software and to view results.

- This option has Drake Accounting check to see if you've already signed the contract and clicked on the link in the confirmation email that gets sent out to the email on file with Drake Software after it is accepted.
 - If you have not signed the contract and/or clicked on the link in the confirmation email:
 - The checkbox in the W-2 Contract dialog box will be enabled and will be unchecked, and the **Accept Contract** button will become enabled, once the checkbox has been checked.
 - If the confirmation email has not been confirmed before closing out of the W-2 Contract dialog box:
 - The **Transmit Federal W-2 e-Files through Drake Accounting** checkbox will become unchecked. Otherwise, the checkbox will stay checked.
 - If the contract has already been signed:
 - The checkbox in the W-2 Contract dialog box will be checked and disabled, indicating that you are eligible for transmitting W-2 e-files through DAS.

I understand that the Social Security Administration (SSA) will validate the information I provide against the information in SSA's files. I further understand that Drake Software will validate information I provide against information contained in Drake Software files and databases. I do understand that Drake Software is assisting me with additional accuracy support to the information I submit to Drake Software, and that I am ultimately responsible for any information that is not accurate.

I certify that:


- Under the penalty of perjury, to the best of my knowledge and belief, the file(s) I have submitted to Drake, for submission to the IRS is true, correct and complete.
- I understand that I may be subject to penalties if I submit fraudulent information.
- I understand that Social Security Administration (SSA) and / or Drake Software may prevent me from using these services if either organization determines or suspects there has been misuse of the services.
- I am aware that any person who knowingly and willingly makes any representation to falsely obtain information from Social Security records and/or intends to deceive the Social Security Administration as to the true identity of an individual could be punished by a fine or imprisonment, or both.
- I am authorized to do business under my Social Security Administration User ID.
- I am authorized to electronically transmit under my Drake Software Account Number and e-File Password, and IRS provided EFIN.


By checking this box you certify that you have read, understand and agree to the user certification of Drake Software. A confirmation email will be sent to the primary account holder's email address once this contract has been accepted.

Accept Contract Exit

An example of settings based in a W-2 Contract that has not yet been signed

4. **Automatically Overwrite Forms** - Limit the size of backups by limiting the number of both state and federal forms stored.
 - This works similarly to the backup process (first taken, first replaced).

- For example, the Form KY-1 can be filed annually, quarterly, or monthly. If you enter 2 for the **Max. Number of Forms Per Period**, Drake Accounting will keep 2 forms for each month, quarter, and year (i.e., 2 forms for first quarter, 2 forms for second quarter, etc.).
 - These forms can be reviewed under **Tools > Review Reports**.
 - This setting is available at the Client and Firm levels (under **Client > Edit > Federal Form Setup tab** or **Firm > Firm Information Setup**).
 - Please note that whatever is entered in the setting in the **Client Setup screen** mentioned above will override the forms settings established under **Firm > Firm Information Setup**.
5. **Automatically Backup Client Files** - Set up Drake Accounting to automatically backup client files at designated times.
- Drake Accounting backs up the current client information to the default backup folder under the **Paths** section of the **Firm Information Setup** screen.
 - Use this field to set the maximum number of backup files to accumulate for each client.
 - **Start of Client Session**
 - The active client's information is backed up when Drake Accounting is launched and, when changing the active client, the newly active client's information is backed up.
 - Files backed up using this option have an **S (Start of session)** added to the end of the file name (e.g., Drake_Co¥2023-08-14_16-51S.zip).
 - Files are backed up to the location specified in the **Backup** field on the **Firm > Firm Information Setup** window.
 - **End of Client Session**
 - When this option is selected, the active client information is backed up when you exit Drake Accounting and, when changing the active client, the client you are leaving is backed up.
 - Files backed up using this option have an **E (End of session)** added to the end of the file name (e.g., Drake_Co¥2023-08-15_16-21E.ZIP).
 - Files are backed up to the location specified in the **Backup** field on the **Firm > Firm Information Setup** window.
 - **Maximum Number of Backups Per Client**
 - Use this field to set the maximum number of backup files to accumulate for each client.
 - This works similarly to the storing of forms mentioned previously in that when the specified number of backups has been taken, the next backup will replace the oldest backup taken for that client ("first taken, first replaced").
6. **Check Printers**
- Click the drop down icon  to the right of the printer text box to select your check printer.

- **MICR Printer** - Assign the default printer used to print MICR checks.
 - MICR check printing requires a high quality laser printer using MICR toner.
 - If using blank (not pre-printed) MICR check stock to print payroll or vendor checks, specify your MICR printer.
 - **Pre-Printed Printer** – Assign the default printer used to print pre-printed checks.
 - **Pre-printed** refers to check formats that have many informational fields already printed on the check stock.
7. **EFTPS Setup** - Per the IRS, you must use electronic funds transfer (EFTPS) to make all federal tax deposits.
- Visit the IRS website for more information about reporting due dates.
 - Visit the EFTPS website to enroll. After you have enrolled and received your credentials, you can pay taxes due to the IRS with this system.
 - **Batch Filer ID** - This is 9 digits and numeric. You will receive this information in the mail.
 - **Master Inquiry PIN** - This is a 4 digit numeric. You will receive this information in the mail.
 - See "[EFTPS](#)" for more information.
8. **Paths**
- **Backup** - This is the location where copies of client data are backed up.
 - To specify a different location, enter the path or click the browse icon  to browse to a new default location.
 - The default backup path is `\DrakeAccounting2023\Backups`.

User Setup

It is required in Drake Accounting for there to be at least one user. When opening Drake Accounting for the first time, you will be prompted to either complete the **Firm Information Setup** screen or update your firm's information from Drake Accounting 2022 (see "[Updating Firm Information from Prior Year](#)"). Once the firm has either been updated or manually completed, you will be prompted to create a user type. The initial user type will be the Owner, but additional Owner user types can be created at a later time. Other user type options are Administrator and User, each with their own permissions (see "[User Type Permissions](#)"). The **User Setup** window can be accessed under **Firm > User Setup**.

If a User fails to log in multiple times, their account is locked, and only an Owner or an Administrator can unlock it. If the Owner locks their account, they must call Drake Accounting Support at (828) 349-5908.

User Type Permissions

Action	Owner	Administrator	User
Create Administrators	Yes	No	No
Create Users	Yes	Yes	No
Delete Administrators and Users	Yes	No	No
Suspend User Accounts	Yes	Yes	No
Restrict Module Access	Yes	Yes	No
Set Logon Image	Yes	No	No
Disallow Posting in the Journal Screen	Yes	No	No
Set Password Reset Frequencies	Yes	No	No
Editing and Viewing Own Information in User Setup	Yes	Yes	Yes
Change Tooltip Display	Yes	Yes	Yes
Change to Alternative Desktop View	Yes	Yes	Yes
Change to Client Health View	Yes	Yes	Yes
Change and Assign Own MICR and Pre-Printed Printer	Yes	Yes	Yes
Restrict Portal Syncing	Yes	Yes	No
Reset Administrator and User Passwords	Yes	No	No
Establish and Remove MFA	Yes	No	No
Unlock Other User Accounts	Yes	Yes	No
Enable Blank Check Printing	Yes	No	No

Additional Commands in User Setup

1. **Save** – To save information entered or changed, click **Save**.
2. **Reset** – to exit a specific user’s setup without exiting the **User Setup** window itself, click **Reset**.
3. **Delete** – To delete the user, click **Delete**.
4. **Clear MFA** – This will remove MFA for all users, including Owners. See “[Multi-Factor Authentication](#)” for more information about this feature.
5. **Clear Password** – To erase the password for another user, click **Clear Password**.
6. **Reset Password** – The current password for the user will be required. Enter the current password and a new one into the **Password** field that meets the requirements. Retype this new password into the **Retype Password** field.
7. **Exit** – To leave **User Setup** and return to the **Client Selector**, **Alternative Desktop View**, or the **Client Health View**, click **Exit**.
8. **Unlock** – An Owner or an Administrator may log in and unlock a locked account. In the **User Setup** screen, this button occurs only when you click on an account that has been locked. It will appear under the **Exit** button on the right. When clicked, the user’s password will reset and that user must create a new password when logging in.

Creating User Types in Drake Accounting

Creating the Initial Owner Account


There can be more than one Owner account. The following section details how to create the initial Owner account when setting up Drake Accounting.


Owner accounts will have options not available to Administrators and Users. Review the “[User Type Permissions](#)” chart for an easy summary of the permission per user type. See “[Creating an Administrator Account](#)” and “[Creating a User Account](#)” for more information about creating users for these account types. Additional users can be created at this point. However, they will not create a password or set up security questions until they first log in.

To create the initial Owner account after completing the **Firm Information Setup** screen:

1. A window will display the **IRS Security Summit Notice**. Read through the screens. Click **Next**. When on final screen, click **OK**.
 - Each new user created will see this screen and will be required to read through it.
2. A message will display to inform you that a user must be created.
3. The **User Setup tab** will open, requiring a **User ID**, **Email**, **Full Name**, and **Password**.
 - If the Owner is a preparer, check **Preparer**. The **Preparer Information tab** will become required.
 - Complete the following information:
 - **User ID** - Enter the User ID that will be used to log into Drake Accounting. This identifies the user. This can be 3 to 20 characters and can include numbers.
 - **Email** - Enter a valid email address to identify the user. Each user must have a unique email entered. The same email cannot be for two different users.
 - **Full Name** – Enter the full name of the Owner.
 - **Password** – Following the criteria, enter a password. The criteria will become green once the requirements are met.

- Hover your mouse pointer over the “Special Character” for a tooltip of accepted characters. When updating from Drake Accounting 2022, passwords do not come over.
 - **Retype Password** – Re-enter the same password entered as above into this field.
 - **User Type** – The initial user will automatically be selected as an Owner.
 - Once you complete this tab, continue to the **Security Questions** tab.
4. Complete the **Security Questions** tab to create security questions and answers in the event the Owner forgets their password.
 - This tab must be filled out to recover passwords.
 - You can type in your own security questions, but all three questions must have answers.
 - Each question must be unique and less than 4000 characters.
 - Select **Show Answers** to see the answers without asterisks (*).
 5. Complete the **Restrict Modules** tab, if applicable.
 - The **Restrict Modules** tab allows the Owner to choose which modules and submodules are active (accessible) or inactive (inaccessible) in the **Tree View Menu** for their own account.
 - Any changes made to modules/submodules will not take effect until the Owner logs out and logs back in.
 - Additionally, any reports hidden in this tab will not appear in the **Report Group**. You can hide entire modules (i.e., **File**) or select specific submodules (i.e., **Setup Panel** under the **File** module). If you hide an entire module, it will appear on the right with **[ALL]** as the submodule.
 - **Active Modules** – The modules/submodules that the Owner has access to are displayed on the left hand side of the screen.
 - To restrict or “take away” any modules from the Owner, click the module (left), press the right arrow, and the module will appear under **Inactive Modules** (right).
 - To move the module back to **Active** status, click on the module (right), press the left arrow, and the module will return to the **Active Modules** list (left).
 - **Inactive Modules** - The modules/submodules that the Owner does not have access to is displayed on the right-hand side. These will not display in the Tree View Menu when the Owner logs in.
 - To make a module accessible for the Owner, click the module (right), press the left arrow, and the module will appear under **Active Modules** (left).
 - To move the module back to **Inactive** status, click on the module (left), press the right arrow, and the module will return to the Inactive Modules list (right).
 6. Complete the **Owner Options** tab if you wish to set up MFA, change the **Password Reset Frequency**, or change the Logon image.
 - **Advance Security Options**
 - **Use Multi-Factor Authentication when logging in** – Checking this option will enable the options to choose to use a YubiKey or an authentication app when logging into Drake Accounting.

- If you select a YubiKey, you must have Internet access at all times or you will not be able to sign into Drake Accounting.
 - See “[Multi-Factor Authentication](#)” for more information.
 - **Password Reset Frequency**
 - Select a frequency for which Drake Accounting will prompt you to change your password.
 - **Logon Image**
 - The default image when logging into Drake Accounting is the Drake Accounting logo. To change this image, click the magnifying glass and browse to find the image you want. Select the image and then click **Open**.
 - **CoA Fixes**
 - This will correct errors created in CoA by either using **Accounting Update Prior Year** several times or by skipping the **Year End Close** and moving the SOY date manually.
 - Both make a backup before making changes.
 - **Clear Prior Year Data** fixes duplicate transactions when the **Accounting Update Prior Year** function has been used several times. If the prior year product is no longer available to the user, this fix will result in data loss and is not recommended.
 - **CoA Rebuild** corrects duplicate tabs and/or “User Entered” values caused by manually changing the SOY date or missing a **Year End Close**.
7. The **Options tab** allows the Owner to choose options regarding the look of Drake Accounting, as well as convenience settings, such as assigning a specific **MICR Printer** to their account. This tab will appear different based on the type of user that is logged in.
- **Appearance**
 - **Mask Client IDs** - Choose this option to have X’s block out the first 5 values of an ID Number on the **Client Selector**.
 - **Alternative Desktop View** - Select this option to have the “retro” desktop display when opening Drake Accounting instead of the **Client Selector**. See “[Alternative Desktop View](#)” for more information.
 - **Remember Tree View Visibility on Close** – This option will hide the Tree Menu and allow the Alternative Desktop to fully expand. To activate this option, it must be selected and then saved. Log out of Drake Accounting and log back in for it to take effect.
 - As long as this option is selected, Drake Accounting will open with the Alternative Desktop View fully expanded.
 - To restore the Tree Menu, click the “hamburger icon”  in the upper left corner. Click this icon again to hide the menu.
 - **Client Health View** – Select this option to have the **Client Health View** as the default view when opening Drake Accounting instead of the **Client Selector**. See “[Client Health View](#)” for more information.
 - **Show Patch Notes After Updating** - Selecting this option will open the notes regarding Drake Accounting changes when downloading a software update
 - **Tooltip Delay** - Choose the amount of time to display a tooltip when hovering over a validator. It is initially set for five seconds.

- **Report Listing** - Check this option to alphabetize the report listing when running a report.
 - **Portal Syncing** – To restrict syncing to the Drake Accounting Portals (**Firm > Portal Setup**), check this option. The **Sync** buttons will be grayed out with a blue validator to indicate syncing has been disabled.
 - Refer to the *Drake Accounting Portals Guide* available on the Drake Support Site for more information about the Drake Accounting Portals.
 - **Check Printers**
 - Click the drop down icon  to the right of the printer text box to select your check printer.
 - **MICR Printer** - Assign the default printer used to print MICR checks.
 - MICR check printing requires a high quality laser printer using MICR toner.
 - If using blank (not pre-printed) MICR check stock to print payroll or vendor checks, specify your MICR printer.
 - **Pre-Printed Printer** – Assign the default printer used to print pre-printed checks.
 - **Pre-printed** refers to check formats that have many informational fields already printed on the check stock.
 - **Print Preview**
 - **Preview Checks, Invoices, and Report Sets** - Check this option to have the **Print Preview** option automatically selected when viewing checks, invoices, and report sets.
 - **Blank Checks**
 - **Enable blank check printing** - Check this option to enable the ability to print blank checks under **Payables > Quick Payments**. To have this selection applied to other user types, an Owner must click on the user in **User Setup** and enable the option for them.
 - **Letters**
 - **Alphabetize Node Data** – Checking this option will alphabetize the options under the **Firm, Client, Date Time, and Page** nodes on the **Letters** screen (**Firm > Letters**).
 - **State Rates**
 - **Default to Active Client for State Rates** – Checking this option will have the current (active) client automatically selected in the **Client** drop down menu on the **State Setup** module under **Rates & Withholding Setup**.
8. Complete the **Journal Options** tab for enabling certain features when in the **Transactions** screens.
- **Journal Screen Options**
 - **Insert Debit/Credit Decimal Automatically** – This option automatically inserts a decimal two digits from the right (creating cents) entered in the **Debit** and **Credit** fields.
 - For instance, enter 15025 and when you tab out of the field, the entry becomes 150.25. Enter 100 and the entry becomes 1.00.
 - **Prefill Offsetting Entry Amounts Automatically** - This option is only available for Offset Mode when entering transactions. With this option, Drake Accounting automatically fills the **Date, Amount, Division**, and the debit or credit amount

for offsetting manual journal entries. When this option is selected, the amount in both the debit and credit amounts for a journal entry will mirror each other. In other words, they will be equal.

- **Tab Between Fields Using Enter Key** - When this option is selected, using the **ENTER** key will tab through the different fields on the **Transactions** screens.
 - **Display Account Name before Account Number** - When this option is selected, the account name will show before the account number to allow searching by the name of the account.
 - **Hide inactive accounts** - If an account does not have any transactions with it, it will be considered inactive. Use this option to hide the inactive account in the **Chart of Accounts** screen.
 - **Journal Screen Columns Setting** – Select **Default** to have the columns in the **Transactions** screens available and laid out as designed. Select **Skip When Tabbing** to have the cursor skip the chosen column when hitting **TAB**. To hide particular columns on the **Transactions** screen, select which columns to **Hide**.
 - **User Restrictions**
 - **Disallow posting in the Journal Screen** – Prevents the user from posting in the Journal Screen.
 - **Disallow unreconciling transactions** – Prevents the user from unreconciling transactions.
 - **Disallow deleting bank reconciliations** – Prevents the user from deleting bank reconciliations.
9. If you are using the **Client Health View**, complete the **Health Options tab**.
- You have the option to still include certain tabs on the **Client Health View**, even if you do not have any data for them.
10. If **Preparer** was selected on the **User Setup tab**, continue to the **Preparer Information tab**. Setting up preparers (previously **Paid Preparer Setup** in prior-year Drake Accounting) to sign state tax forms and 94x series tax returns has been moved to **User Setup**. Complete this tab to have the **Paid Preparers Use Only** section automatically prefill on the applicable state form or 94x return.
- **Title** - Enter the title of the preparer.
 - **Firm Name** - If the preparer works for a firm, enter the name of the firm. If the preparer is self-employed, enter the preparer's name and check **Self-Employed** on the right.
 - **Preparer PTIN** - Enter the preparer's PTIN (Preparer Tax Identification Number).
 - **Federal ID** - If the preparer works for a firm, enter the firm's EIN. Do not include dashes. The number is formatted when the screen is saved.
 - **Country** - Select the preparer's country.
 - **Address 1 and 2** - Enter the full address of the preparer. **Address 1** is required, while **Address 2** is optional.
 - **Zip Code** - Enter the preparer's zip code, hit the **TAB** key, and the **City** and **State** autofill.
 - **Phone/Fax** - Enter the phone and fax number for the preparer.
 - **Self-Employed** - Select this option if the preparer is self-employed and doesn't work for a firm.
 - **Signature** - This option assigns an electronic signature that has been set up. This electronic signature will flow to applicable forms.
 - Click the sunburst icon to add a new signature; the **Electronic Signatures Setup** screen displays.

- Under **Setup > Electronic Signatures**, the **Preparer Option** must be selected for the signature to show up on the **Preparer Information tab**.
11. If **Preparer** was selected on the **User Setup tab**, continue to the **Preparer Options tab**.
 - **Third Party Designee**
 - **Allow Third Party Designee** - This option authorizes the IRS to talk to the designee about 94x returns. The **Designee Name, Phone, and PIN** fields become active when this option is selected.
 - **Designee Name/Designee Phone** - Enter the designee's name and daytime phone number.
 - **Designee PIN** - Enter a 5-digit, self-selected numeric PIN for the Third Party Designee.
 - **State Information**
 - **Maine License Number** - Enter the Maine License Number for the preparer, if applicable.
 - **NYTPRIN** - Enter the NYTPRIN for the preparer, if applicable.
 - **NY Exclusion Code** – Enter the NY Exclusion code for the preparer, if applicable.
 12. Once the required tabs and any additional tabs have been completed, click **Save**.
 13. The Owner account will be listed with the chosen user ID and applicable user type.
 14. Click **Exit** to be taken to the **User Login** screen.
 15. Login with the initial Owner account credentials to create additional users, if needed.
 16. To edit information or settings for the initial Owner account, click on the user in the data grid and edit information and settings on tabs as needed. Click **Save** when finished.

Creating an Additional Owner Account

To create an additional Owner account:

1. Log into Drake Accounting as an Owner.
2. Go to **Firm > User Setup**.
3. Click **New**.
4. Complete the applicable tabs.
 - For a more detailed explanation of the tabs in **User Setup**, see "[Creating the Initial Owner Account](#)."
5. Click **Save**.
6. Click **Exit**.
7. Log out of the current Owner account to complete setting up the additional Owner account.
8. On the **User Login** screen, enter the **Username or Email** of the additional Owner account just created.
9. Click **Login**.
10. A prompt will display that set up needs to be finished for this account. Click **OK**.
11. The **IRS Security Summit Notice** will display. Read through the screens. Click **Next**. When on final screen, click **OK**.
 - Each new user created will see the **IRS Security Summit Notice** and will be required to read through it.
12. The **User Setup tab** will be open. Click on the additional Owner account just created.
13. The fields requiring a **Password** will become active.

- **Password** - Following the criteria, enter a password for the additional Owner. The criteria will become green when requirements have been met.
 - Hover your mouse pointer over the “Special Character” for a tooltip of accepted characters. When updating from Drake Accounting 2022, passwords **do not** come over.
 - **Retype Password** - Re-enter the same password entered above into this field.
14. Once the **User Setup tab** has been completed (there is no longer a validation icon on the tab), continue to the **Security Questions tab** to establish security questions and answers.
 - This tab must be filled out in order to recover passwords.
 - You can type in your own security questions, but all three questions must have answers.
 - Each question must be unique and less than 4000 characters.
 - Select **Show Answers** to see the answers without asterisks (*).
 15. Once the **Security Questions tab** has been completed (there is no longer a validation icon on the tab), you can choose to **Save** or edit any tabs as needed.
 16. Once Saved, the additional Owner account just created will display in the User Setup data grid under the initial Owner account. The chosen user ID and applicable user type are displayed.
 17. Click **Exit** to be taken to the **User Login** screen.
 18. Login with the additional Owner account credentials just created to add additional users, if needed.

To edit information or settings for the additional Owner account, go to **Firm > User Setup**. Click on the applicable user in the data grid and edit information and settings on tabs as needed. Click **Save** when finished.

[Creating an Administrator Account](#)

An **Administrator** is a level of user with more permissions than a regular user but not as many as an Owner. Only Owner accounts can create Administrator accounts. Create user levels that best suit your needs. See "[User Type Permissions](#)" for more information.

To create an Administrator account:

1. Be logged into Drake Accounting as an Owner level user.
2. Go to **Firm > User Setup**.
3. Click **New**.
4. Enter a **User ID** for the Administrator account.
5. Enter a valid email. The user must have access to this email, and it must be active in the event the user needs to recover their username. It must be an email that is not already in use.
6. For **User Type**, select **Administrator**. A brief description of Administrator user permissions displays in blue.
7. If the Administrator account will be a preparer for 94x forms, check Preparer and complete applicable tabs.
8. Complete additional tabs as needed.
 - For a more detailed explanation of the tabs in User Setup, see "[Creating the Initial Owner Account](#)."
9. When finished, click **Save**.
10. Click Exit.
11. Log out of Drake Accounting to complete setting up the Administrator.
12. On the User Login screen, enter the Username or Email of the Administrator account just created.
13. Click Login.
14. A prompt will display that set up needs to be finished for this account. Click OK.
15. The **IRS Security Summit Notice** will display. Read through the screens. Click **Next**. When on final screen, click **OK**.
 - Each new user created will see the IRS Security Summit Notice and will be required to read through it.
16. The **User Setup tab** will be open.
17. The fields requiring a **Password** will become active.
 - **Password** - Following the criteria, enter a password for the Administrator. The criteria will become green when requirements have been met.
 - Hover your mouse pointer over the "Special Character" for a tooltip of accepted characters. When updating from Drake Accounting 2022, passwords **do not** come over.
 - **Retype Password** - Re-enter the same password entered above into this field.
18. Once the **User Setup tab** has been completed (there is no longer a validation icon on the tab), continue to the **Security Questions tab** to establish security questions and answers.
 - This tab must be filled out in order to recover passwords.
 - You can type in your own security questions, but all three questions must have answers.
 - Each question must be unique and less than 4000 characters.
 - Select **Show Answers** to see the answers without asterisks (*).
19. Once the **Security Questions tab** has been completed (there is no longer a validation icon on the tab), you can choose to **Save** or edit any tabs as needed.

20. Once Saved, the Administrator account just created will display in the User Setup data grid. The chosen user ID and applicable user type are displayed.
 - The Administrator account will not be able to view or edit Owner accounts.
21. Click **Exit** to be taken to the **User Login** screen.
22. Login with Administrator account credentials just created to add Users, if needed.
 - See "[Creating a User Account](#)" for more information.

To edit information or settings for the Administrator account, go to **Firm > User Setup**. Click on the applicable user in the data grid and edit information and settings on tabs as needed. Click **Save** when finished.

[Creating a User Account](#)

A User is a level of user with basic permissions. Regular Users cannot create new users or set up many options that are available to Owners and Administrators. Create user levels that best suit your needs. See "[User Permissions](#)" for more information.

To create a basic User account:

1. Be logged into Drake Accounting as an Owner or Administrator.
2. Go to **Firm > User Setup**.
3. Click **New**.
4. Enter a **User ID** for the User account.
5. Enter a valid email. The user must have access to this email, and it must be active in the event the user needs to recover their username. It must be an email that is not already in use.
6. For **User Type**, select **User**. A brief description of User permissions displays in blue.
7. Complete any additional tabs as needed.
 - For a more detailed explanation of the tabs in User Setup, see "[Creating the Initial Owner Account](#)."
8. When finished, click **Save**.
9. Click **Exit**.
10. Log out of Drake Accounting.
11. When the **User Login** screen displays, enter the Username for the User account that was just created.
12. Click **Login**.
13. A prompt that set up needs to be finished for the User will display. Click **OK**.
14. The **IRS Security Summit Notice** will display. Read through the notice and when finished, click **OK**.
15. The **User Setup** screen will open and ask you to create a password for this User account. The password requirements are in red, and once they are met, they will turn green.
16. Next, the **Security Questions tab** will have a red validator and must be completed to finish the User's setup. Click on the tab and complete questions and answers. You can create your own questions, if desired. Select **Show Answers** to see the answers without asterisks (*).
17. Click **Save**.
18. When finished, click **Exit**.
19. You are now able to log in to Drake Accounting using this User account by entering the password just created and clicking **Login**.

Multi-Factor Authentication

Some important points to be aware of for setting up MFA with Drake Accounting:

1. **You must have Internet access at all times, especially when using the YubiKey.**
 - Once a YubiKey has been set up in Drake Accounting, not having an Internet connection will prevent you (and other users) from being able to log into the program, as Drake Accounting and the YubiKey require Internet access at all times to work successfully.
2. The YubiKey 5 NFC are the specific YubiKeys that Drake Accounting supports at this time. Other models have not been tested, and their compatibility cannot be confirmed at this time.
3. If using the YubiKey as the MFA method, each user must have their own YubiKey. YubiKeys cannot be shared or split among users.
4. If an Owner elects to have an MFA method, all users and user levels must use MFA to log into Drake Accounting.
5. If a MFA method is going to be used, all users and user levels must have the same type of MFA.
 - For example, if the Owner has a YubiKey set up, all other users will have to use YubiKeys for their method of MFA.
 - You cannot have one user using an authentication app and one using YubiKey.
6. Setting up MFA is optional at this time.
7. Only an Owner can remove MFA, and once it is removed, all users will not have MFA.

Activating MFA

1. Log into Drake Accounting as an Owner.
2. Go to **Firm > User Setup**.
3. Go to the **Owner Options** tab.
 - This is available only to an Owner user type.
4. Select **Use Multi-Factor Authentication when logging in**.
5. Choose either the YubiKey or an app (such as Google Authenticator, etc.).
6. Save when finished.

Setting up YubiKey MFA for an Owner

If YubiKey is selected, a YubiKey tab will appear with a red validator icon to indicate required fields are missing.

To activate YubiKey MFA option:

1. Log into Drake Accounting as an Owner.
2. Insert the YubiKey into an easily accessible USB port.
 - It may take a moment for your computer to install the key.
3. On the **YubiKey tab** in Drake Accounting, click in the **YubiKey Code** field to activate the cursor.
4. Press and hold the “Y” on the YubiKey, and the field will fill with a lengthy passcode.
5. Click **Save**.
6. For the next time you log into Drake Accounting, insert the YubiKey into the USB port.
7. Enter your **Username** and **Password**.
8. Click in the **YubiKey Passcode** field.
9. Press and hold the “Y” on the YubiKey to generate a lengthy code.

10. Once the code is finished generating, let go of the YubiKey to be logged into Drake Accounting.

Setting up YubiKey MFA for an Admin or User

1. On the Drake Accounting **User Login** screen, enter the Username and Password.
2. Click Login.
3. A message will display that MFA must be set up for this account before logging in. Click **OK**.
4. Click on the **YubiKey tab**.
5. Insert the YubiKey into an easily accessible USB port.
 - It may take a moment for your computer to install the key.
6. Click in the **YubiKey Code** field to activate the cursor.
7. Press and hold the “Y” on the YubiKey, and the field will fill with a lengthy passcode.
8. Click **Save**.
9. Click **Exit**.
10. On the Login screen, click in the **YubiKey Passcode** field.
11. Press and hold the “Y” on the YubiKey to generate a lengthy code.
12. Once the code is finished generating, let go of the YubiKey to be logged into Drake Accounting.

Removing the YubiKey MFA

This will remove MFA for all users. To remove the MFA option:

1. Log into Drake Accounting as an Owner.
2. Go to **Firm > User Setup**.
3. On the **User Setup** tab, click **Clear MFA**.
4. **Save** when finished.

Passwords and Usernames

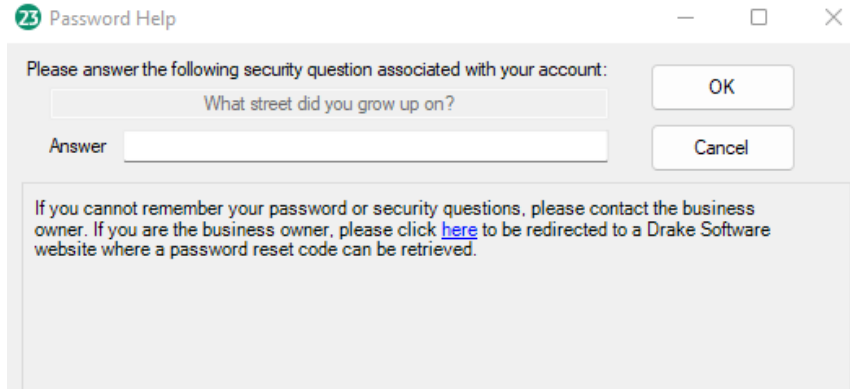
Password Recovery for all User Types

When attempting to login to Drake Accounting, an incorrect password will prevent the user from logging in. Note that the “locking” of an account comes into effect when the user has attempted and failed to log in 10 times consecutively.

Resetting a User's Password Using Correct Answers to User-Specific Security Questions

When a user's password is forgotten, the password can be changed after correctly answering a random security question that was established for the user during their setup. If the correct answer to the security question is not known, please continue to the next section, "Resetting a User's Password When Answers to User-Specific Security Questions are Unknown."

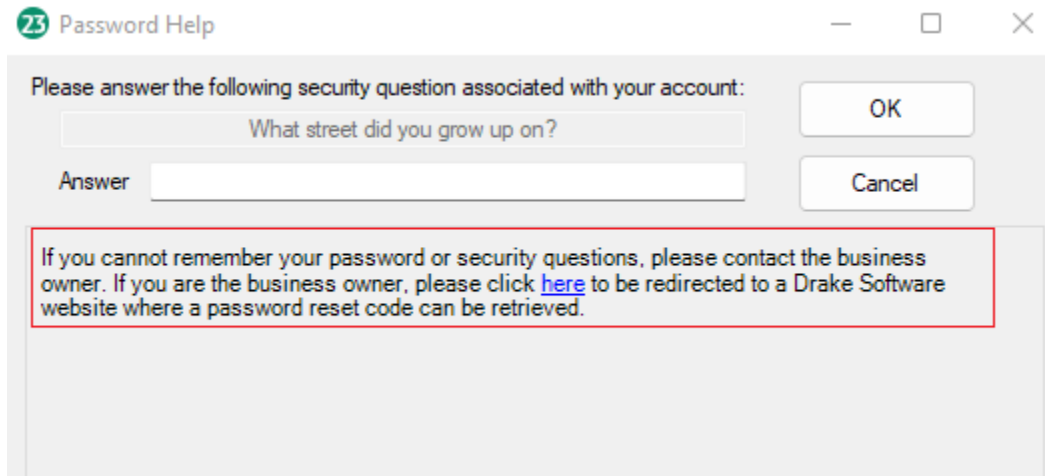
To change a user's password when answers to security questions are known:



The Password Help screen

1. On the Drake Accounting **Login** screen, enter the appropriate **Username** or **Email** that was set up for the user. If the username is not known, please refer to "[Username Recovery](#)".
2. Click **Forgot Password?** under the **Password** field.
3. A random security question that was set up in the **Security Questions tab** when establishing the password for the user will display.
4. Correctly answer the question and click **OK**.
5. Establish a new password, meeting the password requirements displayed in red. Once fulfilled, they will become green.
6. Click **Save**.
7. Login to Drake Accounting with the new password.

[Resetting a User's Password When Answers to User-Specific Security Questions are Unknown](#)



Click the link to go to a Drake Software website to reset the password

If you cannot remember your password or answers to the security questions, please contact the business owner. If you are the business owner, click the link in the note under the **Answer** field to log into the Drake Support site and retrieve a 6 digit password reset code.

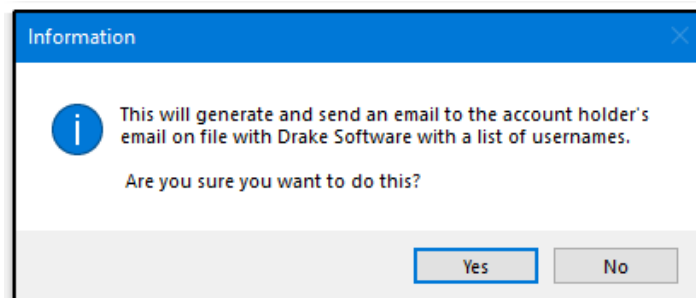
The code will only be valid for a short time and can only be used once per hour, so please ensure you promptly change the password.

To change a user's password when answers to security questions are not known:

1. On the Drake Accounting **Login** screen, enter the appropriate **Username** or **Email** that was set up for the user. If the username is not known, please refer to "[Username Recovery for all User Types](#)".
2. Click **Forgot Password?** under the **Password** field.
3. A random security question that was set up in the **Security Questions tab** when establishing the password for the user will display.
4. Click on the link in the note displayed under the **Answer** field, and a web browser will open to the Drake Support site.
5. Log into the Drake Support site using the correct credentials.
6. Correctly answer the three security questions to the Support website (not to Drake Accounting) and click **Submit**.
7. A 6-digit code will be generated; enter this 6 digit code into the **Answer** field in the **Password Help** dialog box in Drake Accounting.
8. Create a new password that matches the criteria displayed in red, which will turn green when all requirements have been met.
9. Click **Save**.
10. Enter the correct username and new password to log into Drake Accounting.

[Username Recovery for all User Types](#)

When attempting to login to Drake Accounting, an incorrect username will prevent the user from logging in. **Note that the "locking" of an account comes into effect when the user has attempted and failed to log in 10 times consecutively.** Usernames can be retrieved via an email to the email on file with Drake Software, and the email will contain a list of all usernames, even if only one specific user requested it.



Requested usernames will be sent to the account holder's email registered with Drake Software

It is important to note that usernames will be sent to the Drake Software account holder's email (i.e., the email that is registered with Drake Software), **NOT** the email that is entered on the **Firm Information Setup** screen. Please ensure your firm's most current and correct information is on file with Drake

Software. If you need to update your information, please contact Drake Accounting Support at (828) 349-5908 for assistance.

To retrieve a list of usernames:

1. On the Drake Accounting **Login** screen, click **Lost Username(s)?**.
2. A message will display that an email will be sent to the account holder's email.
3. Click **Yes**.
4. Once the email is received and the username is retrieved, enter the username into the **Username or Email** field on the **Login** screen.
5. Enter the correct password. If you do not know the correct password, refer to "[Password Recovery](#)".
6. Click **Login**.

Email Setup

The email settings must be complete to send out Receivables invoices to clients' customers via email. This feature is only for sending emails, not receiving them.

Yahoo is not supported for use with Drake Accounting email services. Drake cannot retrieve or reset your email login password. Contact your email provider for the password.

To configure email settings for Drake Accounting:

1. Go to **Firm > Email Setup**.
2. Complete the following field information:
 - **Common Providers**
 - Select the email provider that you will use to send email through Drake Accounting.
 - If your email provider is not listed, leave this field blank and manually enter the appropriate **Outgoing Server** information.
 - **Email Address**
 - Enter the email address you use to send email.
 - **Outgoing Server**
 - This field fills automatically based on the **Common Providers** selection.
 - If no Common Provider is selected, manually enter the Outgoing Server information.
 - You can get the **Outgoing Server** information from your Internet Service Provider (ISP).
 - **User ID**
 - Enter the user name you use to log in to your email account.
 - **Login Password and Confirm Password**
 - Enter and re-enter the password you use to log in to your email account.
 - **SMTP Port Number**
 - The port number defaults to 587.
 - However, if your email provider requires an alternate number, you can use 25 as the port number.

3. Once the setup information is complete, click **Send Test**. A message is displayed saying that a test email has been sent to the email account entered.
4. Click **OK**.
5. Check your email inbox for an email telling you that Drake Accounting has been configured for SMTP email services.
6. Once you receive this email, return to **Firm > Email Setup** and click **Save**.

Adjust Tax Form Printing

To adjust the printing alignment of data on laser forms, complete the following steps:

1. Go to **Firm > Adjust Tax Form Printing**.
2. Select the form to adjust on the left. Select the scale you want the form to print in from the **Print Options** box. Fit will fit the form to the page, Actual Size will print it out the original scale, Custom Scale allows you set your own size, and clicking the Center checkbox will center the form on the page.
3. The current settings for this form are displayed in the **Horizontal** and **Vertical** sections of the screen.
 - Options may vary depending on the specific form selected
4. Make adjustments to the **Horizontal** and **Vertical** fields.
 - In DAS19, use the slide bar(s) to adjust in increments of a tenth of an inch up, down, left, or right. The maximum is one inch in any direction. Slide bars are not available after DAS19.
 - Starting in DAS20, use the adjustment box to make changes.
 - The adjustment arrows increase or decrease the spacing by 0.05 inches with a single click.
 - You can also adjust individual fields, if needed.
 - If you already know the exact adjustment amount, simply enter a value into the field(s).
 - The changes will show in the print preview.
5. Before saving, you can use the **Reset** button to return to the initial values. Click **Save** to save the form adjustment.
6. Click **Exit** once completed.

Rates & Withholding Setup

Go to **Firm > Rates & Withholding** to update this information. There are three setup options: Federal, State, and Locality Setup. Set federal rates and withholding (unemployment, Social Security, Medicare, minimum wage, single and married withholding allowances and rates) as well as state rates and withholding, and update locality tax rates.

Federal Setup

The rates for the 940, Social Security, Medicare, and Minimum Wage on the **Federal Rates & Withholding** window are determined by the IRS and were accurate when the program shipped. If the

government changes any of these rates during the year, these figures can be manually updated by going to **Firm > Rates & Withholding Setup > Federal Setup**, or Drake will update these figures as needed via a program update, or “patch”.

To enter or edit federal rates and withholding limit information:

1. Go to **Firm > Rates & Withholding Setup > Federal Setup**.
2. Edit the rates, wage base, and minimum wage as needed. The **Additional Employee Rate** and **Additional Employee Threshold** fields are for additional Medicare information.
3. **Withholding Allowance** and **Additional amount for Non-Resident Alien** amounts are annualized amounts and are published in IRS Pub. 15.
4. The grid at the bottom of the screen is the annualized withholding chart. This also comes from IRS Pub. 15 and is the basis for the withholding calculations used in Drake Accounting.
 - To edit, select a **Bracket Low, Bracket High, Flat Amount, or Rate** and type the new amount.
5. Click **Save** when editing is completed.

State Setup

State payroll rates and limits are determined by each state's Department of Labor. State withholdings are included in the software and were accurate when the program shipped. If withholding amounts change, make the necessary changes in the **State Rates & Withholding Setup** window, or wait until the program is updated via a patch. These are the rates and limits in the state where the client is located.

Enter and edit the rates by going to **Firm > Rates & Withholding Setup > State Setup**. Once entered, the rates roll forward each year and will need to be edited if they change. If using Drake Accounting for bookkeeping only, this information is not necessary.

Set the rates and withholding limits for all clients in a given state once by using the **<Global Rates>** option from the **Client** drop menu. If a client uses different state rates and withholding limits than those entered as global rates, select the client from the **Client** drop menu and enter the client-specific state rates and withholding limits. To have the current (active) client be the default in the Client drop-down menu, go to **Firm > User Setup > Options tab**. **Save** when finished.

All state's withholding amounts for each tab were accurate when Drake Accounting shipped. You should only need to edit the information contained in the grid if they are changed by the state or to enter client-specific amounts. To edit, select a **Bracket Low, Bracket High, Flat Amount, or Rate** and type the new amount. Click **Save** when editing is completed.

To enter or edit state rates and withholding limit information:

1. Go to **Firm > Rates & Withholding Setup > State Setup**.

2. Select a state from the **States** list.
3. Either select <**Global Rates**> from the **Client** drop menu to enter state rates and limits that are not client-specific, or select a client from the **Client** drop menu to enter client-specific rates and withholding limits.
4. Enter the appropriate rates and withholding limits. These options will vary based on the state that is selected but can include:
 - **State Wage Base**
 - Used to determine taxable wages for unemployment (SUTA) tax due and state quarterly taxes due.
 - **State Unemployment Rate**
 - Used to determine state quarterly tax due. A rate of 1.25% should be entered as 0.0125.
 - **Assessment Due Rate**
 - Used to determine assessment taxes due for unemployment (SUTA) Form 940 and state quarterly tax and wage reports.
 - **Training Contribution Rate**
 - Enter the percentage rate to flow to your state.
 - This is a tax charged by some states based on state guidelines relating to training enhancement contributions.
 - Some state forms have the specific calculation information programmed into their forms.
 - **Surcharge Rate**
 - If the state charges an unemployment surcharge, enter the rate.
 - A 5% tax rate should be entered as 0.05.
 - Only South Dakota and Iowa charge an unemployment surcharge.
 - **State Disability Rate**
 - Enter the rate of the state disability deduction.
 - An 8% tax rate should be entered as 0.08.
 - Only CA, HI, NJ, NY, RI, and Puerto Rico have state disability withholding that is required to be paid by the employee.
 - **State Disability Wage Base**
 - Enter the maximum amount of wages subject to this tax.
 - **State Max SDI Amount**
 - Enter the maximum amount that can be withheld from the employee in one year.
 - **Credit Reduction Rate**
 - If the client is in a credit reduction state and wishes to track the credit reduction amount (percent of taxable FUTA wages) on the 940 tax deposit, enter the state's credit reduction rate.
 - The rate is entered as a percent (1% should be entered as 0.01).
5. Save when finished.

Locality Setup

This module is used to maintain a database of municipality and school district tax rates. Locality taxes are county taxes and any other local tax that should be withheld from employees' checks and are determined by each locality or municipality. The locality rates in Drake Accounting were accurate when the program shipped. If the locality changes any of these rates during the year, you will need to manually edit the affected locality rates. Use this module if a rate changes, or you need to add or delete a rate.

Locality taxes only pertain to these states: AL, CO, DE, IN, KY, MD, MI, MO, NY, OH, OR, PA, and WV.

To edit locality tax rates:

1. Go to **Firm > Rates & Withholding Setup > Locality Setup**.
2. Select a state from the **State** drop menu.
 - This is the client's state of record for the client's Employer Identification Number (EIN).
 - The grid fills with the locality tax information appropriate to the state selected.
3. **Locality Type Filter**
 - By default, all locality types for the selected state display.
 - Select the **Locality Type** from the drop menu to filter the displayed list.

New Settings for Locality Setup

There are new fields that have been added, which include:


1. **Max Taxable Amount**
 - The amount entered here will serve as the cap on the **yearly** taxable wages.
 - If the calculated yearly taxable amount of the check is over this amount, the yearly taxable amount is reduced and then divided by the number of pay checks.
2. **Ceiling**
 - This is the max amount that can be withheld from all checks in the year.
 - If this is set to something other than zero, once YTD gets to this amount, locality withholding will be zero.
 - This doesn't include employee additional withholding amount.
 - If the ceiling is met but the employee is set for five dollars additional withholding, the withholding will be 5.00.
3. **Annual Allowance**
 - This is to reduce the yearly taxable amount by this dollar amount.
 - Similar to the Federal Standard Deduction, it will reduce the amount that is taxed.
4. **Annual Flat Amount**
 - This is the yearly amount that will be withheld from the employee for the locality.
 - By setting this amount, the program will take this number and divide it by the pay frequency; that will be the withholding amount.
 - By setting this field, the **Rate** field doesn't get used when calculating withholdings.
5. **Based on**

- There are three settings:
 - **Gross**
 - Taxable wages will be based on county gross wages.
 - **Adjusted Gross**
 - This will be based on the state taxable wages that the state withholding is based on.
 - **State WH**
 - This is only for Yonkers, NY at the moment.
 - This will take the state withholding and multiply it by the **Rate** to get the locality withholding amount.
6. **State Exemption Allowance**
- This is the state exemption multiplier amount.
 - This amount will be multiplied by the number in the **Exemptions** field on **Employee Setup > State tab** to reduce the taxable wages.
7. **Tax Brackets**
- This button is used only for the New York City locality.
 - Works identically to the state/federal brackets.
 - You can also add and delete the brackets, if needed.


[Edit Locality Tax](#)

If a locality tax changes, locate the affected row, click on the cell to edit, and type the updated information. Click on a column header to sort the displayed list. Click **Save** when editing is complete.

[Add Locality Tax](#)

To add a locality tax, click the sunburst icon . Complete all of the fields regarding the new locality tax. If the tax is for Michigan, Indiana, or Ohio, enter the locality **Code** also. A 2% tax rate should be entered into the **Rate** field as 0.02. Click **Save**.

[Delete Locality](#)

To delete an entry in the locality tax table, select it by clicking the line in the table, then click the delete icon .

Direct Deposit Setup

Kotapay is Drake’s agent for direct deposit. You must call them (1-866-431-9926) and establish your account prior to using the direct deposit feature. Drake has established a special fee schedule with Kotapay for its clients. It’s important that you identify yourself as a Drake client whenever you communicate with Kotapay.

See “[Appendix E: Kotapay Contact and Holiday Processing Calendar](#)” for more information.

To use the direct deposit feature, complete the following steps:

1. Establish your account with Kotapay.
2. Complete the **Direct Deposit Setup** under **Firm > Direct Deposit Setup**.
3. Identify which employees will receive their pay by direct deposit.
 - Refer to the **Direct Deposit tab** information under "[Employee Setup](#)" for direct deposit set up instructions.
4. Enter live payroll information that includes direct deposit employees, and print check stubs if you desire.
 - See "[Processing Payroll](#)" for more information.
5. Transmit the pay information to Kotapay.
 - See "[Transmit Direct Deposit](#)".

Once you've sent your request for an account to Kotapay, they will send a packet of information to you regarding your account. All of the information required to complete the **Firm > Direct Deposit Setup** screen is included in that packet.

To complete the Direct Deposit setup, complete the following steps:

1. Go to **Firm > Direct Deposit Setup**.
2. Use the drop menus to select letters and numbers or carefully type the letters and numbers to match the authentication card received from Kotapay. Either tab from one field to the next or use your mouse to click in a field.
 - Kotapay sends new authentication cards periodically.
 - Enter the new letters and numbers each time you receive a new card.
3. Enter the **PIN, UserID, and Password** of the primary Kotapay account.
 - The password must be between 8 to 25 characters in length.
 - The fields display asterisks.
 - Re-enter the primary **UserID** and **Password**.
4. If a second account has been established with Kotapay, enter the **PIN, UserID, and Password** of the secondary account.
 - The password must be between 8 to 25 characters in length.
 - The fields display asterisks.
 - Re-enter the secondary **UserID** and **Password**.
5. Select the processing window from the **Processing Window** drop menu that you have contracted with Kotapay to use: 3, 4, or 5 days.
 - The **Details** link presents an explanation of when Kotapay must have the file based on the contracted processing window in order to avoid increased processing fees.
6. Click **Save**.

EFTPS

What is EFTPS?

The Electronic Federal Tax Payment System (EFTPS) is a free service of the U.S. Department of the Treasury. The system has been in use since 1996, with millions of businesses, individual taxpayers, and thousands of tax professionals making payments through online, voice, and batch channels.

The intended “flow” of Drake Accounting and the EFTPS process is:

1. Designate the firm for EFTPS Setup (**Firm > Firm Information Setup**).
2. Designate each client who will be using the EFTPS to pay their balances due (**Client > Edit > e-File Options tab**).
3. If the client is not already enrolled, you can export the client information through **Firm > EFTPS > Enrollment Export** that you will then import into EFTPS. If they are already enrolled in EFTPS, you can skip this step.
4. Complete the tax deposit in Drake Accounting (**Employees > Tax Deposit**) with the option, **Export deposit to EFTPS**, checked.
5. Export the tax deposit information (**Firm > EFTPS > Tax Deposit Export**).
6. Import the file that you exported from Drake Accounting into EFTPS.
7. Use EFTPS to make the payment.
8. Once you complete the payment and receive an EFT Number, create an export file in EFTPS to import back into Drake Accounting.
9. Go to **Firm > EFTPS > Tax Deposit Import** to import the information back into Drake Accounting.

Overview of Drake Accounting and EFTPS

Drake Accounting and EFTPS can work together in the following ways:

1. Export a list of your clients from Drake Accounting into the EFTPS for easy enrollment.
 - In Drake Accounting, you can export a list of your applicable clients into the EFTPS software to have them enrolled in using this service to pay the balances due for their Forms 94x.
 - This eliminates having to export one at a time into the EFTPS.
2. Export your clients' tax deposit information from Drake Accounting and import that data into EFTPS to make the payment that is due.
 - The file will export from Drake Accounting as a “.txt” file type.
3. Once the payment has been made using EFTPS and you receive the EFT Number, you can import that data back into Drake Accounting to keep track of which clients have made payments.

Setting up Drake Accounting for EFTPS

To utilize the EFTPS features in Drake Accounting, it is required for you to set up options under the **Firm Information Setup**, **Client Setup**, and the **GL Accounts** tab under **Employees > Options**.

1. Go to **Firm > Firm Information Setup**.
2. In the lower left-hand portion of the window, enter your
 - **Batch Filer ID**
 - This is 9 digits and numeric. You will receive this information in the mail.

- **Master Inquiry PIN**
 - This is a 4 digit numeric. You will receive this information in the mail.
3. Click **Save**.
 4. Make the first client who wants the firm to make tax deposits on their behalf the active client.
 5. Go to **Client > Edit > e-File Options** tab.
 6. Check **Use EFTPS Batch Provider Software exports** (lower left) to activate the EFTPS feature for the client.
 - Check **Use Batch Filer Account for Payments** if you want EFTPS to use the firm's bank account information instead of the client's.
 - If you do not check this option, it means do not use the firm's bank account information for payments.
 - If there is a black box, that essentially means "undecided" and a red validator will appear.
 - This option needs to either be checked or unchecked.
 7. Enter the **Taxpayer PIN**.
 - This is 4 digits and is required.
 - The EFTPS will automatically generate the PIN to be used.
 8. **Save** when finished.
 9. Go to **Employees > Options > GL Accounts** tab to select the **Tax Deposit Account** (middle left).
 - The account that is selected with **Tax Deposit Default** check box selected will be the account that will be used for tax deposits.
 10. **Save** when finished.

Exporting the Client Enrollment from Drake Accounting to EFTPS and Completing the Tax Deposit

This section is necessary only if you wish to export client information from Drake Accounting into EFTPS to enroll them in using this service to pay the balances due for their Forms 94x. If this is not necessary, skip to the next section.

1. If the client needs to be enrolled, go to **Firm > EFTPS > Enrollment Export**.
2. Client(s) with settings marked in **Client Setup** will show in the data grid.
3. Select the applicable client(s).
4. Click **Export**.
 - The file will export as a “.txt” file type. Make sure to save the file in an easy-to-find location.

EFTPS Settings for the Tax Deposit Screen

If all payroll has been completed for the quarter for this client and you are ready to do the tax deposit, go to **Employees > Tax Deposit** and choose the applicable 94x return.

1. Enter the **Beginning Check Date** and **Ending Check Date** that the tax deposit calculation will include.
2. Enter the date the deposit will be paid in the **Payment Date** field.
3. Select the tax liability “as of” date.
 - These options are available for 941, 941-PR, and 941-SS.
 - **Use Beginning Period Date**

- The liability amount on the first day of the period prints.
 - **Use Ending Period Date**
 - The liability amount on the last day of the period prints.
 - **Use Payment Date**
 - The liability amount on the date entered as the **Payment Date** prints.
4. Click **Calculate**.
 - This fills the fields on the **94x Tax Deposit Calculation** portion of the dialog box.
 - The calculations are based on the payroll information entered for both Live and ATF payroll within the check date range entered.
 - **Live checks must be printed and direct deposit paychecks must have a check date to be included in the calculation.**
 5. To create the export file that you will then import into EFTPS, check **Export deposit to EFTPS**.
 6. If this tax deposit has already been paid and you have the **EFT Number**, check **Mark export as paid** and enter your **EFT Number**.
 - The **EFT Number** is essentially a confirmation number and is not a required field.
 7. Ensure amounts are correct under the **Tax Deposit Calculation** section on the right.
 8. Click **Save** and the amounts post.

Exporting the Tax Deposit Data from Drake Accounting to EFTPS

1. To export a client's tax deposit data to EFTPS, go to **Firm > EFTPS > Tax Deposit Export**.
 - The selected client from above will populate the export selection window.
2. Select the client by checking the box to the left.
 - If you need to export a different client, use the **Start Date** and **End Date** to filter the results of clients who display.
 - This refers to the **Settlement Date** used for the tax deposit.
3. Click **Export**.
 - The file will export as a ".txt" file type. Make sure to save the file in an easy-to-find location.
4. Click **Save**.
5. The client's status will change to **Pending Confirmation**.

Complete the Import and Export Process in the EFTPS

The import file created by EFTPS to import back into Drake Accounting will be a ".csv" file. In the EFTPS software, choose the **Comma Delimited** format.

Importing Tax Deposit Data from EFTPS into Drake Accounting

1. Go to **Firm > EFTPS > Tax Deposit Import** to import tax deposit data from a client.
2. Click Browse to locate.
 - This screen is to allow the user to reconcile the data from the EFTPS program with the deposits they have in Drake Accounting.
 - The left data grid contains entries from the .csv, with all the information about the payments from the EFTPS files, and the right would display all tax deposit exports.

- The **EFT Number** column on the Deposit Exports data grid displays a dropdown of EFT Numbers from the left data grid not already chosen for other exports, allowing you to point out a specific import row as the corresponding import data to that chosen export.
- **EFT Numbers** auto-suggest for exports to speed up the data entry process.
- The **Filter** dropdown allows the selection of a specific client, alleviating the need to look at the **Client Code** column to validate the rows, and allowing for focus on the other columns.
- There is not a 100% accurate way to tie raw data straight from the import file to an account in Drake Accounting.

Letters


Go to **Firm > Letters** to create templates for cover letters, engagement letters, and compilation letters. Easily insert information, such as firm information and client information, into the body of the letter where appropriate.

To alphabetize the information under the **Client**, **Date Time**, **Firm**, and **Page** nodes (on the **Letters** screen), choose the option, **Alphabetize Node Data**, under **User Setup > Options** tab.

You can type in the **Header**, **Page Number Format**, **Body**, and **Footer** fields. The title of the section you are currently in will be in blue.

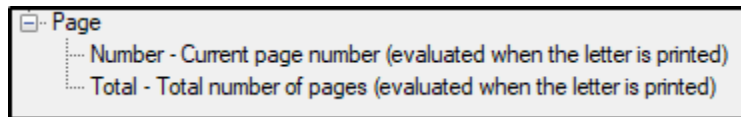
Creating a New Letter Template

To create a new letter template:




1. Go to **Firm > Letters**.
2. Click **New**.
3. Enter a name for your template in the **Letter Template** field.
4. Select a font under **Text Options** and click the  to choose a size for the font.
 - From left to right, the text options are:
 - Font Name
 - Font Size
 - Bold
 - Italic
 - Underline
 - Strikethrough
 - Color
 - Left Align, Center Align, and Right Align
 - Insert image – allows you to insert images directly into the text boxes.


The following sections cover entering page numbers, entering header and footer information, entering body text, and inserting additional formatting for date fields.

1. **Entering page numbers:**



The Page Node with the Number and Total Child Nodes

- The text inside the **Page Number Format** field is limited to one formatting style (i.e., same font name, font style, font size, font name, color, and alignment).
 - There are a few formats available to entering page numbers:
 - **Method 1: <Page.Number>**
 - To enter page numbers in the **Page Number Format** field, click once in that field, and then click on the **Page** node ( on the left).
 - Double-click the **Number** child node to insert the current page number.
 - It will appear as "<Page.Number>" in the field.
 - **Method 2: <Page.Total>**
 - To insert the total number of pages, double-click the **Total** child node (on the left, under the **Page** node).
 - It will appear as "<Page.Total>" in the field.
 - **Method 3: <Page.Number> of <Page.Total>**
 - You can either insert both the **Number** and **Total** child nodes and then type "of" in between them, or type out "<Page.Number> of <Page.Total>" to have it display as "1 of x" on the print preview, where "x" represents the final page.
2. **Entering the Header and Footer information:**
- Click in the **Header** or **Footer** section, and enter information under these sections, as applicable.
 - Double-click child nodes on the left to insert information.
 - The **Header** and **Footer** sections will be repeated on each page of the letter when it is printed.
 - To insert an image into the header or footer of the letter, click the folder icon  and browse to the image.
 - Select the image and click **Open**.
3. **Entering the Body text:**
- In the **Body** section, type information or insert information from the child nodes on the left, as applicable.
 - **Inserting a page break:**
 - There are three ways to insert a page break:
 - Click the  tab to add another page,
 - Expand the **Page** node (on the left) and double-click **Break**, or
 - Type **<Page.Break>** into the body of text where you want the break to be.
4. **Inserting date formats:**
- Below are some of the supported date formats:
5. Click **Print** to view a preview of the template.

6. To save the letter template while in **Print Preview**, type in a name for the template in the **Name** field and click the **Save** button .
 - This will save the information in the letter to a letter template.
 - This includes the text, as well as the font formatting and alignment, any pictures, and the selected default report template (if applicable).
 - A message will display of where the template has been saved.

Report Sets

Quickly and easily print batches of reports and letters, as well as federal and state forms, in one convenient location instead of printing off one at a time throughout different modules. Options you set up for report sets are unique to each client.

You must run federal and state forms ahead of time (from the **Employees** module or the **On the Fly** module) in order for them to be able to be included in a report set when you go to print it.

Creating a Report Set

To create a report set:

1. Go to **Firm > Report Sets > Create**.
2. Click **<New Set>** or click the **New** button.
3. Enter a name for the set.
4. Under **Reports**, use the drop menu to select the group for the first report.
5. A list of available reports will display. Select the report and click the right arrow to move it to the blank box on the right.
 - To remove a report, click the left arrow.
 - To change the order of reports, click on a report in the far right and use the up and down arrows.
6. Choose options as applicable for the report.
7. Repeat steps 3 through 5 to add reports as desired.
8. When you have added all desired reports, click **Save**.

With the option, **Specify date(s) for this report each time the Set is generated (if applicable)**, the report that has the option checked will have its own set of dates to be chosen instead of following what the rest of the reports (without the option) have set.

Generating a Report Set

After creating the report set:

1. Go to **Report Sets > Generate**.
2. On the left, click the set you created previously.
3. Ensure all reports you wish to print have a check mark in the box to the left of the report name.
 - To remove a report from being run in this set, simply uncheck the box to the left of the report name.
4. If needed, change the dates under the **Date Options** section.

5. If you wish to have the reports display before printing, check **Print Preview**.
6. Click **Print**.

Firm Reports

To run these reports, go to **Firm > Reports** and choose the report you wish to run. To see the other reports offered in Drake Accounting, go to "Report Groups" (under Reports Overview before the Appendix) and click on the applicable group.

See "Reports Options" for more information about setting up specific options for these reports. Firm reports include:

Client Listing

The information comes from **Client Setup > Contact Information** and **Business Information** tabs. The Federal ID can be masked.

Client Detailed Listing

This report summarizes each client's contact and business information, including number of employees, customers, and vendors. Select to include information about all clients or any combination of clients. Check **Suppress Terminated Employees** to change the employee number on the report.

94x Transmissions

Allows you to run reports for 94x transmissions for the selected clients. Use the **Report Options** to select the year, type(s) of 94x forms, and status of transmission. Select the client reports you want to run by selecting or deselecting the box next to the Client Name in the box.

Financial Menu

Use the **Financial** module to complete the following tasks:



1. Use the **Bank Deposit** screen to enter "on the fly" bank deposit information. See "[Bank Deposit](#)"
2. Use **MICR Calibration** to ensure MICR information is printed at the correct width and intensity on checks. See "[MICR Calibration](#)."
3. Use the **Check Designer** to create MICR and pre-printed designs by editing check appearances, editing placement of information, determining watermark darkness, and restrict clients from certain designs, if needed. See "[Check Designer](#)."
4. Choose check and stub options to display on payables and payroll checks under the **Check & Stub Options**. See "[Check & Stub Options](#)."
5. Set up **Payment Methods** to create a variety of different methods of payment for employees and vendors. See "[Payment Methods](#)."

Bank Deposit

Go to **Financial > Bank Deposit** to enter "on the fly" bank deposit information. You will be able to print a report that shows total amounts for cash and checks. Creating a bank deposit slip from this screen does not generate any accounting transactions.

[Creating a New Bank Deposit](#)

To create a new bank deposit:

1. Go to **Financial > Bank Deposit**.
2. Click **New**.
3. Enter a **Deposit ID**. This can be anything and include numbers and special characters.
4. Enter the **Deposit Date** for which you will be making the deposit.
5. Enter the **Account Number**.
6. Click the sunburst icon  to add cash and/or check totals.
7. Select a **Payment Method** of either cash or check.
8. If using check, enter the **Check Number**.
9. Enter the **Amount** being deposited.
10. Continue adding new items as needed.
11. If you are going to take out any cash from the deposit, enter the amount in the **Less Cash** field.
12. To view a preview of the deposit slip, check **Preview on Save**.
13. Click **Save**.
14. To print the slip, press the printer icon  in print preview or click the **Deposit ID** in the data grid and press **Print**.

MICR Calibration

Calibration for MICR Checks is a two-step process that ensures the MICR information is printed at the correct width and intensity. If the bank rejects the MICR font printed, a new font must be selected. Please contact Drake Accounting Support for assistance at (828) 349-5908.

To select a new MICR font:

1. Go to **Financial > MICR Calibration**.
2. Click **Print** to print the calibration tool to the MICR printer selected in **Firm > Firm Information Setup or User Setup**.
3. Follow the instructions in the calibration tool to determine the correct MICR font for your system.
4. Once you determine the correct MICR font for your system, select it from the **Step 2** drop menu.
5. Click **Save**.

Check Designer

Pre-printed and MICR Check Designs

Pre-printed refers to check formats that have many informational fields already printed on the check stock. As a result, certain fields may or may not be available when enabling or disabling the MICR line in the **Check Designer**.

A **MICR** check design has the MICR line activated. The **MICR line** is a group of three numbers, which are the check number, account number, and bank routing number at the bottom of a check. **Magnetic Ink Character Recognition (MICR)** was developed in 1956 for the banking industry and gives banks a secure and faster method of processing checks. It uses special characters and magnetic ink or toner on blank check stock to print the numbers and characters found on the bottom of checks. A laser printer that accepts MICR toner is required to print these checks. A document printed with MICR ink is read by passing it through a machine that first magnetizes the ink on the MICR line and then reads the magnetic signals. Each character gives off a magnetic signal unique and identifiable to that character.

It is not required that you use Nelco brand MICR check stock. You may use any MICR check stock you wish. See "[MICR Check Stock](#)" for a list of Nelco stock that Drake Accounting supports.

Creating MICR Check Designs

MICR check designs refer to designs that have certain fields available as a result of enabling the MICR line on the **Check Design** tab. Unchecking the MICR line will create a pre-printed check design. These instructions will assume the MICR line is enabled.

The image shows a check designer interface with the following fields and elements:

- Payer Name**: Text input field.
- Payer Info**: Text input field.
- Written Amount**: Text input field.
- Pay to the Order of**: Text input field.
- Payee Name**: Text input field.
- Payee Address**: Text input field.
- Check Number**: Text input field.
- Date**: Text input field with value "01/01/2022".
- Amount**: Text input field with value "\$9,999.99".
- Image Here**: Placeholder for a logo or image.
- Signature Image**: Placeholder for a signature.
- Authorized Signature**: Placeholder for an authorized signature.
- Memo**: Text input field.
- MICR Line**: A line of numbers at the bottom of the check face, starting with "⑈ 1 2 3 4 ⑈" and ending with "⑈ 1 2 3 4 ⑈".

An example with the MICR line enabled in the Check Designer

Complete the following steps to create a MICR check design that can be used by every client and every client bank account, or you can restrict the design to be available to only certain clients:

- Go to **Financial > MICR Check Designer** to create a new MICR check design or customize the appearance of an existing MICR check design.
 - Create one or more check designs.
 - MICR check designs are available for use by all clients or can be restricted from use by certain clients.
 - Every design is available to every client and every MICR bank account.
 - Both MICR and pre-printed designs will be brought over when updating from prior-year Drake Accounting.
- Click **New** to begin designing a new MICR check layout.
 - Placement Tab**
 - Design Code** - Enter any positive whole number between 1 and 9999. This number should be unique for each design.
 - Design Name** - Enter a name for your design.
 - Print test of check face on save** - This will display a preview of the check face in a report.
 - General Options**
 - Print "\$" for Amount** - This will put a dollar sign "\$" before the amount on the check face.
 - Use Design for Payroll** - Check this for the check design to be available for use with payroll.
 - Use Design for Payables** - Check this for the check design to be available for use with Payables.
 - Non-negotiable Overlay Darkness** - Select the intensity of the watermark on check stubs: **Light**, **Normal**, or **Dark**.
 - Add additional payee name to check face** - This will add an additional payee above the payee listed to the **Pay to the Order of** field.
 - NELCO Check Forms** - If using Nelco check stock, select the applicable stock from the drop menu (see "[MICR Check Stock](#)").

- When a check stock is selected from the drop menu, that check's placement and measurements for printing automatically display.
 - **Manually specify check placement & measurements** -Select if your check stock is not included in the drop menu.
- **Check Placement** - Blank check stock comes in 8.5 X 11 inch sheets and is perforated with the “check” portion at the top, middle, or bottom, of the page. Select the appropriate option button.
- **Inches from Page Top** - Measure the following from the top of the check stock:
 - **Perf 1** - Measure from the top of the page to the first perforation and enter that measurement into the **Perf 1** field.
 - **Perf 2** - Measure from the top of the page to the second perforation and enter that measurement into the **Perf 2** field.
 - **Bottom** - Enter the measurement of the length of the page, from top to bottom and enter that into the **Bottom** field.
- **Horizontal Alignment** - Drag the blue cursor to adjust horizontal alignment.
- **Check Design Tab**
 - This tab shows a mock-up of a check, including default fields with their locations and sizes. Some of the areas on the check are optional. In these cases, the **Print Field on Check** box will display, red if the field is not currently selected to print, green if it is. Click the on the box to add or remove the selected field.
 - Move or resize the check's fields so that they print properly.
 - Select a field by clicking it, turning the field purple. Rest your pointer over the edges of the field and the cursor changes to a double-headed arrow; this indicates the resizing mode. Click, hold down the mouse button, and drag the handle to resize the field. To move a field, rest your pointer anywhere over the field, and then click, hold, and drag the field to the desired position on the check.
 - The routing and account numbers are not accessible in the check designer. There are strict rules for the format and placement of these fields. Drake Accounting prints the information in the appropriate place when a check is printed.
 - Use the **Font Tool** section to set the font, font style, and font size of each field on the check. To change a field's font, size, and style, select the field. The selected field's font attributes display on the left side of the **Font Tool**. Use the **Font Name** and **Font Size** drop menus and the **Bold**, **Italic**, **Underline** and **Multiline** check boxes to set the selected field's individual appearance.
 - Drake Accounting uses “True Type” fonts only. Use the **Defaults** button to revert to the default settings for your checks. Click **Save** after clicking **Defaults**. This is also a good way to return to the default settings if you have been trying to design your own checks and want to start again.
- **Client Restriction Tab**
 - Similar to assigning or removing deductions and benefits to employees, use the right arrow to restrict a check design from a client(s).
 - Restricting a client's access to a check design will prevent it from showing up in the grid when first opening the **Check Designer**.
 - To still see restricted designs, check **Show All Designs** at the top left.

- Use the left arrow to grant accessibility back to a client.
3. When satisfied with the design, click **Save**.

Editing a MICR Check Design

To edit an existing MICR check design:

1. Go to **Financial > Check Designer**.
2. Select one of the entries in the designs list to access an existing design.
 - Check **Show All Designs** to show all of the designs that have been created.
3. Modify the design.
4. Click the **Reset** button to revert to the previously saved version of an existing design.
5. Click the **Defaults** button (**Check Design** tab) to revert to the default settings for your checks.
6. Click **Delete** to remove a check layout.
7. Click **Save** when design modifications are complete.

MICR Check Stock

Use the following guidelines when purchasing MICR check stock for printing payroll checks:

1. Make sure the sheet size is 8.5 x 11.
2. Each sheet is divided into three sections - one check with two stubs.
3. The check section can be at the top, center, or bottom of the sheet.
4. The check should be 3.5 inches high. The two stubs do not have to be of equal size but should each be between 3.5 and 4.0 inches high.

Nelco MICR Check Stock displays the Nelco brand MICR check stock item numbers supported by Drake Accounting. However, it is not required that you use Nelco brand MICR check stock. You may use any MICR check stock you wish.

Nelco MICR Check Stock

80135	80679	80770	L80523B14
80136	80680	80771	L90503xx
80137	80683	80774	LSR301xx
80138	80751	80775	LSR401Mxx
80139	80753	80776	LSR501xx
80140	80754	80777	LSR501Mxx
80231	80755	80778	LSR601xx

80233	80756	80779	LSR601Mxx
80234	80757	80780	LSR701BB14
80468	80758	80781	LSR801BB14
80479	80759	80784	LSRBLKxx
80520	80760	80787	LSRBLKMxx
80537	80761	80788	LSRMIDxx
80544	80762	80789	THERMOMxx
80546	80763	ESS601xx	WAVEBOTxx
80550	80764	ESSMARTxx	WAVEMIDxx
80593	80765	L70503xx	THERMOTxx
80594	80766	L80503xx	WAVETOPxx
80675	80767	L80503Mxx	
80677	80768	L80510B14	
80678	80769	L80513xx	

Check & Stub Options

Use these options to select items to print on the check and check stubs for both payroll and Payables checks. You can also choose the darkness of the non-negotiable watermark on the stubs. Drake Accounting supports the printing of payroll checks on **pre-printed** and **MICR check stock**. See "[MICR Check Stock](#)" for more information.

Before making any edits, in the **Client** drop down, choose a specific client if you wish to apply settings to that specific client only (i.e., you want Client A to have different options for their checks and stubs than Client B, who has different requirements than Client C and D), or choose **<Global Options>** to have the settings you select apply to all clients' checks (depending if you are on the **Payroll** or **Payables** tab). Settings must be marked on each tab to take effect for that type of check and stub being produced.

To create global options for check and stub options, select **<Global Options>** in the **Client** drop down. To apply these global settings to all clients, check **Apply Global Options to all Clients**.

Payroll Tab

1. Go to **Setup > Check & Stub Options > Payroll** tab.

2. In the **Client** drop down, select a client or select **<Global Options>**.
 - Selecting a specific client will have the check and stub options you choose apply to that client only upon saving.
 - If you want to create global options that can be used by any client, choose **<Global Options>**.
 - If you want the global settings to apply to all clients, check **Apply Global Options to all Clients**.
3. Complete the **Check Options** section:
 - **Company Info Printed on Check**
 - From the drop down, select to have the **Company Name and Address** or the **Trade Name and Address** printed on payroll checks.
 - This information is pulled from the information entered in **Client > Edit > Contact Information** tab.
 - To not have either print on payroll checks, select **None**.
4. Complete the **Stub Options** section:
 - **Use Alt Stub Format** produces a check stub with more detail and can only be used for payroll checks.
 - **Use Full Page Pay Statement**
 - This will display one document with the stub(s), and when you close out of that document, another document with the check face(s) will display.
 - **Merge Stubs and Checks when printing (without preview)**.
 - To merge the checks and stubs into one document, check this option and change the **Printer** on the **Check Print** screen to PDF when getting ready to print the checks. This will prompt you to save the PDF to a convenient location, which you can then open and display the check(s) and stub(s) in one document.
 - **Print Check Number on Stub**
 - **Company Info Printed on Stub**
 - From the drop down, select to have the **Company Name and Address** or the **Trade Name and Address** printed on payroll stubs.
 - This information is pulled from the information entered in **Client > Edit > Contact Information** tab.
 - To not have either print on payroll stubs, select **None**.
 - **Print Payer Phone Number**
 - **Print Employer EIN on Stub**
 - **Employee Identifier on Stub**
 - From the drop down, select to have the **Full SSN, Mask all but last four SSN digits**, or **Employee Code in Lieu of SSN** on payroll checks.
 - This information is pulled from the information entered in **Employees > Employee Setup**.
 - To not have any of these options show on payroll checks, select **None**.
 - **Breakdown for Single Rate Employees**
 - **Print Vacation/Sick/Holiday Time on Stub**
 - **Print Vacation/Sick Balance on Stub**
 - **Print "PTO" instead of "Vac" on Stub**
 - **Print Employee Pay Rates on Alt Stub**

- This option is applicable only when the **Use Alt Stub Format** option has been selected.
 - **Print Pay Period Date Range on Stub**
 - **Semi-Monthly: Beginning pay period is 1st or 16th**
 - **Print Regular Hours for Salaries Employees on Stub**
 - **Print Employee Pay Stub for Direct Deposit Checks**
 - **Print Regular Hours on Stub**
 - **Print Rate for Salaried Employees on Stub**
 - **Print Rate for Hourly Employees on Stub**
5. Once desired options have been selected, click **Save** or continue to the **Payables tab**, if applicable.

Payables Tab

After selecting the specific client or the global option to apply these settings to:

1. Go to **Financial > Check & Stub Options > Payables tab**.
2. Complete the **Stub Options** section:
 - **Company Info Printed on Stub**
 - From the drop down, select to have the **Company Name and Address** or the **Trade Name and Address** printed on payables checks.
 - This information is pulled from the information entered in **Client > Edit > Contact Information tab**.
 - To not have either print on payroll checks, select **None**.
 - **Print Bank Name and Account on Stub**
3. Once desired options have been selected, click **Save**.

Payment Methods

Go to **Financial > Payment Methods** to create a variety of different methods of payment for employees and vendors. These include check, cash, credit/debit (though Drake Accounting does not process these), electronic, and other forms of payment. Each payment method has an account associated with it that would take the place of the cash account set up for the Payables or Employees modules. Cash, Credit/Debit, Electronic, and Other payment types for payment methods are for after-the-fact payments.

Creating a New Payment Method

To create a new payment method:

1. Go to **Financial > Payment Methods**.
2. Select **New**.
3. Enter a **Payment Code**. This is a user-made code that is used to identify the payment method from other payment methods. This field is limited to 8 characters and can include letters, numbers, and symbols.

4. Enter a **Payment Name**. This would typically be the name of the bank from which the payment will be drawn.
5. Enter **Payment Info 1** and **Payment Info 2** (optional). This would typically be information pertaining to the bank (address, phone number, etc.)
6. Select the **Payment Account** for which the checks are drawn if you will be generating accounting transactions from employee or vendor payments. If you have not selected to auto-generate transactions, this field is not required and will show a blue validator instead of a red validator.
7. Depending on what is selected for **Payment Type**, there will be various fields available:
 - If the client uses only ATF payroll, wants transactions generated, and does not want to set up a check design, they can choose Cash type as the default payment method under the **GL Accounts** tab on the **Employee Options** screen instead of Check.
 - If you are using a check method:
 - And have a **MICR check design** selected in the **Check Design** drop down:
 - **Check Information**
 - **Print test of check face on save** - Check this option to have a preview of a check display after saving.
 - The style and format of the check is determined by selecting the appropriate **Check Design** from the drop menu.
 - **Next Check #** - Enter the number of the next check to print for this bank account.
 - **Bank Account** - Enter the account number against which the checks are drawn. This is a MICR encoded field and should include all formatting (spaces, dashes, special characters, etc.).
 - **Bank Routing** - Enter the routing number for this bank account. If you do not know the routing number, find it on the bottom of a pre-printed check - the nine-digit number to the left of the account number.
 - **Fractional Routing** - This is the fractional information assigned to this bank account. Identify the fractional routing on a previously printed check for this account - it is usually in small print and consists of two parts divided by a slash. If you cannot find it, your bank can supply your fractional routing number.
 - **Digits** - Some banks require the check number printed on the MICR line to be a specific number of digits. If your bank has this requirement, enter the number of digits required for the check number. Zeros will pad the beginning of the check number to give the required number of digits.
 - **MICR Line Style** - select to print the MICR line in the **Business (wide)** check format or the **Personal Check (narrow)** format.
 - **Payer Information**
 - **Payer Name** - Enter the name of the employer who issues checks.
 - **Payer Info** - Enter the payer's address, phone number, etc.
 - **Security**
 - **Minimum Amount** - enter the minimum dollar amount allowed on a check. A "0.00" in this field means zero is the minimum amount. Negative numbers are not allowed in this field.

- **Maximum Amount** - Enter the maximum dollar amount allowed on a check. A "0.00" in this field means there are no restrictions.
 - **Void After Days** - Enter the number of days until a check becomes stale. Once the number of days entered has passed, the check is considered void. A "0" in this field means there are no restrictions. The **Void After Days** information does not print on the check.
 - **Signatures Lines** - Select to print one, two, or no signature lines.
- And have a **pre-printed check design** selected in the **Check Design** drop down:
 - **Print test of check face on save** - Check this option to have a preview of a check display after saving. The style and format of the check is determined by selecting the appropriate **Check Design** from the drop menu.
 - **Next Check #** - Enter the number of the next check to print for this bank account.
- **Security**
 - **Minimum Amount** - Enter the minimum dollar amount allowed on a check. A "0.00" in this field means zero is the minimum amount. Negative numbers are not allowed in this field.
 - **Maximum Amount** - Enter the maximum dollar amount allowed on a check. A "0.00" in this field means there are no restrictions
 - **Void After Days** - Enter the number of days until a check becomes stale. Once the number of days entered has passed, the check is considered void. A "0" in this field means there are no restrictions. The **Void After Days** information does not print on the check.

8. When the payment information is complete, select **Save**.

If the selected **Check Design** has the MICR Line disabled, unnecessary fields will be disabled and a blue icon will appear beside the **Check Design** field.

The MICR Line can be enabled or disabled with the checkbox to the right of the MICR Line under the **Financial > Check Designer > Check Design** tab.

Client Menu

Setting up a new client entails, if applicable:

1. Client information (company and contact information, state information, type of business, accounting method, and payroll tax deposit frequency)
2. 94x series tax return e-filing information
3. EFTPS Setup information (if applicable)
4. Divisions
5. Drake Documents options (if applicable)
6. W-2 and 1099 printing setup options.
7. State e-filing information (if applicable)

Creating a New Client

Contact Information Tab

There may be additional fields displayed, depending on the client's state. Make entries in these fields, if they are displayed and applicable. All fields with red validator icons must be completed.

Once saved within client information, The Client Code cannot be changed.

1. **Client Code**
 - **Once saved within client information, the Client Code cannot be changed.**
 - Enter up to twelve alpha/numeric characters (0 - 9, A - Z, and a - z) including underscores (_).
 - Client codes are not reusable for another client.
 - Drake Accounting will not allow certain characters in the client code such as: <, >, :, ", /, \, |, ?, or "*" but other special characters not listed previously can be used.
 - All other information can be entered or edited up until the completion of e-filing.
2. **Password**
 - To create client-based security, create a separate password for each client.
 - After saving a client password, all users will be required to enter the assigned password to access that client's information.
3. **Name, Trade Name, Country, Address, Phone, Fax**
 - Enter all contact information for the client.
4. **Zip**
 - Enter the zip, hit tab, and the City and State autofill.
5. **Contact Person**
 - Enter the client's primary contact person for tax, payroll, and accounting information.
6. **Contact Title**
 - Enter the contact person's title.
7. **Email**
 - Enter the contact person's email address.
 - When e-filing returns, this field will become required.

8. **Federal ID**
 - Choose to enter an EIN, SSN, or ITIN.
 - If the client is a sole proprietor, use the SSN field instead of the EIN field.
9. **NAICS/Class Code**
 - Enter it here to have it flow to **Employee Setup**.
 - Refers to North American Industry Classification System codes.
10. **Seasonal Employer**
 - This information is used on Form 941, Form 941-PR and Form 941-SS.



Business Information Tab

1. **Deposit Frequency**
 - Used to determine whether a Schedule B generates when you prepare Form 941.
 - Select **Semi-Weekly** to produce a Schedule B with Form 941.
 - Select **Monthly** to fill in Line 14 of Form 941, 941-PR and 941-SS.
 - Refer to the Form 941 instructions at www.IRS.gov for guidelines regarding the appropriate deposit frequency.
2. **Business Type**
 - This information is used when setting up field mapping to export to Drake Tax Software.
 - Select one from the drop list:
 - Sole proprietor
 - Partnership
 - Corporation
 - S-corporation
 - Non-Profit
3. **Accounting Method**
 - Select whether the client uses the **Cash** or the **Accrual** method of accounting.
 - The **Accounting Method** should not be changed mid-year. However, if you need to change accounting methods, please see Form 3115.
 - Under the cash method of accounting, income is not counted until the cash is received, and expenses do not count until paid.
 - Under the accrual method of accounting, income is counted when the sale occurs, and expenses count when the goods or services are received.
4. **Start of Year Date**
 - This field will display the month and year, so set this date to the first day of the client's business year.
 - For example, if the client's fiscal year begins April 1, the start-of-year date is 04/01/2019. Fiscal or calendar years are allowed.
 - The **Start of Year Date** must be the first of a month; no other day in the month is valid.
 - Update this date each year.
5. **Company No Longer in Business (Last Business Date)**
 - Select this option if the client went out of business during 2022.
 - When this option is selected, the Last Business Date field activates on the client's last date of business in 2022.
6. **Employer Leave and Disability Plans**

- Paid Family Leave Insurance and a Private Disability Plan should be set up as two separate deductions (**Employees > Benefits & Deductions**) with a **Withholding Code** of **Family Leave Insurance Plan Contrib.** or **Private Disability Insurance Plan Contrib.**
- **Employer has Private Family Leave Insurance Plan**
 - Select this option if the client offers employees a private family leave insurance plan.
 - When this option is selected, enter the employer's plan number.
- **Employer has Private Disability Plan**
 - Select this option if the client offers employees a private disability insurance plan.
 - When this option is selected, enter the employer's plan number.

Divisions Tab

Divisions are used to divide company assets and expenses into sections. Drake Accounting allows for the creation of unlimited divisions. Use divisions in employee setup, 1099 vendor setup, customer setup, journal entries, and general reporting.

1. To add a division:
 - Click the sunburst icon  to add a new row.
 - Type a **Division Code**, which are alphanumeric and can be up to 20 characters long.
 - Type the appropriate **Division Title**.
 - Press Tab and continue adding divisions as needed.
 - Click **Save** when adding divisions is complete.
2. To delete a division:
 - Select the division to delete.
 - Click the delete icon .
 - Click **Yes** to confirm the deletion.
 - Continue deleting divisions as needed.
 - Click **Save** when the removal of divisions is complete.

State Tab

Select the State from the left and enter applicable information under **Selected State**, including **State ID**, **State Unemployment ID**, and **State Tax Entity Code**, as applicable. Depending on the state selected, additional fields may be available as well. Complete any relevant fields.

1. **State ID**
 - Enter the account number assigned by the state under which the employer must report income tax withholdings for employees.
2. **State Unemployment ID**
 - Enter the account number assigned by the state under which the employer must report unemployment taxes.
3. **State Tax Entity Code**

- Enter the client's State Tax Entity Code (if applicable).
4. **Employer TID Location (if applicable)**
 - Some states, such as Indiana, assign a code which identifies a specific work location for the employer. This code referred to as “Worksite ID”, “Location Code”, “Employer Location”, “Plant Code”, “Division Code”, or any variation using these same words. Enter the location code if appropriate for the employer's state.
 5. **Box 18 'Local Wages' should equal Box 5 'Medicare Wages'**
 - Right now, this is applicable for Ohio only, but we anticipate the need will arise for other states as appropriate.
 - Checking this option will make Box 18 and Box 5 the same on Forms W-2.
 6. Under **State File**, select the **e-file State** checkbox to create the state tax and wage forms e-files.
 - When checked, additional options may become available, depending on the state selected on the left-hand side.
 - Enter information as applicable.

Drake Documents Options Tab

Drake Documents is installed when the Drake Tax software is installed. Drake Tax must be installed to use this option in Drake Accounting.

When enabled in Drake Accounting, Drake Documents generates reports as PDF files can that can be automatically saved to the client’s Drake Accounting folder within the Drake Documents structure. To set up Drake Documents in Drake Accounting:

1. Select the **Use Drake Documents** check box to enable this feature.
 - To disable Drake Documents, uncheck this selection, and this will not affect the use of Drake Documents with Drake Tax.
2. Select **Drake Documents Location**.
 - When selecting Use Drake Documents in step 1 above, Drake Accounting displays all locations that it finds a Drake Documents folder.
 - An example would be **C:\drake21\ddm**.
 - Select the location you wish to use for Drake Accounting client information.
 - A selection is required to use Drake Documents, even if there is only one location listed.
 - The path must be displayed in blue font when you save the screen to enable the Document Manager with Drake Accounting.
3. **Override Client Destination Directory**
 - Select this check box to enable the option to specify a folder, other than the default folder, to be used for the client’s Drake Documents files.
 - Once selected, this option uses the **Client Directory** drop list to choose the folder for this client.
4. **Resulting Client Directory Path**
 - This path displays the location of where the files saved.
 - An example of this is **C:\DRAKEDDM\CLIENTS\T\Test Company, Inc. (8774)\Drake Accounting\2022**.
 - In the example above, the (8774) displays the last four digits of the **Federal ID** established under the **Contact Information tab**.

5. Save Documents to Drake Documents

- **Automatically**
 - Files write to the client's Drake Documents folder without you having to respond to a prompt.
- **Manually**
 - You will be required to respond to a prompt (Yes or No) before a file writes to the client's Drake Documents folder.

e-File Options Tab

This tab is required to e-file Forms W-2s, 1099s, 941 and 940. For 94x e-files, a PIN (Personal Identification Number) is used to sign the 94x tax return electronically. Fill out applicable information.

Also note that for the firm to e-file any of their clients' 94x tax returns, **e-File Setup** section of the **Firm > Firm Information Setup** screen must also be completed.

1. Name Control

- This name must match the name issued to the customer's company by the IRS, or the company's 94x returns will be rejected. This name appears on all the client's mailing labels from the IRS.
- **DO NOT GUESS AT THIS INFORMATION.**
- If you are unsure what to put in the Name Control for e-File field, have an officer of the customer's company call the IRS Business and Specialty Help line at (800) 829-4933.

2. 94x File

- **e-File 94x**
 - Select this box to e-file 94x returns.
- Select one of the following:
 - **Transmit as ERO**
 - The ERO e-Files 94x returns for their customer using an 11-digit PIN that is made up of the ERO's EFIN (6 digits) and a self-selected PIN (5 digits).
 - The ERO is providing the e-filing service and ***is not responsible for the contents of their customer's 94x returns.***
 - **Transmit as Reporting Agent**
 - The Reporting Agent electronically signs and e-files on behalf of the client.
 - Reporting Agents receive a mailed notification from the IRS of their five-digit signature PIN.
 - The Reporting Agent ***is responsible for the contents of the return.***
 - **Transmit as Business Taxpayer**
 - The Business Taxpayer e-files 94x returns for his or her own company.
 - The Business Taxpayer uses a 10-digit PIN assigned by the IRS to sign their e-filed 94x tax returns electronically.

- The Business Taxpayer *is responsible for the contents of their 94x return.*
 - **Taxpayer 5 Digit PIN**
 - ERO's should enter their own self-selected five-digit PIN.
 - **Ten Digit Signature PIN** - (Not applicable when ERO or Reporting Agent is selected.)
 - When selecting Business Taxpayer in step 2 above, this field is required.
 - The IRS assigns this PIN.
 - **Signature Name**
 - The name of the “signer” of the 94x tax returns and should be an owner or an officer of the customer's company.
 - **Title and Phone Number**
 - Enter this information for the one who is submitting the 94x tax returns.
 - A valid phone number is needed in case the IRS needs to contact the filer.
3. **PIN Application**
- Once the application is accepted, the business taxpayer will receive a 10-digit PIN in the mail from the IRS within ten days, so be sure to use this PIN when transmitting the 94x.
 - This application is for a Business Taxpayer who does not already have a PIN and wishes to request one for their business.
 - The three fields (**Authorized Signer SSN, Authorized Signer Name, and Authorized Signer Title**) are for the signer of the Business Taxpayer PIN application.
 - It could be the same person as the signer of the 94x returns, or someone else in the company.
 - All three fields are needed to transmit the application.
 - **Create PIN Application File**
 - After completing the three fields above, click this to create the file that will then be uploaded to Drake using **e-Filings > 94x > Transmit 94x Forms > PIN.**
 - To view transmission results for the PIN application, go to **e-Filings > 94x > Transmit 94x Forms > View Results.**
4. **W-2 File**
- Complete the **W-2 File** section of the **e-File Options tab** of Client Setup if you will be e-filing this client's W-2 information to the Social Security Administration (SSA). This information is used to provide the information required on the **e-Filings > W-2 > Create File** screen.
 - **BSO User ID**
 - To register, go to the [SSA's website](#).
 - Enter the 8-character user ID assigned to the employee who is attesting to the accuracy of the file.
 - This user ID is assigned by the Social Security Administration when the employee registers to use the SSA's Business Services Online.
 - **Agent EIN**
 - Select one of the options on the **Agent Indicator Code** in order to use this field.
 - See below for more information about the **Agent Indicator Codes.**
 - An agent is someone other than the client who is used to pay the employer's taxes.

- **Agent Indicator Code**
 - **1: 2678 Agent (Approved by IRS)**
 - Select this option if you use an IRS-approved section 2678 agent to file returns and make deposits or payments of employment or other withholding taxes.
 - Access the Form 2678 from www.IRS.gov.
 - When this option is selected, you must enter the **Agent EIN**.
 - **2: Common Paymaster**
 - A corporation that pays an employee for two or more related corporations at the same time is a common paymaster.
 - When this option is selected, you must enter the **Agent EIN**.
 - **3: 3504 Agent**
 - Select this option if using an employer-designated section 3504 agent.
 - For information on this agent type, go to www.IRS.gov.
 - When this option is selected, you must enter the **Agent EIN**.
 - **4: Other**
 - Use if none of the others apply.
 - The field is left blank in the EFW2.
 - **Preparer Code**
 - Select the code that best describes the preparer of this client's W-2 transmission file.
5. **Use EFTPS Batch Provider Software exports**
- Ensure Form 8655 has been filled out and filed.
 - For more information about this process in Drake Accounting, see "[EFTPS](#)."
 - **EFTPS Setup**
 - Enter the **Taxpayer PIN**.
 - This is received after you enroll in EFTPS.
 - This is a required field and must be 4 digits.
 - This PIN is assigned and sent to an enrolled taxpayer.
 - **Use Batch Filer Account for Payments**
 - A decision will be required.
 - Ensure the **EFTPS Setup** section of the **Firm Information Setup** screen has also been set up.
 - Unchecked means you do not want to use the **Batch Filer Account** for payments
 - Checked means you do want to use the **Batch Filer Account** for payments.
 - When this option is marked with a full black box, this essentially means undecided, and a red validator will appear to either check or uncheck this option.

[Online Payment Tab](#)

Please note the important information below. If using this feature, please ensure the routing transit number and the bank account are correct.

This tab allows Drake Accounting to include bank account information in an e-filed 94x tax return so the IRS will debit the bank account for the balance due amount. Drake Accounting includes bank account information with the 94x tax return transmission. You must complete and save the **e-File Setup** section of the **Firm > Firm Information Setup** screen.

Debits

When the IRS receives the 94x return, they will debit the account from the information you have entered in Drake Accounting, as long as the amount owed is less than \$2,500. Unfortunately, it is not known what the time frame is for when this transaction will occur. You will need to contact the IRS to check the status.

Deposits

Make the 94x deposits through the Electronic Federal Tax Payment System (EFTPS). The URL for EFTPS is <https://www.eftps.gov/eftps/>. See "EFTPS" for more information about this process in Drake Accounting.

Complete the following information:

1. **Routing Transit Number**
 - Enter the routing number for this bank account.
2. **Bank Account Number**
 - Enter the bank account number to withdraw funds from when making a 94x payment.
3. **Payment From Checking Account/Payment From Savings Account**
 - Select the type of account (checking or savings) identified by the Bank Account Number.
 - Only one can be selected.
4. **Tax Preparer Day Time Phone Number**
 - Enter the tax preparer's daytime phone number.
 - Enter numbers only.
5. **Requested Payment Date**
 - This date is the client requests the IRS to directly debit the specified bank account.

Federal Form Setup Tab

Complete the Form Setup tab before preparing Forms W-2/W-3 and 1099.

1. **General Information**
 - The following information flows from the **Contact Information** tab in the **Client Setup** screen.
 - Select one of the following:
 - **Print Employer Name on Forms**
 - **Print Employer Trade Name on Forms**
 - **Print Both Employer and Trade Name on Forms**
2. **W-2 Information**
 - **Default W-2 Print Type**
 - **Use 2-up W-2**

- This option is the default selection.
 - When this option is selected, W-2 forms print two per page, one above the other.
 - With this selection made, all copies of the W-2 and the W-3 can be printed on plain paper when using a laser printer.
 - **Use 3-up W-2**
 - Prints 3 W-2 forms per page, one above the other.
 - All are for the same employee.
 - **Use 4-up W-2**
 - Prints four W-2 forms per page — two at the top and two at the bottom of the form.
 - All are for the same employee.
 - **Use 4-down W-2**
 - Prints four W-2 forms per page, one above the other.
 - All are for the same employee.
 - **Default W-2 Print Options**
 - **Mask ID on W-2**
 - This option will hide the SSN on the W-2, but it does not apply to the filer's TIN or Copy A.
3. **W-3 information (Kind of Payer)**
- Select the Form 94x for the employer (941, Military/941, 943, 944, CT-1, Household Employer, Medicare Government Employer, or Third-Party Sick Pay).
4. **1099/1098 Information**
- **Mask ID on 1099/1098**
 - The IRS requires the full ID number to display on Copy A, and the masked ID number prints with an "X" in the first five positions (e.g., XXX-XX-1234).
 - **Do not print date on signature line of 1096**
 - Select this option to prevent the date from printing on the signature line of the 1096.
5. **W-3 Contact**
- **Use Client Contact Information for paper form W-3/W-3c**
 - When this option is selected, the client's contact information will be printed on the W-3/W-3c, otherwise the firm's contact information will be printed instead.
 - Contact will be made using the client's email address entered on the **Client > Edit > Contact Information tab**.
 - If this option is not selected, the Social Security Administration will contact the Firm using the email address on the **Firm > Firm Information Setup** screen.
 - **Do not print the date on the signature line of W-3/W-3c**
 - Select this option to prevent the date from printing on the signature line of the W-3/W-3c.
6. **W-3 Kind of Employer**
- Select the option that best describes the employer.
 - **None Apply**
 - Select this option if none of the check boxes below apply to the employer.
 - **501c non-government**

- Select this option if the employer is a non-governmental tax-exempt section 501(c) organization.
- **State/Local non-501c**
 - Select this option if the employer is a state or local government or instrumentality that is not a tax-exempt section 501(c) organization.
- **State/Local 501c**
 - Select this option if the employer is a dual-status state or local government or instrumentality that is also a tax-exempt section 501(c) organization.
- **Federal government**
 - Select this option if the employer is a federal government entity or instrumentality.

7. **Automatically Overwrite Forms**

- Limit the size of backups by limiting the number of both state and federal forms stored by using this option, and it works similarly to the backup process (first taken, first replaced).
- This setting is available at the Client and Firm levels (under **Client > Edit > Federal Form Setup tab** or **Firm > Firm Information Setup**).
- The Client Setup settings will override any settings established under **Firm > Firm Information Setup**.
- This feature works in conjunction with the **Exempt from Overwrite** button under **Tools > Review Reports**.
- It only overrides each individual form and period.
 - For example, the KY-1 can be filed annually, quarterly, or monthly.
 - If you enter 2 for the Max. Number of Forms Per Period, Drake Accounting will keep 2 forms for each Month, Quarter, and Year (i.e., 2 forms for Q1, 2 forms for Q2, etc.)

Notes Tab

Use Client Notes to enter and save notes about each of your clients. These notes will be available to view throughout the software through a little notepad icon for easy access. To edit the note, however, you would need to return to the Client Setup and go to the Notes tab.

When you click on the tab, enter client notes as you would in a word processor. Use bold, italics, or underline, if applicable. Check **Append Date/Time** to add the current date and timestamp to the note. When finished, click **Save**.

Editing a Client's Setup

Once a client has been set up and saved, you can edit that information. To **Edit** an existing client, make the desired client the active client by selecting the client from the **Client Selector** screen.

1. Go to **Client > Edit**.
2. Access the tab that you would like to edit.

3. Make the desired edits.
4. Click **Save & Exit** once the desired client information has been edited.

Locations (for Multi-Location Clients)

Add any additional locations as needed under **Client > Locations**, and then apply specific locations to employees as needed under **Employees > Employee Setup** by checking **Works at Multiple Locations**.

You can have checks for multiple locations combined into one check, or you can have a check for each location. You can set this globally under **Employees > Options** or assign this option for only certain employees.

Locations with payroll or employees assigned to them will not be able to be deleted from the system.

See "[Setting up Multi-Location Payroll](#)" for more information.

See below for more detailed information about the tabs. To set up additional client locations:

1. Go to **Client > Locations**.
2. Click **New**.
3. Complete the following tabs: **Location Information**, **GL Accounts**, **Federal Tax**, **State Tax**, and **Local Tax**, as applicable.
 - Fields with a red validator are required.
4. **Save** when finished.

To edit a secondary client location:

1. Go to **Client > Locations**.
2. Select the applicable location in the grid.
3. Edit the tabs as necessary.
4. **Save** when finished.

Location Information

Enter demographic information about a location. Enter the Location Name, Address, and Zip. Hit TAB to have the city and state autofill. If applicable, enter the NAICS/Class Code and Establishment ID.

GL Accounts

Set up under **Employees > Options > GL Account** tab. **GL Account Profiles** are used to assign a set of GL accounts and payment methods to a profile. To set up a payment method, see "[Payment Methods](#)."

GL Account Profiles can be assigned to any client locations by the **GL Account Profile** drop down. In addition, **Client > Locations** can override the global **GL Account Profiles** under **Employee Options**. By assigning a **GL Account Profile** to the client location, new employee entries will be assigned the **GL Account Profile** associated with the client location and any of its overrides. The default account numbers are displayed in blue under the **Default Account** column.

For more information about setting up **GL Account Profiles**, see "[Employee Options](#)."

Federal Tax

Enter information about an employee's federal withholding on the **Federal Tax** tab.

1. **Employee is...**

- **Exempt from FIT (Federal Income Tax)** – The employee's wages and withholding are exempt from federal income tax. This means no taxes are taken out of checks for federal income tax. Wages will **not** show up on box 1 of the W-2 or box 2 of the 941. Withholding will **not** show up in box 2 of the W-2 or box 3 of the 941.
- **Exempt from FITW (Federal Income Tax Withheld)** – The employee is exempt from federal income tax withholding. However, the employee is not exempt from the taxes themselves. Wages will show up in box 1 of the W-2 or box 2 of the 941. Withholding will **not** show up in box 2 of the W-2 or box 3 of the 941.
- **Exempt from FUTA** – Select this option if the employee is exempt from paying federal unemployment tax.
- **Exempt from SS WH** – Select this option if the employee is exempt from paying Social Security withholding.
- **Exempt from Medicare WH** – Select this option if the employee is exempt from paying Medicare withholding.

2. **Federal Withholding Options**

- **Wage Calculation Method** – This option uses annualized payroll to access the "Tables for Percentage Method of Withholding (table 7)" to calculate the Federal withholding as described in IRS Pub 15 and is the default method for figuring the federal tax.
- **Fixed Percent Method** – This method uses a fixed percentage, which you select, to determine the federal tax, regardless of income. When the percentage method is selected, the **Federal Withholding Information** section changes to prompt for the actual withholding percent used.
- **Fixed Amount Method** – This option is used to set each check's federal withholding amount at a set amount.
- **Rounded** – Federal withholding amounts of 50 cents and more are rounded up to the next dollar. Amounts less than 50 cents are rounded down to give a whole dollar amount.

State Tax

Enter information about an employee's state withholding on the **State Tax** tab.

1. **Tax Table**
 - Select the employee's **State Tax Table** for tax withholding purposes.
2. **SUTA Tax Table**
 - Select the **State Unemployment Tax Act (SUTA)** for the applicable state.
 - Selecting a state here puts the same state in the **State Code** field when processing Live and ATF payroll.
3. **Use Employee's Taxable State for SDI Calculation**
 - This option will use the employee's residential state selected on the **Personal Information tab**.
4. **Employee is...**
 - **Exempt from SUTA** — Select this option if the employee is exempt from paying state unemployment tax.
 - **Exempt from State WH** — Select this option if the employee is exempt from paying state withholding.
5. **State Withholding Options**
 - **Wage Calculation Method** — This option uses annualized payroll to calculate the State withholding as described in the publications for each state.
 - **Fixed Percent Method** — This method uses a fixed percentage, which you select, to determine the state tax, regardless of income. When the percentage method is selected, the **Filing Status/Exemptions** section changes to prompt for the actual withholding percent used. Enter the fixed state tax percentage in the **WH Percent** field.
 - **Fixed Amount Method** — This option is used to set each check's state withholding amount at a set amount.
 - **Rounded** — State withholding amounts of 50 cents and more will be rounded up to the next dollar. Amounts less than 50 cents will be rounded down to give a whole dollar amount.

Local Tax

Use the **Local Tax** tab to assign the appropriate local taxes that should be withheld from the employee's check. The state selected in the **Tax Table** field on the employee's **State Tax** tab dictates which locality taxes display on the **Local Tax** tab. Use the blue right arrow to move a locality from the left side of the screen to the right to apply that locality to the location.

Backing up a Client

Create frequent backups of client files to a secure location for archival purposes. The backup process makes a copy of client data and stores it in the folder **d:\DrakeAccounting2023\Backups**, where “d:” is the drive specified in the **Backup Path** specified under **Firm > Firm Information Setup**.

Make backups of client data at least once a week. Be sure to back up to a separate storage location, such as a flash drive, or some other media that can either be carried away from your office location or is permanently located away from your office (such as an online data backup provider). This ensures you can recover data should your office be damaged by fire, flood, or some other disaster.

Backups are created with a date and time stamp added to the name. This prevents overwriting a previous backup and helps you identify the correct backup to restore.

To backup one or more clients, complete the following:

1. Go to **Client > Backup**. The **Backup Client(s)** dialog box is displayed.
2. In the **Client Code** column, click the boxes next to the clients you wish to backup and a check will display in the box to indicate this client is selected.
 - To select all the clients, click the check box at the top of the **Client Code** column header.
3. To select a different temporary backup path, you can either type the path (if you know it) in the field at the bottom of the screen or click **Change Path**. Then you will select a folder from the **Browse For Folder** window. A new folder can be created by clicking the **Make New Folder** button. The backup files made during the current backup will be placed in the selected folder.
4. Click **Backup**. A status window displays a list of the clients that were backed up once the backup is finished.
5. Click **Exit** to exit **Backup Client(s)**.

Drake Accounting uses Zip file compression to reduce the amount of disk space required for backup files.

To further reduce the size of backups, review the **Automatically Overwrite Forms** feature to help reduce the number of federal and state forms saved. See "[Firm Information Setup](#)" or "[Creating a New Client](#)" for more details about this feature.

Backup Types

Drake Accounting will back up data when performing certain functions, such as before performing a bank reconciliation process or when deleting a client file. Below are descriptions of the different backup types when in the Restore Client(s) window (under **Client > Restore**).


If you hover your pointer over the backup type (e.g., Start of Session, Update Prior Year, User Deleted, etc.), a brief tooltip will display to describe the action.

Backup Type	Description
Automatic	Drake Accounting will back up the current client information to the default backup folder at designated times.
Start of Session	The active client's information will back up when Drake Accounting launches. Additionally, when switching clients, the newly opened client's information will backup
End of Session	The active client's information will back up when exiting Drake Accounting. Additionally, when switching clients, the client you are closing will back up.
Manual	The active client's information will back up when pressing the Backup Client button on the Client Selector, Client Health View, or Alternative View Desktop.
Update Prior Year	When updating from prior Drake Accounting software, a backup of client information generates before beginning the process.
Posting	When posting transactions, a backup is created of the client information before the process starts.
Bank Reconciliation	When doing a Bank Reconciliation, a backup is created of the client information before the process starts.
Year End Close	When doing a Year End Close, a backup is created of the client information before the process starts.
Restore Point	Refers to the last restoration of a backup.
User Deleted	This backup refers to the client information saved when the end-user deleted the client.
Portals	A backup is created when syncing to the Drake Accounting Portals.
Unknown	Refers to a backup that is "ungrouped" and does not fit into other backup categories.

Restoring a Client

Drake Accounting uses a date and time stamp when client files are backed up. Use this information to determine the backup you'd like to restore.

Various folders are used by Drake Accounting to assist in organizing backup files to make for easier retrieval. To restore a client backup, complete the following steps:

1. Go to **Client > Restore**. The **Restore Client(s)** window opens and displays all clients in the current backup location. See "[Backing up a Client](#)" for more information.
2. If the backup file you wish to restore is not in the default backup location, either type in the location (if you know it) in the field at the bottom of the screen or click **Change Path** and navigate to the drive and folder where the backup file is located.
 - For information on changing the default backup and restore file location, go to **Client Selector** and click on the **Station Type**  icon.
 - The current path to the backup files is displayed in the bottom of the **Station Type** window. Click on the folder icon to choose a different location.
3. Click the "+" sign beside the client that you'd like to restore.
4. Click the "+" sign beside the folder/category (Start of Session, Manual, etc.) of backups.
 - See "[Backup Types](#)" for more information.
5. The files that have been backed up for the selected client of the category selected are displayed.
6. Select the backup file(s) to restore
7. Click **Restore** or **Restore All*** (see note below).
 - *Clicking **Restore All** for at least one client who has multiple backups from the selected restore path will result in the most recent backup being restored. The process will ignore backups older than the most recently created backup. For example, for multiple backups created in the same day, the backup that was created the last (latest in the day) will be restored through this process.

Deleting a Client

Client files can be deleted in Drake Accounting. Always make a backup of the client files before deleting the client. See "[Backing up a Client](#)" for more information.

The active client (the client currently open) is not displayed in the list of clients that can be deleted. To delete the currently open client, you must change to another client, then proceed with the delete process.

To delete client files, complete the following steps:

1. After changing to another client, go to **Client > Delete**. The **Delete Client(s)** window displays.

2. You can individually click on a client to select from the list, or the check box beside the **Client Code** column header to select all clients.
3. Click **Delete**.
4. When the **Confirmation Needed** prompt opens, click **Yes**. The client(s) selected for deletion is first backed up, then the client file is deleted.

Update a Client from Prior Year

Bring forward all client setup information from Drake Accounting 2022. If you need to bring a client in from another prior year (such as Drake Accounting 2020), you would need to update into Drake Accounting 2022, and then update from Drake Accounting 2022 into Drake Accounting 2023.

If **Update Prior Year** is run before closing the accounting year for the client in the prior year, the client's chart of accounts is copied into Drake Accounting with no balances. Drake Accounting continues to check if the **Year End Close GL** process has been run for the client in the prior-year Drake Accounting version. If it has, you will be prompted to update your bookkeeping whenever you access the client's **Chart of Accounts** screen in Drake Accounting.

Once you have run **Update Prior Year** for clients, do not continue to enter payroll in the prior-year Drake Accounting program. Close all other instances of Drake Accounting before updating prior-year clients. Only Drake Accounting 2023 should be running.

To update clients from a prior year, complete the following steps:

1. Go to **Client > Update Prior Year**.
2. All locations of Drake Accounting for the specified year are displayed under **Existing Data Paths**.
3. Select the location of the client files to update to the Drake Accounting 2023 program by clicking the location under **Existing Data Paths**.
4. The client files in the selected location are displayed at the bottom under **Clients Available to Update** of the dialog box. Select the individual client files by clicking the box beside each client you wish to convert or click the check box beside the **Client Code** column header to select all clients in the selected location.
5. You can choose to bring over on-the-fly forms, non-on-the-fly forms, or both. Select the applicable option from **Import Option** drop menu.
 - If you select **Non-OTF Forms Only**, the only options available are Forms W-2, 1099-MISC, and 1099-NEC.
6. If you wish to update any on-the-fly Forms W-2, state forms, and Forms 1098/1099, check the applicable forms.
7. If you wish to update payroll data, select the number of years to bring over payroll information under **Import Options**.
 - To not import terminated employees from Drake Accounting 2022, uncheck the **Import Terminated Employees** option.

- This is checked by default.
8. Click **Update**.
 9. When the process is completed, click **Exit**.

Export to Drake Tax

This feature exports information from Drake Accounting to the client's tax return in Drake Tax. It exports information from Drake Accounting to the client's tax return in Drake Tax Software for the tax year for which Drake Accounting bookkeeping has been maintained. Drake Accounting 2020, for example, would export to Drake Tax 2020 for tax year 2020.

If a tax return for the client does not exist in Drake, information from the **Client Setup** screen in Drake Accounting is used to create the tax return in Drake. If a tax return for this client does exist in Drake, the EIN/SSN is used as the identifier for the client file, and Drake Accounting exports to the existing tax return.

If a tax return was prepared in Drake Tax for the client last year, the client's information must be brought forward from the previous year *before* exporting Drake Accounting data to Drake. In Drake Tax, go to **Last Year Data > Update Clients 2020 to 2022**. Enter the client's EIN or SSN, click **Add Client**, and follow the instructions.

Export to Drake Tax *prior to* performing the **Year End Close**. Do not run the Year End Close from **Accounting > Year End Close** prior to exporting. When you close the year end, zeroes are exported to Drake Tax for those account numbers higher than the Retained Earnings account.

After selecting the client you wish to export on the Client Selector, complete the following steps to ensure the client is prepared to be exported.

Follow the following procedure for each account number exported:

1. Go to **Client > Edit > Business Information** tab, and verify that the business type has been selected from the **Business Type** field.
2. Go to **Accounting > Chart of Accounts**. Double-click a level **0** account number to export. Only Level **0** accounts are used for this option.
3. Use the **Tax Form** drop menu to select the form for this action.
4. Use the **Tax Line** drop menu to select the line on the tax form.
5. Use the **Tax Form Instance** field to specify which instance of the form specified in the **Tax Form** field should receive the exported account information.
6. Click **Save** and **Exit**. Follow this procedure for *each* account number exported.

To export the client data, complete the following steps:

1. Go to **Client > Export to Drake Tax**.
2. Select the **Tax Year** to export to in Drake Tax.
3. Select the location of where Drake Tax is installed in the **Tax Location** drop menu.
4. Click **OK**.
 - The export moves data from that account number in Drake Accounting to the form and line you have specified.
 - No worksheets or schedules are generated in the tax return, so these may need to be created to support the information imported.
 - When multiple accounts in the **Chart of Accounts** are imported to the same form and line in the tax return, only totals are indicated on the return and overflow sheets are not generated.

Employees Menu

Drake Accounting makes the distinction between employees and vendors. Employees receive a W-2 at the end of the year, and vendors may receive a 1099-MISC or 1099-NEC. See the accounts payable section ("Payables") of this manual for more information about vendors and Forms 1099.

Employee Options

To set up general payroll settings and assign specific account numbers from the chart of accounts to payroll processing features, go to **Employees > Options**.

Payroll Options

Use the **Employees > Options > Payroll Options** tab to set up how overtime is stored, payroll posting options, and 401(k) matching options. None of the settings on the **Employees > Options** tab are required in order to process payroll. Select the options appropriate for the client. This window is divided into the following sections:

1. **Payroll Options**

- **Suppress display of Terminated Employees**
 - When this option is selected, terminated employees are not included in the display in the **Employee Setup** or **Live** and **ATF** payroll screens.
- **Store all overtime pay separate from regular pay**
 - Select this option to have all overtime pay reflected as overtime.
 - The default method for figuring overtime is to take the number of overtime hours and add that to **Regular Pay**, then add half the overtime rate to the **Overtime Premium**.
 - **Example when this option is selected:** Bob is paid \$10 per hour. Last week he worked 50 hours. **Regular Pay** shows \$400 (40 x \$10) and **Overtime Premium** shows \$150 (10 x \$10 x 1.5). His total pay for the week is \$550.
 - **Example when this option is not selected:** Bob worked the same 50 hours last week. **Regular Pay** shows \$500 ((40 x \$10) + (10 x \$10)) and **Overtime Premium** shows \$50 (5 x \$10). Again, his total pay for the week is \$550.
- **Suppress Check Stub Printing for Direct Deposit**
 - This option controls the default setting for the **No Stub** check box in **Live Payroll**.

- When this option is selected, check stubs do not print for Direct Deposit employees, and it is not necessary to print stubs for direct deposit paycheck information to post to the journal.
- **Use DOL Rules to Calculate Payroll**
 - See the U.S. Department of Labor (www.dol.gov) website for information about this payroll calculation method.
- **Adhere to State/Local Minimum Wage**
 - This feature is disabled by default to prevent unintended changes to checks and payroll amounts.
 - This feature compares each value (State Minimum Wage and Local Minimum Wage) and automatically incorporates the highest amount into payroll calculation. If an amount lower than the assigned minimum wage is entered into payroll, a blue validator appears and automatically adjusts the payment amount.
- **Add Direct Deposit Account(s) to Check Memo Line**
 - This option will print the last four digits of the account number(s) where the direct deposit is going to in the **Memo** line of the check.
 - The account(s) are set up under **Employees Setup > Direct Deposit tab**.
 - It will appear similar to "**Direct Deposited to: #1234 & #2345**" on the check, depending if one or two accounts is used for the direct deposit.
- **Combine Multi-Location Checks**
 - This option applies to all employees who will combine each check from each location onto a single check.

2. Factors

- Easily set up the default overtime and holiday factors for calculating overtime and holiday pay, and hit **Apply To All Employees** to apply these factors to each employee, which can be found under **Employee Setup > Payroll Wages**.
- **Overtime Factor**
 - Enter the overtime factor to be used for employees.
- **Holiday Factor**
 - Enter the holiday factor to be used for employees.

3. Employee Reports Options

- **WH Reporting Threshold**
 - Enter the dollar amount for the withholding difference threshold for reports.
 - If the Social Security or Medicare tax owed by an employee is \$X.XX amount difference than what the employee paid, a blue validator will show on the **Payroll** screen and the amount will show on the **Taxes Owed** report.

4. Employer 401(k) Match Options

- **Employer Contributes [A] % of the first [B] %**
 - "A" and "B" percentages are for the first-tier matching.
- **And then Contributes [C] % of the next [D] % of the Employee Contribution**

- "C" and "D" percentages are for the second-tier matching.
- If there is only one tier, the second tier should be zeros.
- Enter the percentage of each employee's 401K contribution the employer is matching. If the employer is matching dollar for dollar, enter 100%. If the employer is not matching the employee's contributions, enter 0%.
- **...based on Gross or Net Wages**
 - Select either **Gross Wages** or **Net Wages** to indicate if the employer's maximum 401(k) contribution percentage entered is either:
 - A percentage of the employee's earnings before taxes and deductions are taken (gross wages) or after they are taken (net wages).
- **Deduction Limit**
 - This amount is determined by the IRS and was accurate when the program shipped.
 - This figure must be manually updated if it is changed by the government.
- **Catch-Up Limit**
 - This is the amount of additional elective deferral contributions allowed by the government and was accurate when the program shipped.

5. Journal Type

- **Generate Accounting Transactions**
 - Select this option to have Drake Accounting automatically post payroll transactions to the journal.
 - Select how you want payroll transactions to be displayed in the journal.
 - The **Post Detailed Payroll to Journal** option creates separate journal entries for each payroll transaction. This option is recommended if you plan to use the Bank Reconciliation.
 - The **Post Cumulative Payroll to Journal** option creates one set of cumulative journal entries for each payroll account when entering the journal screen.
 - The **Post Combined Payroll to Journal** option creates one combined set of journal entries for all employees per pay period.
 - Select which journal the transactions need to post to.
 - To create a custom journal type, go to **Accounting > Options**. See "[Accounting Options](#)" for more details.
 - See "[Transactions](#)" for more information about posting transactions.
- **AutoFill Journal Entry Description with Employee Code**
 - This option will add the **Employee Code** to payroll entries found in the **Unposted** or **Live Posting** screen.

6. **Save** when finished or continue to the **GL Account Numbers** tab.

[GL Account Numbers](#)


The account information entered on the **Employees > Options > GL Accounts** tab is used to generate entries into the payroll journal from payroll entries. This tab does not have to be set up if the bookkeeping feature is not being used.

GL Account Profiles are used to assign a set of GL accounts and payment methods to a profile. Profiles can be assigned to client locations and/or employees.

The client Chart of Accounts must be created prior to entering account numbers. There must be cash accounts, expense accounts, and liability accounts assigned from the chart of accounts. Without these accounts, the journal will be out of balance and red validators will display.

Cash Accounts are credited when a transaction is entered. These fields *must* have an account number before the first payroll check is entered. The account number is required in order to post payroll transactions to the journal. **Expense Accounts** are debited when a transaction is entered. These fields *must* have an account number before the first payroll check is entered. It is required in order to post payroll transactions to the journal. **Liability Accounts** are used to record payroll tax and other payroll related liabilities, and these accounts are credited when a transaction is entered. These fields *must* have an account number before the first payroll check is entered.

To enter payroll account information and set up a GL Account Profile:

1. Go to **Employees > Options > GL Accounts**.
2. Under **Profile Name**, enter a name for this profile. Letters, numbers, and symbols are allowed.
3. **Employee Default**
 - This checkbox is to identify what **GL Account Profile** a new employee will default to.
 - However, if a client location has been an assigned **GL Account Profile**, new employee entries will be assigned the **GL Account Profile** associated with the client location instead.
4. **Tax Deposit Default**
 - This checkbox indicates which **GL Account Profile** will be utilized with tax deposits.
5. **Payment Methods**
 - These are created under **Financial > Payment Methods**.
 - Select the payment method to use with this profile.
 - If you need to create a method, click the sunburst icon .
 - See "[Payment Methods](#)" for more information.
6. Using the drop downs, select which accounts to use for the **Cash Account Numbers, Expense Account Numbers, and Liability Account Numbers**.
7. **Save** when finished or continue to the **Sick/Vac Options tab**.

Sick/Vac Options

Use this tab to configure accrual options for sick and vacation hours. You can apply the settings to all employees, if desired.

1. Sick Options

- **Enable Settings**
 - Checking this option activates the accrual settings and makes them available.
- **Rollover Hours**
 - Checking this option enables the **Rollover Cap** field and allows you to roll over unused hours to the next year.
- **Apply to All Employees**
 - Clicking this will apply the settings you choose to all employees.
- **Accrual Method**
 - Based on your selection, additional options will become available.
 - Select an accrual method for sick hours:
 - **Hours Required** - Based on how many hours is required to earn one sick hour.
 - **Per Hours Worked** – Based on hours worked. This amount will be multiplied by the number of hours worked on a check to determine earned sick hours. If no hours are worked, then the amount earned will be zero.
 - **Per Check** - Based on how many hours earned on a normal payroll check. If a check doesn't have hours worked or sick hours, then the amount earned will be zero.
 - **Per Year** - Based on how many hours earned in the year. This amount will be divided by the number of pay periods to obtain how much is

earned per check. If a check doesn't have hours worked or sick hours, then the amount earned will be zero.

- **Yearly Lump Sum** - Based on a lump sum. This amount will be assigned to available hours when a new employee is created or when rolling over to the following year.
- **Max Accrual (Per Year)**
 - This is the maximum number of hours that can be accrued during the year.
- **Available Hours Cap**
 - This is the maximum number of hours that will be available for an employee.
 - When the cap is met, no more hours will be earned.
- **Rollover Cap**
 - Enter the maximum amount of hours that can be rolled over to the next year.

2. Vacation Options

- **Enable Settings**
 - Checking this option activates the accrual settings and makes them available.
- **Rollover Hours**
 - Checking this option enables the **Rollover Cap** field and allows you to roll over unused hours to the next year.
- **Apply to All Employees**
 - Clicking this will apply the settings you choose to all employees.
- **Accrual Method**
 - Based on your selection, additional options will become available.
 - Select an accrual method for vacation hours:
 - **Hours Required** - Based on how many hours is required to earn one hour of vacation.
 - **Per Hours Worked** – Based on hours worked. This amount will be multiplied by the number of hours worked on a check to determine earned sick hours. If no hours are worked, then the amount earned will be zero.
 - **Per Check** - Based on how many hours earned on a normal payroll check. If a check doesn't have hours worked or sick hours, then the amount earned will be zero.
 - **Per Year** - Based on how many hours earned in the year. This amount will be divided by the number of pay periods to obtain how much is

earned per check. If a check doesn't have hours worked or sick hours, then the amount earned will be zero.

- **Yearly Lump Sum** - Based on a lump sum. This amount will be assigned to available hours when a new employee is created or when rolling over to the following year.
 - **Max Accrual (Per Year)**
 - This is the maximum number of hours that can be accrued during the year.
 - **Available Hours Cap**
 - This is the maximum number of hours that will be available for an employee.
 - When the cap is met, no more hours will be earned.
 - **Rollover Cap**
 - Enter the maximum amount of hours that can be rolled over to the next year.
3. **Save** when finished or continue to the **Forms Options tab**.

Forms Options

Use this tab to set employee sorting options on federal and state forms.

1. **Sorting Options**
 - **Sort Employees**
 - Check this option to enable this feature.
 - **Sort by Last Name** – Mark this option to list employees by last names on forms.
 - **Sort by First Name** – Mark this option to list employees by first names on forms.
 - **Sort by SSN** – Mark this option to list employees in by SSNs on forms.
 - **Ascending** – Mark this option to list employees in ascending order.
 - **Descending** – Mark this option to list employees in descending order.
2. **Printing Options**
 - **Include blank pages when printing forms** – This option is for state forms. By default, Drake Accounting does not print pages without employees. Select this option to print the pages without employees.

Deductions & Benefits Setup

Go to **Employees > Deductions & Benefits** to create a deductions and benefits database. All deductions and benefits beyond the standard deductions offered to any employee must first be set up on this screen. Once set up here, they can be assigned and customized for each individual employee by going to **Employee Setup**. The amounts entered in **Employees > Deductions & Benefits (Deductions and Benefits tabs)** become the default amounts on the **Deductions** and **Benefits** tabs of **Employee Setup**.

Adding a Deduction


When adding or editing a deduction, enter a fixed dollar amount, a percentage, or nothing. There is no limit to the number of deductions that can be set up in Drake Accounting.

All deductions must be set up here prior to being assigned to employees. The amounts entered during deductions setup are treated as the default amounts for each deduction and can be customized when assigning deductions to each individual employee.

Do not enter standard federal and state withholdings here.

Go to **Employee Setup > Deductions tab** to individually assign deductions to employees.

To add a deduction, complete the following steps:

1. Go to **Employees > Deductions & Benefits**.
2. On the **Deductions** tab, click the sunburst icon  to add a new deduction.
3. Complete the following field information:
 - **Deduction Name**
 - This is the name of the deduction as it should appear on the pay stub and payroll reports.
 - **Account**
 - Click the **Account** field to access the postable accounts list from the chart of accounts if the bookkeeping function is being used.
 - Select the appropriate account number for the deduction, but if you are not using the bookkeeping function, the account number information is not required.
 - **Amount**
 - This number corresponds either to a dollar amount or a decimal percentage rate that is assigned to the deduction.
 - This amount can be edited on an individual basis by going to **Employee Setup** and selecting the **Deductions** tab.
 - **Ceiling**
 - Enter the maximum deduction that can be taken.
 - When the employee reaches the ceiling amount for the year, Drake Accounting discontinues this deduction for that employee.
 - **State**
 - For multi-location employees, select the specific state this deduction applies to.
 - When a specific state is chosen, the deduction will only be applied to payroll in that state.
 - Select **<ALL>** to have the deduction apply to payroll in all states.
 - **Based on**
 - Select **Dollars/Cents** and the entry in the **Amount** field is considered dollars and cents.
 - If **Percent** is selected, the entry in the **Amount** field is considered a percentage and the deduction is calculated by multiplying gross pay by the **Amount**.

- If **Based on Hours Worked** is selected, the deduction is calculated by multiplying the number in the **Hours Worked** field on the **Live Payroll** (or **ATF Payroll**) screen times the entry in the **Amount field**.
- **Deduct After Tax: Federal/Social Security/Medicare/State/Local**
 - Select the appropriate box if the deduction is taxable, and this will deduct the chosen option after taxes.
- **Exempt from: FUTA/SUTA/SDI/Garnish/401(k)**
 - Select these boxes if the deduction is exempt from FUTA (federal unemployment tax), SUTA (state unemployment tax), state disability insurance, wage garnishment, or 401(k).
- **Apply To**
 - **W-2 Box 10**
 - Select this box to apply the deduction to box 10 on the W-2.
 - **W-2 Box 14**
 - Select this box to apply the deduction to box 14 on the W-2. If the proper box is not selected, then the information does not flow to the W-2 correctly.
- **W-2 Box 12**
 - During W-2 processing, this code indicates which letters to enter for the Box 12 code. See "[Appendix J](#)" for a list of Box 12 codes.
- **Matching Benefit**
 - Enter the number of a benefit, and the deduction amount will match the benefit amount.
 - To use this option, the benefit to be matched first must be set up and saved.
- **WH. Code**
 - Withholding codes dictate where data appears on the W-2 and can impact other forms, reports, and payroll calculations as well.

W-2 Withholding Codes
<p><None></p> <p>No withholding code applies</p>
<p>401K</p>
<p>Cafeteria Plan (W-2 Box 14)</p>
<p>Disability Insurance</p>
<p>Employee Unemployment Insurance</p>
<p>Family Services</p>
<p>Family Leave Insurance Plan Contrib.</p> <p>When a deduction is set up using this withholding code, you should also select the Employer has Private Family Leave Insurance Plan check box and enter the plan number (Client > Edit > Business Information).</p>
<p>Garnishment</p>
<p>Maryland State Pickup Amount</p> <p>This is a mandatory employee retirement deduction for all employees in Maryland that participate in the retirement system. This deduction is not subject to federal tax but is subject to Maryland state and local tax. If this withholding applies, also select the W2 Box 14 box.</p>
<p>Private Disability Insurance Plan Contrib.</p> <p>When a deduction is set up using this withholding code, you should also select the Employer has Private Disability Plan check box and enter the plan number (Client > Edit > Business Information).</p>
<p>Public Employees Retirement Contrib.</p>
<p>Loan Repayment</p> <p>This deduction withholding code is utilized with the benefit code of Advancement/Repayment</p>
<p>Transportation Tax</p>
<p>Workers' Benefit Fund</p>

- **Gross Income WH Limit (percent)**
 - This is utilized to limit a deduction from going over a percentage limit, such as a 50% child support limit.
- **When applying deduction, update employee: Amount and/or Ceiling**
 - This option allows you to update employee amounts and/or ceilings when you **Save and Apply All** to deductions.


- If the **Amount** and/or **Ceiling** checkboxes at the bottom of the screen are unchecked when applying the deduction/benefit, it will not apply the amount and/or ceiling amounts to the employee's settings.
 - Instead, it will apply the settings that have been marked on the right under the **Other Properties** section to the employee's settings.
- If you want the **Amount** and/or **Ceiling** to update in **Employee Setup** (for those who have the deduction/benefit assigned to them), check the options and click **Save and Apply All**.

Adding a Benefit

When adding or editing a benefit, enter a fixed dollar amount, a percentage, or nothing. There is no limit to the number of benefits that can be set up in Drake Accounting. All benefits being offered to employees must be set up here prior to assigning benefits to employees. The amounts entered during **Benefits Setup** are treated as the default amounts for each benefit and can be customized when assigning benefits to each individual employee.

Assign employee benefits and benefit amounts to each employee by going to **Employees > Employee Setup**, select the employee and click on the **Benefits** tab.

To add a benefit, complete the following steps:

1. Go to **Employees > Deductions & Benefits** and select the **Benefits** tab.
2. Click the sunburst icon  to add a new benefit.
3. Complete the following field information:
 - **Benefit Name**
 - Click the **Name** field and enter the name of the benefit as it should appear on the pay stub and payroll reports.
 - **Account**
 - Click the **Account** field to access the postable accounts list from the Chart of Accounts, if the bookkeeping function is used.
 - Select the appropriate account number for the benefit.
 - If you are not using the bookkeeping function, the account number information is not required.
 - **Amount**
 - This number corresponds to either a dollar amount or a decimal percentage that is assigned to the benefit.
 - Percentage amounts must be entered as a decimal value of less than 1.0.
 - This **Amount** can be edited on an individual basis by going to **Employees > Employee Setup**, and selecting the employee's **Benefits** tab.
 - **Ceiling**
 - Enter the maximum amount of this benefit that can be taken.
 - When the employee reaches the ceiling amount for the year, Drake Accounting discontinues giving this benefit to that employee.
 - **State**
 - For multi-location employees, select the specific state this benefit applies to.

- When a specific state is chosen, the benefit will only be applied to payroll in that state.
 - Select **<ALL>** to have the deduction apply to payroll in all states.
- **Based on**
 - Select **Dollars/Cents** and the entry in the **Amount** field is considered dollars and cents.
 - If **Percent** is selected, the entry in the **Amount** field is considered a percentage and the benefit is calculated by multiplying gross pay by the **Amount**.
- **Based on Hours Worked**
 - When this option is selected, the benefit is calculated by multiplying the number in the **Hours Worked** field on the **Live Payroll** (or **ATF Payroll**) screen times the benefit **Amount**.
 - **If this option is not selected, the benefit is calculated by multiplying gross pay times the benefit amount.**
- Select the appropriate **Taxing and Income Options**:
 - **Not taxed - Not Applied to Gross or Net Pay**
 - The benefit is not taxed and the amount of the benefit is not included in either the employee's gross or net pay.
 - **Not taxed - Apply to Net Pay Only**
 - The benefit is not taxed but the amount of the benefit is included in the employee's net pay.
 - **Taxed - Apply to Gross and Net Pay**
 - The benefit is taxed based on the check box selections (**Federal, SS, Medicare, FUTA, State, Local, and SUTA**) and the benefit amount is included in the employee's gross and net pay.
 - **Taxed - Not Applied to Gross or Net Pay**
 - The benefit is taxed but the benefit amount is not included in either the employee's gross or net pay.
 - **Taxed - Apply to Gross Only**
 - The benefit is taxed based on the check box selections (**Federal, SS, Medicare, FUTA, State, Local, and SUTA**) and the benefit amount is included in the employee's gross but not net pay.
- **Benefit Subject To: Federal/Social Security/Medicare/State/Local/FUTA/SUTA**
 - Select the appropriate box or boxes if the benefit is taxable.
- **Apply To**
 - Select the form and line where the benefit should be reported.
 - **941 Box 2**
 - Select this box to include the total paid by the employer for this benefit on Form 941 Box 2 (Wages, tips, and other compensation).
 - This option is available only if the benefit is not taxed.
 - **940 Box 3**
 - Select this box to include the total paid by the employer for this benefit on Form 940 Box 3 (Total payments to all employees).
 - This option is available only if the benefit is not taxed.
 - **W-2 Box 1**


- Select this box to add the amount of the benefit to the total federal wages in box 1 on the W-2.
 - **W-2 Box 10**
 - Select this box if the benefit is a dependent care benefit and the amount should be included in box 10 of the W-2.
 - **W-2 Box 14**
 - Select this box to assign the benefit to box 14 on the W-2. If the proper box is not selected, then the information does not flow to the W-2 correctly.
 - **W-2 Box 12**
 - During W-2 processing, this code indicates which letters to enter for the Box 12 code. See "[Appendix J](#)" for a list of Box 12 codes.
 - **When applying benefit, update employee: Amount and/or Ceiling**
 - This option allows you to update employee amounts and/or ceilings when you **Save and Apply All** to benefits.
 - If the **Amount** and/or **Ceiling** checkboxes at the bottom of the screen are unchecked when applying the benefit, it will not apply the amount and/or ceiling amounts to the employee's settings.
 - Instead, it will apply the settings that have been marked on the right under the **Other Properties** section to the employee's settings.
 - If you want the **Amount** and/or **Ceiling** to update in **Employee Setup** (for those who have the benefit assigned to them), check the options and click **Save and Apply All**.
4. Click **Save** when finished.

Editing or Deleting a Deduction or Benefit

To edit a deduction or benefit:

1. Go to **Employees > Deductions & Benefits**, select either the **Deductions** or **Benefits** tab.
2. Click the appropriate entry in the list. Edit the information and click **Save**.
3. Click **Save and Apply All** to apply the changes to all employees who have this deduction or benefit applied in the **Employee Setup**.

To delete a deduction or benefit:

1. Go to **Employees > Deductions & Benefits**, select either the **Deductions** or **Benefits** tab.
2. Select the deduction or benefit to be deleted.
3. Click the delete icon .

Employee Setup

Go to **Employees > Employee Setup** to add the client's W-2 employees or to edit the information of a saved employee. Employee information must be entered before any payroll information is produced for

each employee. When the **Employee Setup** dialog box is open, employees are listed alphabetically by last name, or use the **Employee Code** drop menu to select an employee.

Adding an employee and editing an existing employee's setup is very similar. The primary difference is when setting up a new employee, you will need to assign that employee a unique **Employee Code**.

The links under **Help > Web Links > Homeland Security** provide access to various U.S. Department of Homeland Security websites. These are intended to assist employers in determining the employment eligibility of their employees.

Adding an Employee

To add an employee:


1. Go to **Employees > Employee Setup** and click **New**.
2. Enter an **Employee Code**.
 - Employee codes are alphanumeric and can be up to 20 characters long. Use any scheme you wish to assign employee codes; however, we recommend that you use an employee code that is meaningful.
 - For instance, instead of using the employee's SSN, you could use "JonesPaul."
 - By using a meaningful code, lines on reports that refer to this employee are easily identifiable.
3. Complete information on the following tabs:
 - **Personal Information**
 - **Payroll Wages**
 - **Payroll Options**
 - **Federal Tax**
 - **State Tax**
 - **Local Tax**
 - **Deductions**
 - **Benefits**
 - **Direct Deposit**
 - **Notes**
4. Click **Save** after verifying the information on all tabs.

Editing an Employee

To edit an existing employee:

1. Go to **Employees > Employee Setup**.
2. Click an employee's name from the list of employees. The data fields for that employee activate and can be edited.
3. Edit as needed.
4. Click **Save** when editing is complete.

Employee Setup Overview

All fields with a red validator  are required. Fields applicable per location will be displayed in a pale red text for employees designated at multi-location.

Personal Information Tab

Complete the **Personal Information** tab:

1. When setting up a new employee, enter an **Employee Code**.
 - Employee codes are alphanumeric and can be up to 20 characters long.
 - Use any scheme you wish to assign employee codes; however, we recommend that you use an employee code that is meaningful.
 - For instance, instead of using the employee's SSN, you could use "JonesPaul." By using a meaningful code, lines on reports that refer to this employee are easily identifiable.
2. Enter employee's demographic information, as applicable.
3. **Establishment ID**
 - Identify wages by worksite.
 - This is required only if the client files Form BLS 3020.
 - For employees who work in multiple locations, this can be set to each location and will display in a pale red text.
 - There must also be an entry made in the NAICS/Class Code field. If an **Establishment ID** is entered and there is no entry in the **NAICS/Class Code** field, the **Establishment ID** is not saved.
4. **Federal ID (Required)**
 - Enter the SSN, EIN, ITIN, or Other.
 - The number is formatted based on the selection made from the drop menu.
 - The **OTH** selection is any information approved by the IRS instead of using an EIN, SSN, or ITIN.
5. **Date of Birth**
 - Enter the employee's birth date.
 - This date is used to figure eligibility of catch-up amounts for 401k contributions.
 - This date is used to determine if the employee is over or under the age of 18.
6. **Gender**
 - This information is used for some state wage reports.
 - Select **Male** or **Female**.
7. **Date of Hire**
 - Enter the date the employee was hired.
8. **Division (Optional)**
 - Select the division of which the employee is a member.
 - Divisions are set up in **Client Setup > Divisions**.
 - This option can be set to each location for a multi-location employee and will display in pale red text.
9. **Employment Status (Required)**

- Select the status of the employee.
- The selection made in the **Status** field determines the availability of the employment information in the payroll function and the state wage report.
 - **Active** means a regular employee.
 - **Statutory** means some workers are deemed to be employees by statute. Selecting **Statutory** makes the employee information available in the payroll function.
 - An employer should indicate on the worker's Form W-2 that the worker is classified as a statutory employee. Statutory employees report their wages, income, and allowable expenses on Schedule C (or Schedule C-EZ), Form 1040. Statutory employees are not liable for self-employment tax because their employers must treat them as employees for Social Security tax purposes.
 - For an exempt organization, the most common statutory employees are its officers. In addition, while not as prevalent in an exempt organization, the following workers are also statutory employees:
 - a. A full-time traveling or city salesperson who solicits orders from wholesalers, restaurants, or similar establishments on behalf of a principal. The merchandise sold must be for resale (such as food sold to a restaurant) or for supplies used in the buyer's business.
 - b. A full-time life insurance agent whose principal business activity is selling life insurance and/or annuity contracts for one life insurance company.
 - c. An agent-driver or commission-driver engaged in distributing meat, vegetables, bakery goods, beverages (other than milk), or laundry or dry cleaning services.
 - d. A home worker performing work on material or goods furnished by the employer.
 - **Terminated** means an employee is one who has resigned or was let go by the company.
 - Making this selection activates the **Date LWOP Taken** field.
 - **Suspended Without Pay** means an employee with this status is considered to be on the company's payroll but does not receive a paycheck while suspended without pay.
 - Payroll cannot be processed for an employee with this status.
 - Making this selection activates the **Date LWOP Taken** field.
 - **Suspended With Pay** means an employee with this status is typically barred from coming to work but still receives a paycheck.
 - Payroll is still processed for an employee with this status.
 - Making this selection activates the **Date LWOP Taken** field.
 - **Leave Without Pay** means this is a temporarily approved nonpay status.
 - An employee with this status is considered to be on the company's payroll but does not receive a paycheck while on leave without pay.
 - Payroll cannot be processed for an employee with this status.
 - Making this selection activates the **Date LWOP Taken** field.

10. NAICS/Class Code

- Some states use the North American Industry Classification System (NAICS) to collect and analyze statistical data related to their economy.
- These codes identify the type, or class, of work the employee does. Enter the employee's NAICS code, if applicable.
- The employee's NAICS code displays on the **Live** and **ATF Payroll** screens and can be edited for each pay check.
- For employees who work in multiple locations, this can be set to each location and will display in a pale red text.
-

11. **Date LWOP Taken/Date Terminated or Date Suspended**

- This field is activated when either **Terminated**, **Suspended with Pay**, **Suspended without Pay**, or **Leave Without Pay** is selected in the **Employment Status** field.
- **Terminated**, **Suspended**, and employees on **Leave Without Pay** can be deleted at the end of the calendar year once all reports, payroll filings, and W-2s/W-3s have been generated and mailed or electronically filed.
 - Exception: If a business' fiscal year covers any period other than Jan.1-Dec.31, employees that have been paid during the fiscal year cannot be deleted until the end of the fiscal year. If the employee has not received pay, he or she can be deleted at any time.

12. **Has Healthcare**

- Select this box if the employee has healthcare.
- This selection will flow to payroll screens.
- Some states require this information.

13. **Works at Multiple Locations**

- Select this box if the employee works at more than one location.
- Once selected, employee information will need to be added and/or edited for **each** location.

14. **Combine Checks**

- This is a per employee option to combine payroll checks that have more than one location.
 - For example, if an employee works in both Georgia and North Carolina, Drake Accounting will print a check for Georgia and one for North Carolina by default. Checking **Combine Checks** would combine the Georgia and North Carolina checks onto a single check.
 - See "[Employee Options](#)" to set up Drake Accounting to combine multi-location checks by default for each employee.

15. Click **Save** or continue to the **Payroll Wages Tab**.

[Payroll Wages Tab](#)

Enter information about an employee's pay scale on the **Payroll Wages** tab.

NOTE

These settings can be utilized for specific employees.

<input checked="" type="checkbox"/> Print Regular Hours on Check Stub	<input type="checkbox"/> Use US DOL Rules to Calculate Payroll
<input type="checkbox"/> Rates	<input checked="" type="checkbox"/> Adhere to State/Local Minimum Wage

Checked = Implement; = Don't implement; = Use default setting under **Employee Options**.

1. Pay Class

- Select the employee's pay class.
 - **Hourly** means the employee is paid at an hourly rate.
 - **Hourly Exempt** means the employee is not paid at an hourly rate.
 - **Salary** means the employee is paid based on an annual salary.
 - **Salary Non-Exempt** means this is a salaried employee that is eligible to receive overtime pay.
 - **Commission** means the employee is paid a commission with no hourly wage or annual salary.
 - **Sick Pay** means the employee is receiving third party sick pay. When this status is selected, the **Date Sick Pay Started** and **% Sick Pay Paid by Employee** fields are activated.
 - **Pay Per Piece** means is paid for each thing made or does, not for the amount of time worked. The employee is eligible for overtime pay.
 - **Officer Salary** means the employee is an officer of the company and is paid based on an annual salary.
 - **Officer Hourly** means the employee is an officer of the company and is paid based on an hourly wage.
 - **Officer Hourly Exempt** means the employee is an officer of the company and is exempt from US DOL overtime laws.

2. Pay Frequency

- Select the appropriate option based on how often this employee is paid, and this information determines the default value of **Regular Hours** for hourly employees in Live and ATF Payroll.
- It also determines how the employee's annual salary is divided and displayed in the **Salary** field when processing payroll.
 - For instance, if **Weekly** is selected, the annual salary is divided by 52 in **Payroll**; if **BiWeekly** is selected, the annual salary is divided by 26.
 - To enter a different pay amount each pay cycle for a salaried employee, remove a default by selecting **Zero** from the **Pay Frequency** list. Then enter 0.00 as the **Annual Salary**.
 - Zero allows you to enter everything manually on the payroll screen (other than the **Rate**).
 - This selection indicates it is not known how many checks the employee will receive per year, and therefore, the yearly gross income is unknown.

3. Annual Salary

- Enter the annual salary amount, and the amount for the payroll check will be calculated based on the selection made in the **Pay Frequency** field.
- This field is only available if the **Pay Class** is either **Salary**, **Officer Salary**, or **Salary Non-Exempt**.

4. Default Hours Per Pay Period


- This is determined by the selection in the **Pay Frequency** field but can be edited as needed for individual employees.

5. Print Regular Hours on Check Stub

- This option is available for non-salaried employees only.
 - When this option is selected, regular hours print on the employee's check stub.
6. **Use US DOL Rules to Calculate Payroll**
- **This option is employee-specific if not checked under Employee Options > Payroll Options tab.**
 - See the US Department of Labor (www.dol.gov) website for information about this payroll calculation method.
7. **Adhere to State/Local Minimum Wage**
- **This option is employee-specific if not checked under Employee Options > Payroll Options tab.**
 - This feature compares each value (State Minimum Wage and Local Minimum Wage) and automatically incorporates the highest amount into payroll calculation.
 - If an amount lower than the assigned minimum wage is entered into payroll, a blue validator appears and automatically adjusts the payment amount.
8. **Overtime Factor**
- Enter the percentage of the hourly wage the employee receives for working overtime, and the default value is time-and-a-half, entered as 1.5.
9. **Holiday Factor**
- Enter the percentage of the hourly wage the employee receives for working on a holiday, and the default value of the holiday pay rate is double-time, entered as 2.0.
10. **Pay Rate Per Piece**
- If the employee is paid by production levels (piece work), enter the wage the employee receives for each piece produced.
11. **Pay Per Piece PFD**
- Enter the PFD (Personal needs, Fatigue, and Unavoidable delays) allowance, if appropriate, for this per piece employee.
 - This field becomes available when the **Pay Class** is **Pay Per Piece** and **Use PFD with Piece Work** is selected on the **Payroll Options** tab.
12. **Date of Pay Raise**
- Enter the date the employee's pay raise became effective.
 - This date is used to determine the correct amount of pay when a paycheck is generated prior to that date using the old amount or after that date using the increased amount.
13. **On Sick Leave**
- Select this option if the employee is on sick leave and is receiving third party sick pay.
 - **Date Sick Pay Started**
 - Enter the date the employee began receiving third party sick pay.
 - This field becomes active when **Sick Pay** is selected as the **Pay Class**.
 - **Last Day of Month Worked**
 - Enter the date of the last day of the month the employee worked before becoming entitled to receive sick pay.
 - This field becomes active when **Sick Pay** is selected as the **Pay Class**.
 - **% Sick Pay Paid by Employee**
 - Select **Sick Pay** for **Pay Class**.
 - Enter the percentage of sick pay paid by the employee.
14. **Rates**
- When processing payroll for multiple pay rate employees, you must enter the number of hours worked at each pay rate or job description.

- If a multi-location employee, pay rates and job descriptions must be entered for each location assigned to an employee. For example, if an employee works in both TN and GA, each location requires separate rates entered.
- See “[Setting Up Multi-Location Employee Payroll](#)” for more information about setting up multi-location payroll.

To enter pay rates for employees:

1. Click the sunburst icon  to add a new rate.
2. Enter the employee's regular hourly pay rate in the **Current Rate** field.
3. Enter the **Default Hours** for the pay rate.
4. Enter a job **Description** for the pay rate entered in step 2.
5. The **Old Rate** will change when the current rate amount is updated. There is not a way to manually edit this field.
6. Select the **Primary** check box to designate the pay rate to be used to calculate sick and vacation pay.
7. Continue adding pay rates and job descriptions as necessary for multiple pay rate employees.

Payroll Options Tab

Select the appropriate payroll options for this employee on the **Payroll Options** tab. **The Tipped Directly** and **Tipped Indirectly** selections can be selected per location for multi-location employees.

Employee checks or pay stubs must be printed in order for the **Sick Hours Available** and **Vac Hours Available** fields to be updated automatically when a live paycheck is printed.

1. **Employee is...**
 - **Tipped Employee** — Select this field if the employee receives tips. Select whether the employee receives tips directly or indirectly.
 - **Tipped Directly** employees are any tipped employees who receive tips directly from customers, then turn over their tips to the employer. The tips are included in the employee's gross pay so that all taxes and withholdings can be deducted from the gross pay. The payroll check includes tips in the net pay. This option can be set per location for multi-location employees.
 - **Tipped Indirectly** employees are tipped employees who do not ordinarily receive tips directly from customers, such as busboys, service bartenders, and cooks. The employee holds the tips and reports the tip amount to the employer. The employer includes the tip amount in the employee's gross pay so that taxes can be determined; however, the tips are not included in the employee's net pay amount since the employee kept the tips. This option can be set per location for multi-location employees.
 - **Seasonal/Agricultural/Part-Time Employee** — Select the appropriate check box if the employee is part-time or a seasonal or an agricultural employee.
2. **Use Employee's State for Box 15 on the W-2** — Select to use the employee's state in box 15 for their W-2 instead of the employer's state.

3. **Commissions Exempt from Overtime** — Select this option if the employee receives commissions that are exempt from being paid overtime, regardless of the number of hours worked.
4. **Piece Work Exempt from Overtime** — Select this option if the employee receives compensation based on piece work and is exempt from being paid overtime.
5. **Use PFD with Piece Work** — Select this option to activate the Personal needs, Fatigue, and Unavoidable delays allowance feature for this employee.
6. **Sick Hours**
 - **Sick Calculations** — Select this box to track sick hours available and used. This box must be selected and the sick hours **Accrual Options** set up under **Employees > Options > Sick/Vac Options tab** in order to have Drake Accounting track sick hours available.
 - **Use Defaults** — This checkbox indicates if the employee will be utilizing the **Employees > Options** settings or use its own settings.
 - **Rollover Hours** — Select this check box if sick hours not used this year are available for use next year. The **Sick Hours Available** rolls over as the **Beginning Balance** into next year's Drake Accounting program.
 - **Start Accrual Date** — Select the date for which sick hours began accumulating.
 - **Accrual Method**
 - Based on your selection, additional options will become available.
 - Select an accrual method for sick hours:
 - **Hours Required** - Based on how many hours is required to earn one sick hour.
 - **Per Hours Worked** – Based on hours worked. This amount will be multiplied by the number of hours worked on a check to determine earned sick hours. If no hours are worked, then the amount earned will be zero.
 - **Per Check** - Based on how many hours earned on a normal payroll check. If a check doesn't have hours worked or sick hours, then the amount earned will be zero.
 - **Per Year** - Based on how many hours earned in the year. This amount will be divided by the number of pay periods to obtain how much is earned per check. If a check doesn't have hours worked or sick hours, then the amount earned will be zero.
 - **Yearly Lump Sum** - Based on a lump sum. This amount is will be assigned to available hours when a new employee is created or when rolling over to the following year.
 - **Max Accrual (Per Year)**
 - This is the maximum number of hours that can be accrued during the year.
 - **Available Hours Cap**
 - This is the maximum number of hours that will be available for an employee.
 - When the cap is met, no more hours will be earned.
 - **Rollover Cap**
 - Enter the maximum amount of hours that can be rolled over to the next year.
 - **Beginning Balance**

- Enter the current sick hours available including the rollover balance. This field is updated (if the **Rollover Hours** box is selected) with the amount of **Sick Hours Available** into next year's Drake Accounting program.
- **Sick Hours Available**
 - Enter the current number of sick hours available. This balance is calculated based on the formula (Beginning Balance + Earned Sick Hours) - Sick Hours Used.
- **Sick Hours Used** — Enter the current number of sick hours used for the year. This balance is updated each time payroll (live or ATF) is run.

7. Vacation/PTO Hours

- **Vacation Calculations** — Select this box to track vacation hours available and used.
- **Use Defaults** — This checkbox indicates if the employee will be utilizing the **Employees > Options** settings or use its own settings.
- **Rollover Hours** — Select this box if vacation hours not used this year are available for use next year. The **Vac Hours Available** rolls over as the **Beginning Balance** into next year's Drake Accounting program.
- **Start Accrual Date** — Select the date for which vacation hours began accumulating.
- **Accrual Method**
 - Based on your selection, additional options will become available.
 - Select an accrual method for vacation hours:
 - **Hours Required** - Based on how many hours is required to earn one vacation hour.
 - **Per Hours Worked** – Based on hours worked. This amount will be multiplied by the number of hours worked on a check to determine earned vacation hours. If no hours are worked, then the amount earned will be zero.
 - **Per Check** - Based on how many hours earned on a normal payroll check. If a check doesn't have hours worked or vacation hours, then the amount earned will be zero.
 - **Per Year** - Based on how many hours earned in the year. This amount will be divided by the number of pay periods to obtain how much is earned per check. If a check doesn't have hours worked or vacation hours, then the amount earned will be zero.
 - **Yearly Lump Sum** - Based on a lump sum. This amount is will be assigned to available hours when a new employee is created or when rolling over to the following year.
- **Max Accrual (Per Year)**
 - This is the maximum number of hours that can be accrued during the year.
- **Available Hours Cap**
 - This is the maximum number of hours that will be available for an employee.
 - When the cap is met, no more hours will be earned.
- **Rollover Cap**
 - Enter the maximum amount of hours that can be rolled over to the next year.

- **Beginning Balance**
 - Enter the current vacation hours available including the rollover balance. This field is updated (if the **Rollover Hours** box is selected) with the amount of **Vac Hours Available** into next year's Drake Accounting program.
- **Vac Hours Available**
 - Enter the current number of vacation hours available. This balance is calculated based on the formula (Beginning Balance + Earned Vacation Hours) - Vacation Hours Used.
- **Vac Hours Used**
 - Enter the current number of vacation hours used for the year. This balance is updated each time payroll (live or ATF) is run.

8. **Save** when finished or continue to the **GL Accounts tab**.

GL Accounts Tab

Select a **GL Account Profile** that you created under **Employee Options > GL Account Numbers** to determine the payment method for the employee. **GL Account Profiles** can be assigned to any employee by the **GL Account Profile** dropdown.

If the employee work location (client location) has a GL Account assigned to it (**Client > Locations > GL Accounts**), the **GL Account Profile** drop down will list the global **GL Account Profiles** and the work location's profile. If the employee work location does not have a GL Account assigned to it, the **GL Account Profile** drop down will list only the global **GL Account Profiles**. Any employee GL Account override settings will override the assigned profile settings, and the overrides will be utilized for payroll.

1. Use the **GL Account Profile** drop down to select the appropriate profile.
2. **Payment Methods**
 - The default payment method selected for this **GL Account Profile** will be displayed in blue to the right of the sunburst icon.
 - To create a new payment method, press the sunburst icon and complete the screen.
 - See "Payment Methods" for more information.
3. The default accounts for the profile are displayed in blue under the **Default Account column**. Use the Account drop down, if needed, to select another account to use. Changing the account will apply to this employee only.
4. Once you have verified the accounts are correct, save or continue to the **Federal Tax tab**.

Federal Tax Tab

Enter information about an employee's federal withholding on the **Federal Tax tab**.

1. **Employee is...**
 - **Nonresident Alien** — Select this option and the employee is taxed at the higher nonresident alien rate.

- **Exempt from FIT (Federal Income Tax)** – The employee’s wages and withholding are exempt from federal income tax. This means no taxes are taken out of checks for federal income tax. Wages will **not** show up on box 1 of the W-2 or box 2 of the 941. Withholding will **not** show up in box 2 of the W-2 or box 3 of the 941.
 - **Exempt from FITW (Federal Income Tax Withheld)** – The employee is exempt from federal income tax withholding. However, the employee is not exempt from the taxes themselves. Wages will show up in box 1 of the W-2 or box 2 of the 941. Withholding will **not** show up in box 2 of the W-2 or box 3 of the 941.
 - **Exempt from FUTA** — Select this option if the employee is exempt from paying federal unemployment tax.
 - **Exempt from SS WH** — Select this option if the employee is exempt from paying Social Security withholding.
 - **Exempt from Medicare WH** — Select this option if the employee is exempt from paying Medicare withholding.
 - **Visa** — If the employee is using a work visa to qualify to work in the U.S., select the employee's visa type from the drop menu.
2. **Federal Withholding Options**
- **Wage Calculation Method** — This option uses annualized payroll to access the “Tables for Percentage Method of Withholding (table 7)” to calculate the Federal withholding as described in IRS Pub 15 and is the default method for figuring the federal tax.
 - **Fixed Percent Method** — This method uses a fixed percentage, which you select, to determine the federal tax, regardless of income. When the percentage method is selected, the **Federal Withholding Information** section changes to prompt for the actual withholding percent used.
 - **Fixed Amount Method** — This option is used to set each check's federal withholding amount at a set amount. Enter the amount in the **WH Amount** field.
 - **Rounded** — Federal withholding amounts of 50 cents and more are rounded up to the next dollar. Amounts less than 50 cents are rounded down to give a whole dollar amount.
3. **Federal Withholding Information**
- **Pre-2020 W-2**
 - Checking this option will bring back options that are applicable to the W-4 before the new W-4.
 - This feature will make this section remain the same as it has been in prior-year Drake Accounting.
 - The government is not enforcing the requirement for an existing employee to use the new 2020 W-4. The employee can choose to do it, but the employer is not required to make them do the new form. However, any employee hired after January 1, 2020 is required to use it.
 - **Filing Status, Extra Withholdings, and Exemptions (when Pre-2020 W-4 is checked)**
 - These fields are available when the **Wage Calculation Method** and the **Pre-2020 W-4** options are selected.
 - Enter information from the employee's Form W-4.
 - Not checking this option will bring up options applicable to the new 2020 W-4.

- **Filing Status, Extra Withholdings, Dependents, Other Income, and Deductions (when Pre-2020 W-4 is not checked)**
 - Enter information from the employee's Form W-4.
 - **Step 2 Checkbox**
 - This option is for multiple jobs.
 - It will put the employee in a non-standard tax bracket as described on page five of [Pub. 15-T](#), Federal Income Tax Withholding Methods.
4. **WH Percent** — This field is available when the **Fixed Percent Method** is selected. Enter the percentage to be used to calculate the employee's federal withholdings in decimal format. (For instance, .15 indicates 15%.)

State Tax Tab

Enter information about an employee's state withholding on the **State Tax** tab.

1. **While working in ____, employee will use State Tax Table of ____ and SUTA of ____**
 - The state the employee will be working in is pulled from the client's primary location entered in **Client Setup** (if a single location client), or, if there are multiple locations and the employee is marked as a multi-location employee, the state reflects the location that has been selected in the upper right **Locations** section of the **Employee Setup** screen.
 - These locations are established under **Client > Locations** in order for them to be available on the **Employee Setup**.
 - Select the employee's **State Tax Table** for tax withholding purposes.
 - Select the **State Unemployment Tax Act (SUTA)** for the applicable state.
 - Selecting a state here puts the same state in the **State Code** field when processing Live and ATF payroll.
2. **Employee is...**
 - **Exempt from SUTA** — Select this option if the employee is exempt from paying state unemployment tax.
 - **Exempt from State WH** — Select this option if the employee is exempt from paying state withholding.
3. **State Withholding Options**
 - **Wage Calculation Method** — This option uses annualized payroll to calculate the state withholding as described in the publications for each state.
 - **Fixed Percent Method** — This method uses a fixed percentage, which you select, to determine the state tax, regardless of income. When the percentage method is selected, the **Filing Status/Exemptions** section changes to prompt for the actual withholding percent used. Enter the fixed state tax percentage in the **WH Percent** field.
 - **Fixed Amount Method** — This option is used to set each check's state withholding amount at a set amount. Enter the amount in the **WH Amount** field.
 - **Rounded** — State withholding amounts of 50 cents and more will be rounded up to the next dollar. Amounts less than 50 cents will be rounded down to give a whole dollar amount.
4. **Filing Status/Exemptions**
 - **Filing Status, Exemptions, and Additional WH**

- These fields are available when the **Wage Calculation Method** option is selected. Enter information from the employee's state W-4.

5. General Selections Based on State

- After selecting the employee's state from the **Tax Table** list under the **State Tax** tab, fill in additional data as required by the selected state. If the state does not require additional withholding information, no additional data fields are displayed.
 - **Blind** — If **Tax Table** is set to **IL, MA, or MS**, the **Blind** field is active. If the employee or spouse is blind, select the appropriate option in this field.
 - **Over 65** — If **Tax Table** is set to **IL or MS**, the **Over 65** field is active. If the employee or spouse is over the age of 65, select the appropriate option in this field.
 - **Wage Chart** — If **Tax Table** is set to **NJ**, the **Wage Chart** field is active. Select the appropriate wage chart letter for state withholding purposes.
 - **% Gross Taxable Wages** — If **Tax Table** is set to **AZ**, the **% Gross Taxable Wages** field is active. If the employee is taxed based on a percentage of the federal tax, choose the applicable tax rate from the list.
 - **Number of Dependents** — If the **Tax Table** field is set to **AL or MS**, this field becomes active. Enter the number of dependents the employee claims for state withholding purposes.
 - **Est Deductions** — If the **Tax Table** field is set to **CA, LA, MS, NJ, or PR**, the **Est Deductions** field is active. If the employee qualifies for Estimated Deductions Reduction withholding, enter the amount of the deductions here.
 - **Worksite ID** — If the **Tax Table** field is set to **CO or IN**, the **Worksite ID** field is active. Enter the employee's Worksite ID.
 - **Dependents** — If the **Tax Table** field is set to **IN**, the **Dependents** field is active. Enter the number of dependents the employee claims for state withholding purposes.
 - **Reporting Unit** — If the **Tax Table** field is set to **IA**, the **Reporting Unit** field is active. Enter the reporting unit number where the employee works.

Local Tax Tab

Use the **Local Tax** tab to assign the appropriate local taxes that should be withheld from the employee's check. The state selected in the **Tax Table** field on the employee's **State Tax** tab dictates which locality taxes display on the **Local Tax** tab.

Localities are either assigned to a **work location** or a **residential location**. For multi-location employees, residential localities will be applied to all locations, but work localities will only apply to that one work location.

1. Available Localities

- Click a column header (**Type, Name, Code, Rate**) to sort the list on the left side of the screen.

2. Work Localities

- Localities placed in this section are specific to the work location.
- **Additional WH**

- This is the amount that will be added to the check withholding amount.
 - This is a per check additional amount.
 - Drake Accounting calculates what the withholding should be and then adds the Additional WH to that amount.
 - **Apply to Resident Tax Credit**
 - Indicates that this locality will be used when calculating the Residential Tax Credit.
 - This locality can reduce the residential tax locality.
3. **Residential Localities**
- This is based on where the employee lives.
 - **Additional WH**
 - This is the amount that will be added to the check withholding amount.
 - This is a per check additional amount.
 - Drake Accounting calculates what the withholding should be and then adds the Additional WH to that amount.
 - **Resident Tax Credit**
 - Indicates that this locality will utilize the calculated Residential Tax Credit.
 - You can choose to apply the template's value to the locality's Rate or School Code by clicking the box and pressing F3.
4. To assign a locality tax to the employee:
- Select the appropriate locality tax (on the left).
 - Click the right arrow. The locality tax moves to the right column.
 - The column on the right displays the locality taxes that will be withheld from the employees pay.
 - To remove a locality tax from the employee's list, select the locality tax from the column on the right and click the left arrow .
5. Click **Save** when editing is complete.


Deductions Tab

Before assigning deductions to an employee, first create the deductions through **Employees > Deductions & Benefits**. Once deductions are set up, they are available to be assigned to employees on the **Employee Setup > Deductions** tab with employee-specific amounts and ceilings. See "[Deductions and Benefits Setup](#)" for more information.


Assign payroll deductions for the employee on the **Deductions** tab. Assign only the deductions applicable to each employee. Only the deductions assigned to that employee appear on their payroll screen and check stub. There is no limit to the number of deductions that can be assigned to each employee.

To reset edited amounts for a deduction to the default amounts, select the deduction on the right side of the screen and press F3. You can also choose to update the **Amount**, **Ceiling**, only one, or both when clicking on the deduction and pressing F3.

To assign a deduction to an employee:

1. Select a deduction to be assigned to the employee from the **Available Deduction Name** list on the left side of the window.
2. Click the right arrow  to assign the selected deduction to the employee. The deduction will move to the **Employee Deduction Name** list on the right side of the window with the default amount and ceiling amount displayed.
3. To personalize the amount and ceiling amount of the deduction for the selected employee, double-click the **Amount** or **Ceiling** amount, type in the new amount of this deduction for the employee, and press **ENTER**.
 - **Ceiling** — This is the maximum amount of the selected deduction that can be taken by this employee. When the employee reaches the ceiling amount for the year, Drake Accounting discontinues taking this deduction from the employee's pay.
 - **Matching** — If a deduction has been set up to match a benefit, the check box for that deduction will have a check. If the deduction was assigned to an employee prior to being set up as a matching deduction, set up the deduction to match a benefit, then return to the employee setup, select the deduction, and press F3. The **Matching** check box is read only and cannot be selected on this screen.
4. **When F3 is pressed, apply template value to the deduction's: Amount and/or Ceiling**
 - When one or both of these (Amount and Ceiling) are checked, whatever value that has been entered for that employee will be replaced with whatever value has been entered in **Employees > Deductions & Benefits**.
 - For example, having them both checked will update the amounts in **Employee Setup** to what has been entered in the **Deductions** tab of the **Deductions & Benefits** setup screen (**Employees > Deductions & Benefits**).
 - It will essentially make the **Employee Setup** match what is under the **Deductions & Benefits** setup.

To unassign a deduction from an employee:

1. Select the deduction from the **Employee Deduction Name** list on the right side of the window that should not be deducted from the employee's pay.
2. Click the left arrow  and the deduction is moved back to the **Available Deduction Name** list on the left side of the window.
3. Click **Save** when finished.


Benefits Tab

Assign payroll benefits for the employee on the **Benefits** tab. Assign only the benefits applicable to each employee. Only the benefits assigned to that employee appear on their payroll screen and check stub. There is no limit to the number of benefits that can be assigned to each employee.


Before assigning benefits to an employee, first create the benefits through the **Employees > Deductions & Benefits**. Benefits set up in **Deductions & Benefits** are available to be assigned to employees on the **Employee Setup > Benefits** tab with employee-specific amounts and ceilings. See "Deductions and Benefits Setup" for more information.

To reset edited amounts for a deduction to the default amounts, select the deduction on the right side of the screen and press F3. You can also choose to update the **Amount**, **Ceiling**, only one, or both when clicking on the deduction and pressing F3.

To assign a benefit to an employee:

1. Select a benefit to be assigned to the employee from the **Available Benefit Name** list on the left side of the window.
2. Click the right arrow  to assign the selected benefit to the employee. The benefit will move to the **Employee Benefit Name** list on the right side of the window with the default amount and ceiling amount displayed.
3. To personalize the amount and ceiling amount of the benefit for the selected employee, double-click the **Amount** or **Ceiling** amount, type in the new amount of this benefit for the employee, and press **ENTER**.
 - **Ceiling** — This is the maximum amount of the selected benefit that can be taken by this employee. When the employee reaches the ceiling amount for the year, Drake Accounting discontinues including this benefit in the employee's pay.
4. **When F3 is pressed, apply template value to the deduction's: Amount and/or Ceiling**
 - When one or both of these (Amount and Ceiling) are checked, whatever value that has been entered for that employee will be replaced with whatever value has been entered in **Employees > Deductions & Benefits**.
 - For example, having them both checked will update the amounts in **Employee Setup** to what has been entered in the **Benefits** tab of the **Deductions & Benefits** setup screen (**Employees > Deductions & Benefits**).
 - It will essentially make the **Employee Setup** match what is under the **Deductions & Benefits** setup.

To unassign a benefit from an employee:

1. Select the benefit from the **Employee Benefit Name** list on the right side of the window that should not be included in the employee's pay.
2. Click the left arrow  and the benefit is moved back to the **Available Benefit Name** list on the left side of the window.
3. Click **Save** when finished.

[Direct Deposit Tab](#)

Enter direct deposit information for the employee on the **Direct Deposit** tab. Direct deposit payroll checks in up to two accounts for each employee. Checks can be split between any combination of checking and savings accounts, including two checking or two savings accounts or one of each. These accounts can be at two different banks.

You need to first complete direct deposit setup in **Firm > Direct Deposit Setup** before entering employee direct deposit information. Kotapay is Drake's agent for direct deposit. You must call them (1-866-431-9926) and establish your account prior to using the direct deposit feature. Drake has

established a special fee schedule with Kotapay for its clients. It's important that you identify yourself as a Drake client whenever you communicate with Kotapay.

For more information about transmitting direct deposit, see "[Transmit Direct Deposit.](#)"

1. **Direct Deposit Information**

- **Direct Deposit Payroll Checks**

- Select the check box if payroll checks are to be deposited directly into the employee's bank account.
- The **Account Type** field activates.

2. **Primary Account**

- **Account Type**

- Specify whether to deposit the pay into a **Checking** or **Savings** account.

- **Routing Number**

- Enter the routing number for the employee's bank account.
- Find the number on the bottom of the employee's personal checks to the left of the account number.
- Re-enter the routing number in the **Retype Routing Number** field.

- **Account Number**

- Enter the employee's account number for the direct deposit.
- Re-enter the account number in the **Retype Account Number** field.

3. **Secondary Account**

- **Account Type**

- Specify whether to deposit the pay into a **Checking** or **Savings** account.

- **Use Primary Routing Number**

- Check this option to use the primary account's routing number for the secondary account.

- **Routing Number**

- Enter the routing number for the employee's bank account.
- Find the number on the bottom of the employee's personal checks to the left of the account number.
- Re-enter the routing number in the **Retype Routing Number** field.

- **Account Number**

- Enter the employee's account number for the direct deposit.
- Re-enter the account number in the **Retype Account Number** field.

- **Apply to Account**

- Enter the amount you wish to deposit into the secondary account.
- Select either **Dollars/Cents** or **Percent** from the drop down.

Notes Tab

Use the **Notes** tab to enter miscellaneous information about the employee. Type information about the employee directly into the field below the tabs. Use bold, italics, or underline as needed. Check **Append Date/Time on startup** to add a date and time stamp to the note.

Checks Tab

View a list of all the printed live checks and ATF checks for the employee on the new **Checks** tab. This list includes checks that have been entered in Drake Accounting 2022 only.

Payroll

Setting Up Employee Payroll

1. Assign account numbers to payroll processing features and enter federal, state, and local tax rate information. For more detailed information, see "[Employee Options.](#)"
2. Set default deductions and benefits offered to any employee. See "[Deductions and Benefits Setup.](#)"
3. Enter information about the client's W-2 employees. See "[Employee Setup Overview.](#)"
4. To designate an employee as a multi-location employee, see "[Setting Up Multi-Location Employee Payroll.](#)"

Editing Payroll Setup

Make adjustments to state, company, and employee information by going to the following options under the **Employees** menu:

1. Options
2. Deductions & Benefits
3. Employee Setup

Setting up Multi-Location Payroll

The steps outlined in this section apply to multi-location employees only, and these instructions assume locations have already been established under **Client > Locations**. For more information, refer to "[Locations \(for Multi-Location Clients\).](#)"




Add any additional locations as needed under **Client > Locations**, and then apply specific locations to employees as needed under **Employee Setup** by checking **Works at Multiple Locations** on the **Personal Information tab**. You can have checks for multiple locations combined onto one check, or you can have a check for each location. You can set this option globally under **Employees > Options** or assign this option for only certain employees under **Employee Setup** on the **Personal Information tab**.

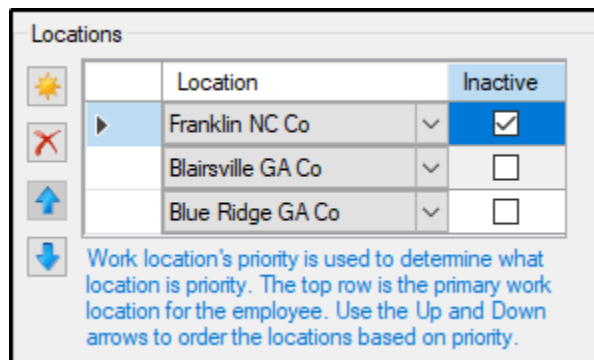
Complete the following sections to successfully set up an employee for multi-location payroll processing:

1. Go to **Client > Locations** and establish applicable locations for the client.
2. Go to **Employees > Employee Setup** to designate the employee(s) who will be multi-location for payroll purposes.
3. If applicable, designate certain deductions and benefits to be applied to particular states for employee payroll and applicable payroll reports.


Employee Setup for Multi-Location Employees

To be considered a multi-location employee for payroll purposes in Drake Accounting, each employee has to be designated as a multi-location employee by marking the **Works at Multiple Locations** option.

1. Go to **Employees > Employee Setup** and click applicable employee.
2. On the **Personal Information** tab, check **Works at Multiple Locations** in the bottom right.
3. When the **Locations** grid displays in the upper right, select the first location you wish to make payroll selections for.
 - Ensure all applicable tabs have been completed for the primary location. Any missing requirements will have a red validator.
 - Click the sunburst icon  to add the secondary location.
 - Continue this process to add all applicable locations for this employee.
 - Use the down arrow  and up arrow  to change which location is the priority, with the top or first location being the employee's primary work location.



The Locations grid with multiple locations

4. To temporarily inactivate the location from appearing on the Live or ATF Payroll screens, check the box next to the location in the **Inactive** column.
 - This can be used if, for example, an employee did not work in a certain location for a payroll period, but this employee did work in that location the following pay period.
 - To reactivate the location, simply click in the box next to the applicable location to clear the checkmark, and the location will be active and appear on the payroll screens.
5. To remove a location from the employee's setup, click the delete button ().
 - This will not remove the location from Drake Accounting. To delete the location from Drake Accounting, go to **Client > Locations** and click **Delete**.
6. To set up this employee's checks as **combined**, where all locations with earned wages displays on one check instead of a check for each location, check **Combine Checks** under **Works Multiple Locations**.
 - This option applies only to this specific employee.

- To make this a global selection and have all locations for all employees appear on one check, refer to **Employees > Options**.
 - Leaving this option unchecked will create a separate check per location.
7. Click on the first (primary) location to begin completing setup for this specific location.
 8. If **Deductions and Benefits** are applicable to employees, continue to the next section.

Deductions and Benefits Setup for Multi-Location Employees

If you have certain deductions and/or benefits that apply to specific states, go to **Employees > Deductions & Benefits**. On either tab, you will notice a **State** column. If **<ALL>** is selected, this means the deduction/benefit will apply to all states (locations). To assign a specific deduction/benefit to a specific state, simply choose the state in the drop menu. Ensure relevant information is completed for each deduction/benefit. See "Deductions and Benefits Setup" for more information.

Once finished, you can either:

1. Click **Save** to simply save the information and then go back to **Employees > Employee Setup**, click on the employee, go to the **Deductions tab** or **Benefits tab**, and hit F3 on your keyboard to update the changes, and repeat this process for all applicable employees or
2. Click **Save and Apply All** to not only save the information in the **Deductions and Benefits Setup**, but to also apply these updates to all employees who have the deduction assigned to them under **Employee Setup**. This will override any customization in the **Employee Setup**.
 - A confirmation will display, and click **Yes** to continue.

Once setup has been complete for **Deductions and Benefits**, return to **Employee Setup**, click on the employee, click on the appropriate location, and go to the **Deductions** and/or **Benefits tabs** to ensure the appropriate deduction/benefit is applied to the correct location. Use the blue arrows as necessary to add or remove deductions/benefits applicable to the location.

Continue to "Processing Payroll" for more information about processing live or after the fact (ATF) payroll for single or multiple locations.

Saving a Partial Batch Payroll

Live payroll is when you print negotiable employee or vendor payroll checks and distribute them to (or for) your client. You can print live payroll checks using the Drake Accounting bookkeeping module or without using it. With batch payroll, you can have a live unprinted batch, which means the batch must be printed before it is a valid check. With a live printed batch, it doesn't need to be printed.

Similar to saving partial bank reconciliations, you can save a partial batch payroll. For more information about the payroll process, see "Processing Payroll."

To enter and save a partial batch payroll:

1. Go to **Employees > Payroll > Batch**.
2. Enter a batch name.
3. Click **New**.
4. If applicable:
 - Enter the date for the end of the pay period.
 - Check **Mark Printed**.
 - Enter the **Check Date** and the **Starting Check Number**.
5. At this point, you can click **Hold** to save the batch.
 - It will appear in the grid in the upper left corner with the status of **“Processing.”**
6. To resume the batch, click on it in the grid.
7. When the batch is complete and accurate, click **Save**. If you are unable to complete it at that time, click **Hold**.

Processing Payroll

Use **Live Payroll** when employee paychecks will be printed and/or employees' pay will be direct deposited into their bank account. Use **ATF (After-the-Fact) Payroll** for bookkeeping purposes and when paychecks will not be printed and/or employees' pay will not be direct deposited. The methods of entering **Live** and **ATF** payroll are very much the same with very little exception. These exceptions are included in the description and field definitions as needed.

Drake Accounting does not recognize a check generated in **Live Payroll** as existing until it is printed. Once the check has been printed, it is recognized in the calculation of payroll filings, State Wage reports, and Payroll reports.

For multi-location employees, note Step 4.

To enter payroll, complete the following steps:

1. Go to **Employees > Payroll** and select either **Live**, **ATF**, or **Batch**. When in Batch payroll, create a name for the batch and click **New**.
2. Select the employee to enter pay information for from the **Employee Code** list.
 - All existing employees are listed alphabetically by last name.
 - If necessary, sort the employee list by **Employee Code**, **Name**, or **SSN** by clicking the column header, or select the employee from the **Employee Code** drop menu.
 - Once the employee has been selected, the other fields activate and information fields fill with data based on the employee's setup (**Employees > Employee Setup**).
3. Verify the employee's hours, earnings, benefits, deductions, and withholding amounts and edit as necessary.
 - The **Tax State** and **SUTA** drop menus are pulled from **Employee Setup > State Tax tab**.
 - The fields on the left side of the screen are available for direct editing based on each individual employee's setup.

4. If the employee has payroll in multiple locations, (on the **Live** and **ATF** screens) there will be tabs for each location. Verify the employee's hours, earnings, benefits, deductions, and withholding amounts and edit as necessary for each tab (location).
 - The totals of each location will be on the **Grand Totals tab** (if the option to **Combine Checks** has been setup in **Employee > Options** or on the **Personal Information tab** of the **Employee Setup**).
 - To temporarily disable a location, simply click the “x” on the tab of the location that does not need to be included on the check.
 - This will remove the location from this check only.
 - To unassign the location, go to **Employees > Employee Setup** and check “Inactive” next to the location.
 - The **Grand Totals tab** is for informational purposes, not to edit information. You must go to each tab (location) to edit payroll information.
 - Information edited on each location’s tab will reflect on the **Grand Totals tab**.
5. Click **Save** once all the employee's information has been verified.

Rates and Hours

The **Rates** and **Hours** fields are available when processing pay for hourly employees only. Edit the rate and hours as needed for this payroll cycle. Overtime (**OT**) hours are entered in this part of the screen also. Vacation hours, holiday hours, and sick hours are entered in their own specific fields.

Editing the pay rate or hours on the **Live Payroll** or **ATF Payroll** affects the current check only. Future checks for this employee use the information entered in the employee’s setup.

1. **Single Pay Rate Employees**
 - For an hourly employee with a single pay rate, the rate and its default hours display.
 - Edit the number of regular hours (**Hours**) and overtime hours (**OT**) worked as needed.
 - The number of regular hours worked is displayed in the **Total Regular Hours** field and the total of all hours (including overtime) worked is displayed in the **Hours Worked** field.
2. **Multiple Pay Rate Employees**
 - For an hourly employee with multiple pay rates and job descriptions, the rates display with the default rates for each rate.
 - Edit the number of regular hours (**Hours**) and overtime hours (**OT**) worked for each pay rate as needed.
 - The total of all multiple pay rate hours worked (including overtime) is displayed in the **Hours Worked** field.

Rates & Hours			
Description	Rate	Hours	OT
Dishwasher	8.50	5	0
Host	9.00	10	0
Custodian	10.00	5	0
Cook	10.00	20	0

Pay Rate & Hours for Multiple Pay Rate Employee

Check Dates, Hours, Tips, and Commissions

1. Pay Period

- This defaults to the current computer date.
- Use the calendar drop menu to change the date for the beginning and end of the pay period.
- The date entered will be used for all subsequent checks until either a different date is entered or you exit the **Live Payroll** screen.

2. Check Date

- The check date should correspond to the date on the check issued to the employee and determines the quarter to post the pay check when generating Form 941.
- **For Live Payroll:**
 - The **Check Date** field is available only when processing payroll for employees that receive their pay by direct deposit, not when preparing live payroll for employees that receive printed paychecks.
 - For employees receiving printed paychecks, the check date is entered when checks are printed.
 - The **Check Date** is required when an employee receives his or her pay via direct deposit and the **No Stub** option is selected. If the **No Stub** option is not selected for a direct deposit employee, the **Check Date** can be entered either during payroll processing or when the stub is printed. Click the drop menu to enter the date using the calendar function or click the box on the left side of the field to enter today's date.
 - Direct Deposit transmissions on Friday, Saturday, or Sunday are processed by Kotapay the following Monday. Kotapay does not accept direct deposit check dates that fall on weekends or holidays. See "[Appendix E - Kotapay Holidays](#)" for the Holiday Processing Calendar.
- **For ATF Payroll:**
 - The **Check Date** is required when entering ATF payroll, regardless if entering checks or direct deposit information.

3. Check Number

- **For Live Payroll:**
 - This field is only available when preparing live payroll for employees that receive their pay via direct deposit and the **No Stub** option is selected.
 - In all other scenarios, the check number is entered when checks or stubs are printed.

- **For ATF Payroll:**
 - The check number is an optional entry for ATF payroll and should correspond to the number on the check that was issued to the employee.
 - This field is not available for direct deposit employees.
4. **Memo**
 - Add a brief memo here that will display on the check.
 - You can add the last four digits of the account(s) for direct deposit by going to **Employees > Options** and selecting **Add Direct Deposit Account(s) to Check Memo Line**.
 5. **Total Regular Hours (under Rates & Hours grid box)**
 - For hourly employees, this is a calculated field that displays the total of the regular hours displayed in the **Rates & Hours** section of the **Live Payroll** screen.
 - For salaried employees, this field displays the number of **Default Hours Per Pay Period**.
 6. **Hours Worked**
 - The amount in this field is calculated by adding **Total Hours** plus **Overtime Hours**.
 - The amount in this field is used to calculate the employee's deduction or benefit if **Based on Hours** was specified to be used in the calculation when the deduction or benefit was set up.
 7. **Salary**
 - This calculated field is available only when the employee's pay class is **Salary, Officer Salary, or Salary Non-Exempt**.
 - Override the employee's salary for the current pay cycle only on the **Live Payroll** dialog box.
 - Enter the corrected amount and the regular pay, earnings, and deductions adjust automatically.
 8. **Overtime Hours**
 - The number of overtime hours worked that was entered in the **Rates & Hours** grid will flow to this field.
 - The multiplier used to calculate the overtime rate is based on the information entered in **Employee Setup > Payroll Wages/Rates**, the **Overtime Factor** field.
 - The default overtime calculation adds the amount of the time in **Regular Pay** under **Earnings**. The "half" is entered in **Overtime Premium** under the **Earnings** section of the payroll screen.
 - See the option **Store all Overtime Pay Separate from Regular Pay** under **Employees > Options** for an alternate way of calculating the overtime premium.
 9. **Vacation Hours**
 - Enter the number of vacation hours used during the pay period.
 - The amount is calculated based on the information entered in **Employee Setup > Payroll Wages**.
 10. **Holiday Hours**
 - Enter the number of holiday hours used during the pay period.
 - The multiplier used to calculate holiday pay is based on the information entered in **Holiday Factor** on the **Payroll Wages** tab of **Employee Setup**.
 11. **Sick Hours**
 - Enter the number of sick hours used during the pay period.
 12. **Direct Tips**
 - Enter the amount of direct tips received by the employee that is not included in regular pay.

- Direct tips are included in the calculation of gross pay and automatically have deductions taken from this amount.
 - The amount is calculated based on the selections of **Tipped Directly** in the **Employee Setup (Employee Setup > Payroll Options tab)**.
13. **Indirect Tips**
- Enter the amount of indirect tips received by the employee that is not included in regular pay.
 - Indirect tips are included in the calculation of gross pay and automatically have deductions taken from this amount.
 - The amount is calculated based on the selections of **Tipped Indirectly** in the **Employee Setup (Employee Setup > Payroll Options tab)**.
14. **Allocated Tips**
- Allocated tips only apply to large food or beverage establishments.
 - These are a) located in the 50 states or D.C., b) where tipping of food or beverage employees by customers is customary, and c) where the employer normally employed more than 10 employees on a typical business day during the preceding calendar year. That is, if more than 80 employee hours were worked in the establishment on an average day, including all employees of the operation. The food or beverage operation is not considered a large food or beverage establishment if tipping is not customary.
 - Large food or beverage establishments must report tips received by their employees. Owners are required to ensure that the total tip income over a pay period is at least 8% of the establishment's gross receipts from food and drink. If the reported tip income falls short of the 8%, employers must reimburse the difference between 8% of overall receipts and actual tip income. This reimbursement is referred to as "allocated tips".
 - Allocated tips are reported in box 8 of Form W-2 and are not included in box 1.
15. **Commissions**
- Enter the amount to show on the pay stub as commissions.
 - The amount of commissions is added to the regular pay and withholdings calculated accordingly.
16. **No. of Pieces**
- For employees paid based on piece work; enter the number of pieces for which the employee will be paid.
 - The amount is calculated based on the information entered in **Employee Setup > Payroll Wages**, the **Pay Per Piece** field.
 - The amount of pay per piece is added to the regular pay and withholdings calculated accordingly.
17. **NAICS/Class Code**
- If a NAICS code was entered for the selected employee during employee setup, that code displays.
 - You can also enter it in the **Contact Information** tab of **Client Setup**, and it will flow to each employee's **Personal Information** tab.
 - Edit the code for this paycheck as needed.
18. **Tax State**
- This is determined by the state selected in Tax Table in **Employee Setup > State Tax tab**.
19. **SUTA**
- This is determined by the state selected for SUTA in **Employee Setup > State Tax tab**.

Earnings

Any changes made to the default earning amounts when entering live payroll are considered one-time only adjustments and affect the current check only. The next time a check is processed for the employee, Drake Accounting will use the amounts from the **Employee Setup**.

The new amounts will be in **red** to indicate an override has been made to what has been set up in the **Employee Setup** for this employee.

1. **Regular Pay**
 - The amount in this field is based on the information entered in **Employees > Employee Setup > Payroll Wages**.
 - Edit the **Regular Pay** amount by either changing the number of hours in the **Rates & Hours** box on the left of the dialog box or by editing the **Regular Pay** field.
 - Press Enter for this information and payroll amounts to be updated.
2. **Overtime Premium**
 - The amount in this field is based on the information entered in **Employees > Employee Setup > Payroll Wages**.
 - Edit the **Overtime Premium** amount by either changing the number of **Overtime Hours** on the left of the dialog box or by editing the **Overtime Premium** field directly.
 - Press Enter for this information and the payroll amounts to be updated.
 - The **Overtime Premium** calculates based on the selection made under **Employee Setup > Payroll Wages**.
 - The **Overtime Premium** for a multiple pay rate employee uses the pay rate selected in **Employee Setup > Payroll Wages**.
3. **Vacation Pay, Holiday Pay, and Sick Pay**
 - The amount in these fields are based on information entered in **Employee Setup > Payroll Wages/Rates** tab.
 - Edit the **Vacation Pay, Holiday Pay, and Sick Pay** amounts by either changing the number of vacation, holiday, and sick hours on the left of the dialog box or by editing the **Vacation Pay, Holiday Pay, and Sick Pay** fields directly.
 - Press Enter for this information and the payroll amounts to be updated.

Benefits and Deductions

Benefits

The benefits previously assigned to the selected employee on **Employee Setup > Benefits** display in the **Benefit** list. The amounts are based on the information entered on that same tab. To edit **Benefit** amounts, select the amount and enter the new amount. Adjusted amounts are indicated in **red**. Only benefits assigned to an employee display in this dialog box and print on the pay stub.

Any changes made to the default benefit amounts when entering live payroll are considered one-time only adjustments and affect the current check only. The next time a check is processed for the employee, Drake Accounting will use the amounts from the **Employee Setup**. Press Enter for the benefit and payroll amounts to be updated.

Deductions

Only the deductions previously assigned to the selected employee on the **Employee Setup**, the **Deductions** tab and the **Employee Setup > Local Tax** tab display in the **Deductions** list. The amounts are based on the information entered on those tabs. Use the scroll bar to the right of the **Deductions** box if there are more deductions to see for the employee.

To edit amounts in the **Deductions** column, select the amount and enter the new amount. Adjusted amounts are indicated in **red**. Any changes made to the default deduction amounts when entering live payroll are considered one-time only adjustments and affect the current check only. The next time a check is processed for the employee, Drake Accounting will use the amounts from the **Employee Setup**.

If a deduction has been “matched” with a benefit, you cannot edit the deduction amount. Editing the “matched” benefit amount automatically changes the deduction amount to mirror the benefit amount.

Gross Pay and Earnings

1. **Non-Gross Earnings** (Cannot be edited directly)
 - This is the total of the benefits that are configured to not apply to gross. To change the amount, edit the appropriate benefit amount.
2. **Gross Earnings** (Cannot be edited directly)
 - This is the total of: **Regular Pay** + the **Overtime Premium** + **Vacation Pay** + **Holiday Pay** + **Sick Pay**.
 - To change the amount displayed in this field, either edit the appropriate hours or edit the appropriate line in the **Earnings** section. Benefits that are not set to **Apply to Gross** are not included in this amount.
3. **Additional Gross Pay**
 - An amount added to this field is added to the gross pay produced from the information in **Earnings**.
 - The standard calculations for withholdings are applied to this amount.
4. **Gross Pay** (Cannot be edited directly)
 - This is a calculated field generated by adding: **Non-Gross Earnings** + **Gross Earnings** + **Additional Gross Pay** + **Direct Tips** + **Indirect Tips**.

Withholdings

Federal withholding, state withholding, Medicare, and Social Security can be affected by the information in **Employees > Deductions & Benefits** and **Employees > Employee Setup > Deductions**.

Adjusted amounts are indicated in **red**. Any changes made to the default withholding amounts when entering live payroll are considered one-time only adjustments and affect the current check only. The next time a check is processed for the employee, Drake Accounting will use the amounts from the **Employee Setup**.

1. **Federal WH**

- Federal withholding is based on the information entered in **Firm > Rates & Withholding Setup > Federal Setup** and in **Employees > Employee Setup > Federal Tax**.
- 2. **Social Security**
 - Social Security withholding is based on the information entered in **Firm > Rates & Withholding Setup > Federal Setup**.
- 3. **Medicare**
 - Medicare withholding is based on the information entered in **Firm > Rates & Withholding Setup > Federal Setup**.
- 4. **State WH**
 - State withholding is based on the information entered in **Employees > Employee Setup > State Tax**.

Total Deductions and Net Pay

1. **Total Deductions** (Cannot be edited directly)
 - This is a calculated field based on the entries made in **Deductions**. Make changes to this field by changing the appropriate deductions lines.
2. **Additional Net Pay**
 - Enter any amounts added to an employee's paycheck not subject to withholdings.
 - This amount is associated with the expense account entered in **Employee Setup > Payroll Options** tab, the **Expense Account** field (if the bookkeeping function is used).
3. **Net Pay** (Cannot be edited directly)
 - This is a calculated field based on the information from **Earnings** and **Deductions** sections.
 - Make changes by changing the appropriate earnings and deductions fields.
4. **Direct Deposit (2nd Acct)**
 - This field is active when a Direct Deposit employee is splitting their pay between two accounts.
 - The field displays the amount entered in **Employee Setup > Direct Deposit** tab, the **Secondary Account** field.
 - Edit the amount in this field as desired.
 - The edited amount affects the current check only.

Additional Payroll Options

1. **Healthcare**
 - This option will flow from the **Employee Setup** as a way to mark an employee as having healthcare.
2. **FUTA Exempt**
 - Select this option if the pay amount for this pay check should not be added to payroll for FUTA purposes.
3. **No Stub**
 - This option is available only for employees receiving their pay by direct deposit, which is applied to the employee in the **Employee Setup > Direct Deposit** tab.
 - See "Direct Deposit Setup" for more information.
 - **For Live Payroll:**

- When selected, this option indicates that no check stub should be printed for the selected direct deposit pay and a **Check Date** must be entered on the **Live Payroll** screen.
- When this option is selected, no print record displays in **Employees > Check Print**, the pay information automatically posts to the journal.
- This field changes to the **Mark Printed** option for employees not set up for direct deposit.
- **ATF Payroll:**
 - The **No Stub** field is permanently selected for direct deposit employees and cannot be edited.
 - ATF stubs do not appear as stubs to be printed under **Employees > Check Print** but can be printed by selecting **Reprint checks**.
 - The pay information automatically posts to the journal when the pay information is saved.
 - The **No Stub** field changes to the **Mark Printed** option for non-direct deposit employees.

4. **Mark Printed**

- This field indicates whether the paycheck should be printed for the employee.
 - **For Live Payroll:**
 - When **Mark Printed** is selected, Drake Accounting recognizes this particular check as having been printed even though it has been entered in **Live Payroll**.
 - The check will not appear as a check to be printed under **Employees > Check Print**.
 - This field changes to the **No Stub** option for direct deposit employees.
 - **For ATF Payroll:**
 - The **Mark Printed** field is permanently selected for non-direct deposit employees and cannot be edited.
 - ATF checks do not appear as checks to be printed under **Employees > Check Print**.
 - This field changes to the **No Stub** option for direct deposit employees.

5. **Direct Deposit**

- This option indicates that the check will be direct deposited based on information under **Employee Setup**.
- This allows you to designate if an employee will have direct deposit for that check or not (who has direct deposit set up).
- If you uncheck it, the employee will not be direct deposit for that one check and will have a paper check.

6. **Test Direct Deposit**

- Select this option to create a “test check” direct deposit file for the selected employee that can be transmitted to Kotapay.
- Kotapay does not require that you transmit a test check.
- When this option is selected, all amounts on the check change to zeros, which creates an “empty” file; a test transmission file is created when the test check is saved.
- Create a separate test transmission file for each employee.

- No information moves to the journal for a test check when the bookkeeping feature is being used.
7. **NAICS**
- Some states use the North American Industry Classification System (NAICS) to collect and analyze statistical data related to their economy.
 - These codes identify the type, or class, of work the employee does. Enter the employee's NAICS code, if applicable.
8. **Additional Info**
- This link displays a read-only additional check information window that shows the check's wages, accrued hours, benefit and deduction information, and more.

[Editing or Deleting a Payroll Check](#)

[Editing a Payroll Check](#)

Any adjustments to 941s already processed need to be made again. If a posted check is edited, make adjustments to the journal to accommodate the edits. All fields that can normally be edited in live payroll can be edited if the check has not been printed. If the check has been printed, only the **Check Date** and **Pay Period Ending Date** can be edited. While in **Edit** mode, click **New** to enter a new check for the selected employee.

To edit a payroll check, complete the following steps:

1. From **Employees > Payroll** and select either **Live, ATF, or Batch**. In **Batch Payroll**, click **Edit** and select the batch that needs editing.
2. Select an employee from the **Employees** list.
3. Select a check to edit from the **Previous Checks - Click to edit** list at the top right of the window. The **Pay Period Ending Date, Check Date, Check Number**, and net **Amount** are displayed to aid in identifying the check to edit. The bottom part of the screen fills with the saved amounts.
4. Make the necessary edits and click **Save**.

[Deleting a Payroll Check](#)

If a 941 or state wage report that has been processed is affected by this deletion, manual adjustments must be made to the reports. Deleting a check using this function removes the information from the payroll reports and makes adjusting entries to the journal. Manual adjustments are required if the deletion affects previously closed periods. Deleting a payroll check removes the payroll check from the payroll reports. All checks can be deleted whether or not they've been printed.

To delete a live payroll check, complete the following steps:

1. From **Employees > Payroll** and select either **Live, ATF, or Batch**. In **Batch Payroll**, click **Edit** and select the batch.
2. Select an employee from the **Employees** list.
3. Select a check to delete from the **Previous Checks - Click to edit** list. The **Pay Period End date, Check Date, Check #**, and check **Amount** are displayed to aid in identifying the check to delete.
4. Click **Delete**.

Check Print

Go to **Employees > Check Print** to print payroll checks. Place the check stock in the printer before starting this process.

To print payroll checks, complete the following steps:

1. Go to **Employees > Check Print**.
2. **Payment Methods**
 - Select payment method that was created under **Financial > Payment Methods**. See [“Payment Methods”](#) for more information.
3. **Select Print Options**
 - Select the print just check stubs or both checks and stubs.
 - **Checks & Stubs** means the check and stub will print and is intended for check stock.
 - **Stubs Only** means copy of only the stub (no check) can be printed on plain paper.
 - **Test print only** means this option will send the selected check to the printer as a test. Use this option to test check alignment.
 - Printing test checks does not mark the check as printed and can still be printed from the **Print Checks** screen.
 - **Reprint checks** means this option will display checks that have already been printed, including after-the-fact checks.
 - **Preview checks before printing** means this option will display a preview of the check before it is sent to the selected printer.
4. **Printer**
 - Use the drop menu to select the applicable printer if the correct one is not selected already.

NOTE

Under **User Setup**, you can assign a default MICR and Pre-printed printer on a per user basis. The printers assigned under **User Setup** will take precedence over the printers selected in the **Firm Information Setup** screen.

5. **Check Info**
 - **Check Date**
 - By default, this is the current computer date.
 - Change the date that prints on the check as needed.
 - Once the date is set, it prints on all checks printed during this session.

IMPORTANT

The **Check Date** determines the quarter to which the payroll is posted for both federal and state payroll filing reports. It is important to enter the correct **Check Date**.

Entering the wrong date results in incorrect information being placed on the 94x tax deposit.

6. **Starting Check Number**

- If a **MICR check** is selected under **Payment Methods**, the **Starting Check Number** field populates based on the **Next Check #** field in **Financial > Payment Methods**.
 - Edit the check number as needed to match your next check.
- If using pre-printed check stock, verify that the number in the **Starting Check Number** field matches the number on the first check placed in the printer.
- If more than one check is selected to be printed, the check numbers automatically advance for each check.

IMPORTANT

Always verify this information before printing.

7. **Type of Payment**

- Choose to display paper paychecks or unprinted direct deposit pay stubs.

NOTE

Consider printing direct deposit pay stubs first, then paper checks.

8. **Electronic Signature Line 1 and Line 2**

- If electronic signature(s) has been set up (see "[Electronic Signatures](#)"), select the desired signature(s) from the drop menu.

9. Select the checks to print.

- Live payroll checks and direct deposit pay stubs that are available to print are displayed with a box next to the employee name.
- Select the box next to the employee names to indicate those checks or stubs to print.
- Click the box next to the **Name** column header to select to print all of the selected **Type of Payment**.
- Click the desired column header to arrange the checks to print in order of employee name, SSN/EIN, pay period ending date, or net pay amount.
- Checks can be printed individually or in groups.

10. Click **Print**.

11. To change or view options for stubs, click **Check Setup** on the right to bring up the **Check & Stub Options** window. See "[Check & Stub Options](#)" for more information.

NOTE

Once checks have been printed, they can be reprinted by going to **Employees > Check Print** and selecting the **Reprint Checks** check box. See "[Reprinting Payroll Checks](#)".

See "[Check Designer](#)" to change the alignment of information printed on payroll and vendor checks.

Reprinting Employee Paychecks

Previously printed live payroll checks and payroll checks entered ATF may be reprinted as many times as needed.

Place the check stock in the printer before starting this process.

NOTE

The journal entry for a previously printed check is not effected when a check is reprinted. The new check number and check date will not be listed in the journal. Drake Accounting does not keep track of the check stock for you.

To reprint checks, complete the following steps:

1. Go to **Employees > Check Print** and select the **Reprint Checks** option on the right side of the screen.
2. The **Reprint Checks** screen is displayed listing all payroll checks that have previously been printed (including those entered as ATF payroll).
3. Select the applicable payment method.
4. Select the **Print Options**, the **Check Date**, the **Starting Check Number**, **Type of Payment**, and the **Electronic Signature(s)** to be used (if applicable).

NOTE

If printing preprinted checks, make sure the **Starting Check Number** matches the next check to be printed.

If printing MICR checks, once a payment method of a MICR check is selected, the **Starting Check Number** field populates with the **Next Check #** in **Financial >**

Payment Methods. Edit the **Starting Check Number** as needed.

See "Payment Methods" for more information.

5. Click the box next to the employee names to indicate the checks or stubs to be reprinted.
6. Click **Print**.

Check Designer

See "Check Designer" under the **Financial** menu for more information.

Transmit Direct Deposit

Once live payroll or live vendor invoices have been entered for direct deposit employees and vendors and their pay stubs have been printed, transmit the pay information to Kotapay.

IMPORTANT

An Internet connection is required to transmit Direct Deposit information to Kotapay. If you use a dial-up connection to access the Internet, you must first connect to the Internet before transmitting Direct Deposit information. See "Direct Deposit Setup" for details on setting up to use Direct Deposit.

To transmit direct deposit pay information, complete the following:

1. Go to **Employees > Transmit Direct Deposit** or **Payables > Transmit Direct Deposit**.
2. Enter the date range of paychecks or vendor checks to be transmitted in the **Beginning Date** and **Ending Date** fields.
 - These fields default to today's date.
 - Direct deposit pay records with a **Check Date** within that date range display.

Previously transmitted pay records are indicated with a “T” in the **Transmitted** column.

NOTE

Select **Hide Transmitted Records** to display only the pay records not previously transmitted from within the specified check date range.

3. If two accounts have been established with Kotapay, select which account should be used for this transmission - either the **Primary User ID and Password** (default) or the **Secondary User ID and Password**.
 - See “Direct Deposit Setup”.
4. Select **Hide Transmitted Records** to have previously transmitted direct deposit records hidden.
 - Clear the check box to have these records display.
5. When **Auto Display Report of Transmitted Records** is selected, a printable report of the Direct Deposit records that transmitted displays automatically.
 - If you do not want this report to display, clear the check box.
 - You can also press CTRL + P to produce a report of the information in the Select Employees/Vendors data grid.
 - See “Hot Key Shortcuts” for more information.
6. Select the check box to the left of the **Transmitted** column header to select all records or select the box next to the employee or vendor code to indicate the pay records to transmit to Kotapay.
 - Arrange the pay records in order by clicking one of the column headers.
 - Pay records can be transmitted individually or in groups.
7. Click **Transmit**.
8. The Kotapay website is displayed where you can complete the transmission.
 - Kotapay does not accept check dates that fall on weekends or holidays.
 - To change the invalid check dates, see “Editing or Deleting a Payroll Check”.

Other Useful Information

1. In Drake Accounting, on the **Direct Deposit & Transmit** screen, click the **Request Reports** link to access Kotapay's website Available Reports selection window.
2. Click the **ACH Processing Calendar** (see “Appendix E” for more information) link to see the dates that Kotapay will not process transactions.
 - If any of the checks selected have a check date that falls on a weekend or holiday, a warning displays, stopping the process.
3. The **Reset** button clears all entries in the **Select Employees/Vendors** section of the screen.

Tax Deposit

If you are using the EFTPS to e-file your tax deposits, it may be helpful to review the following:

1. Setting up the firm for EFTPS Setup with enter the Batch Filer ID and Master Inquiry PIN.
 - See "[Firm Information Setup](#)" for more information.
2. Setting up a client for EFTPS on the e-File Options tab.
 - See "[Creating a New Client](#)" for more information.
3. For an overview of the EFTPS process, see "[EFTPS](#)."

Calculating 94x Series Tax Deposits

Drake Accounting calculates tax deposits for Forms 940, 941, 941-PR, 941-SS, 943, 944, and 945.

NOTE

It is recommended that the 94x tax deposit information is entered and verified. However, this step is not required in order to generate a 94x tax return.

To calculate and print a 94x series tax deposit, complete the following steps:

1. Go to **Employees > Tax Deposit** and select the type of 94x deposit.
2. Enter the **Beginning Check Date** and **Ending Check Date** that the tax deposit calculation will include.
3. Enter the date the deposit will be paid in the **Payment Date** field.
4. Select the tax liability "as of" date.
 - These options are available for 941, 941-PR, and 941-SS.
 - **Use Beginning Period Date**
 - The liability amount on the first day of the period prints.
 - **Use Ending Period Date**
 - The liability amount on the last day of the period prints.
 - **Use Payment Date**
 - The liability amount on the date entered as the **Payment Date** prints.
5. Click **Calculate**.
 - This fills the fields on the **94x Tax Deposit Calculation** portion of the dialog box.
 - The calculations are based on the payroll information entered for both Live and ATF payroll within the check date range entered.

NOTE

Live checks must be printed and direct deposit paychecks must have a check date to be included in the calculation.

6. If exporting the tax deposit data to EFTPS, check **Export deposit to EFTPS**.
7. If exporting the tax deposit data to EFTPS, check **Mark export as paid**.
8. Make any adjustments needed so that the total matches the **Amount Deposited**.
 - This deposit information can be included in the 94x tax return by selecting **Tax Deposits** from the **Source** drop menu when preparing the 94x tax return (**Employees > Federal Forms**).
9. Click **Save** when the information is correct.
 - To print a deposit record, select the saved record from the bottom of the window and click **Print**.
 - To delete a deposit record, select the saved record from the bottom of the window and click **Delete**.
 - With the deposit information displayed in the top part of the window, click **Reset** and the data entry fields clear.

IMPORTANT

Be careful when adjusting calculations that effect prior quarter transactions.

Payroll tax returns are current tax year calculations of the client's tax liabilities based on payroll generated in Drake Accounting.

To generate 94x tax returns “on the fly” (without having to set up employees or enter payroll information), see [“94x Returns OTF.”](#)

NOTE

When Drake Accounting is set up to e-file 94x series tax returns, saving the return generates the e-file and a printable copy for your records. If Drake Accounting is not set up to e-file 94x series tax returns, only the printable copy is generated. See [“Firm Information Setup”](#) and the **e-File Options tab** of **Client Setup** ([“Creating a New Client”](#)) for information on setting up 94x e-filing.

[Editing the 94x Tax Deposit](#)

To edit the 94x tax deposit information after it has been saved:

1. Go to **Employees > Tax Deposit** and select the type of 94x deposit.
2. Select the deposit to edit from the saved deposit records at the top of the window. The **94x Tax Deposit Calculation** area fills so the information can be edited and saved. This replaces the previous calculation.

IMPORTANT

Make sure calculations do not cross over the quarter change.

3. Make any necessary edits and click **Save**.

Federal and State Tax Wage Forms

Forms 94x

Payroll tax returns are current tax year calculations of the client's tax liabilities based on payroll generated in Drake Accounting.

To generate 94x tax returns “on the fly” (without having to set up employees or enter payroll information), see “94x Returns OTF”.

NOTE

When Drake Accounting is set up to e-file 94x series tax returns, saving the return generates the e-file and a printable copy for your records. If Drake Accounting is not set up to e-file 94x series tax returns, only the printable copy is generated.

See “Firm Information Setup” and the **e-File Options tab** of **Client Setup** (“Creating a New Client”) for information on setting up 94x e-filing.

Which 94x Tax Return to Use?

The following 94x returns are available in Drake Accounting:

Form	Form Use	E-Fileable?
------	----------	-------------

940	Form 940 is the employer's annual federal unemployment (FUTA) tax return.	Yes
940-PR	Form 940-PR is the Puerto Rico employer's annual federal unemployment (FUTA) tax return.	Yes
941	Form 941 is the employer's quarterly federal tax return.	Yes
941-PR	Form 941-PR is the Puerto Rico employer's quarterly federal tax return.	Yes
941-SS	Form 941-SS is the employer's quarterly federal tax return for American Samoa, Guan, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.	Yes
941-X	Form 941-X is used to correct errors on a Form 941 or 941-SS that was previously filed. You may use Form 941-X even though you filed the original return on magnetic media or electronically. Do not send the 941-X in with a 941 or 941-SS.	No
943	Form 943 is the employer's annual federal tax return for agricultural employees and should be used if wages were paid to a farm worker and were subject to Social Security and Medicare taxes or federal income tax withholding.	Yes
943-PR	Form 943-PR is the Puerto Rico employer's annual federal tax return for agricultural employees and should be used if wages were paid to a farm worker and were subject to Social Security and Medicare taxes or federal income tax withholding.	Yes
943-X	Form 943-X is used to correct errors on a Form 943 that was previously filed. Do not send the 943-X in with a 943.	No
944	Form 944 is the employer's annual tax return designed for smaller employers whose annual liability for Social Security, Medicare, and withheld federal income taxes is \$1,000 or less. This form is only for clients notified by the IRS to use Form 944 in place of the 941 quarterly report. You must use this form if you were contacted. If you choose to dispute the use of this form and continue filing the 941 quarterly report, contact the IRS first at (800) 829-0115.	Yes
944-SP	Form 944 is the Puerto Rico employer's annual tax return designed for smaller employers whose annual liability for Social Security, Medicare, and withheld federal income taxes is \$1,000 or less. This form is only for clients notified by the IRS to use Form 944 in place of the 941 quarterly report. You must use this form if you were contacted. If you choose to dispute the use of this form and continue filing the 941 quarterly report, contact the IRS first at (800) 829-0115.	Yes
944-X	Form 944-X is used to correct errors on a Form 944 or 944-SS that was previously filed. Do not send the 944-X in with a 944 or 944-SS.	No
945	Form 945 is used to report withheld federal income tax from nonpayroll payments. Nonpayroll payments include:	Yes

	<ul style="list-style-type: none"> • Pensions • Military retirement • Gambling winnings • Indian gaming profits • Voluntary withholding on certain government payments • Backup withholding <p>All federal income tax withholding reported on Forms 1099 and W-2G must be reported on Form 945. Do not report federal income tax withholding from wages on Form 945.</p>	
945-X	Form 945-X is used to correct errors on a Form 945 that was previously filed. Do not send the 945-X in with a 945.	No

To produce a 94x tax return:

1. Go to **Employees > Federal Forms**.
2. With **Forms 94x** selected as the **Form Type**, select the desired 94x tax return from the **Form** drop menu.
3. Use the **Source** drop menu to select to use either tax deposit information or payroll information.
 - Select **Tax Deposits** if tax deposit information has been entered into Drake Accounting for the entire period covered by the 94x return and you wish to bring that information into the return.
 - Select **Payroll** if tax deposit information wasn't entered for the period or is incomplete for the period. If **Payroll** is selected, you will need to enter deposit information onto the form.
4. Use the **Quarter** drop menu to select the quarter that the 94x tax return is for, if applicable.
5. Once all selections have been made, the return is displayed.
6. On the left hand side, there are **Selection and Options** for additional options, if applicable.
 - **Print Options**
 - **Print SchB if return is less than \$2500**
 - Schedule B of the 941 and 941-SS tax returns displays when the **Deposit Frequency** is set to **Semi-Weekly** under the **Client Setup > Business Information** tab, but prints only when the **Total Taxes After Adjustments** for the quarter is at least \$2,500.
 - Selecting this option will force print the Schedule B.
 - **Use Form 8974**
 - Selecting this option will add Form 8974 to the return, and it will be available on one of the page number tabs.
 - **Use Form 8453-EMP** (if applicable)
 - Selecting this option will add Form 8453-EMP to the return, and it will be available on one of the page number tabs.
 - **Suppress e-File Watermark**
 - Selecting this option clears the 94x e-File watermark for printing.

- When checked, a blue validator will appear warning the user not to paper file and e-File the same form.
- **Selection**
 - **Override Calculated Data**
 - Drake Accounting displays 94x returns with both calculated and non-calculated data fields.
 - Select this option to allow you to overwrite both types of data fields.
 - When this check box is cleared, calculated fields are grayed out.
- **Client 94x File**
 - The **94x File** options found in the **e-File Options** tab of the **Client Setup** screen are available to verify the accuracy of information.
 - This information can be edited here, if necessary.
- **Online Payment**
 - Use this option to request a payment date for the IRS to withdraw the money from the selected account.
 - **Note:** This is a requested payment date, it doesn't necessarily mean that is the date the IRS will withdraw the money.
- **Firm e-File Setup**
 - Verify the accuracy of information entered in the **Firm Information Setup** screen.
 - This information can be edited here, if necessary.



Changing information in **Client 94x File** and **Firm e-File Setup** sections will automatically update:


1. The information on the **e-File Options** tab in **Client Setup (Client > Edit)**.
2. The information in the **e-File Setup** section of the **Firm Information Setup** screen (**Firm > Firm Information Setup**).

IMPORTANT

The screenshot shows a form titled "94x File" with the following elements:

- e-File 94x
- Transmit as ERO
- Transmit as Reporting Agent
- Transmit as Business Taxpayer
- Taxpayer 5 Digit PIN:
- Ten Digit Signature PIN:
- Signature Name:
- Title:
- Phone Number:

7. Use the page tabs at the top left of the displayed form to navigate to the various pages of the return. Use the   buttons to zoom in and out.
8. If applicable, select the preparer of the return from the **Preparer's Name** drop menu of the **Paid Preparer Use Only** section of the return.

- Preparers display in the list once they've been entered in **Firm > 94x Preparer Setup**.
9. All fields that are not calculated fields (greyed out) can be edited. Verify the information and edit as needed.
 10. Click **Save/Print** to save and display the return in PDF format. Then click the  to print the return.
 - If you do not wish to print the return at this time, click **Save** instead. If you wish to print the return at a later date, see ["Review Reports"](#).

Once the tax return is saved, it can be transmitted to the IRS by going to **e-Filings > 94x > Transmit 94x Forms**, selecting the type of 94x tax return to transmit, then selecting the specific return. Only the 94x tax returns that are approved for e-filing are listed. See ["94x Returns"](#) under **e-Filings** for instructions on transmitting 94x tax returns to the IRS.

The IRS uses the amount on the **Balance Due** line of 94x tax returns when debiting the bank accounts specified for making electronic payments for these returns.

IMPORTANT

If using Drake Accounting's online payment feature, it is very important to verify the **Balance Due** amount on the 94x tax return prior to e-filing the return.

See **Online Payment** tab of "[Creating a New Client](#)" for information on setting up this feature.

Forms W-2/W-3

[Processing Forms W-2 and W-3](#)

Drake Accounting produces Forms W-2 for employees based on earnings throughout a year. The employee must be set up and at least one payroll check printed and dated in 2023 or an ATF check recorded with a check date in 2023. Only payments made with a check date in 2023 are included in the employee's 2023 W-2.

NOTE

To generate and print Forms W-2 and W-3 "on the fly" (for clients who keep their own books and for those you've not entered their payroll into Drake Accounting), see ["Forms W-2/W-3 OTF"](#).



Forms W-2 information must be "processed" before being saved/printed or uploaded to the Social Security Administration. "Processing" prepares the Forms W-2 to be printed and automatically generates the W-3.

Prior to processing Forms W-2, all live employee paychecks must be printed and ATF employee paychecks created in the correct year.

NOTE

If you will be uploading W-2 information to the Social Security Administration, after processing the W-2, go to **e-Filings > W-2 > Create File** to generate the upload file. See "[Creating the W-2/W-3 Upload File](#)".

To process Forms W-2, complete the following steps:

1. Go to **Employees > Federal Forms**.
2. Select **Forms W-2/W-3** from the **Form Type** drop menu. The W-2 process screen is displayed.
3. Process Forms W-2 for all employees at once (default) or individually.
 - You can process a W-2 by double-clicking on it in the data grid.
 - Select the check box to the left of the **Name** column header to process Forms W-2 for all employees.
 - Clear the check box to the left of the **Name** column header, then select the individual employees to process Forms W-2 for just those select employees.
4. Click **Process**.
5. There will be a checked box in the **Processed** column next to the employees whose Forms W-2 have been processed.
6. Once the Forms W-2 have been processed, click the  and  arrows to sort through the employees and view each of the Forms W-2.


If you wish to print Forms W-2 or W-3 at this time, proceed to the next steps. If not, click **Save**.

NOTE

To print at a later time, go to **Tools > Review Reports** and select **Display Federal Reports (PDF)** from the drop menu. See "[Review Reports](#)" for more information.

7. Select the employees you wish to print their W-2 by:
 - Selecting the employee from the **Find Employee** drop menu or
 - Clearing the check box to the left of the **Name** column header, then double-clicking the employees you wish to print their W-2.
8. To print Forms W-2 for select employees, clear the check box to the left of the **Name** column header, then select the employees you wish to print.
9. **W-3 Print Options**
 - To print Form W-3, select **Print W-3** at the left of the window.
 - **Control Number** (optional)

- A control number is a unique number assigned by an employer to identify individual W-2 wage and tax statements.
 - Enter a control number if desired.
 - **Establishment Number** (optional)
 - This number may be used by the employer to identify separate business establishments or locations within the company for internal tracking purposes.
 - Enter an establishment number if desired.
 - **Electronic Signature**
 - If an electronic signature has been set up (see "[Electronic Signatures](#)"), select the desired signature from the drop menu that should be used to sign the W-3.
10. Select the W-2 copies to print from the **Print Options** section.
- **SSA - Copy A**
 - This option prints a copy of the W-2 for the Social Security Administration.
 - **Other Copies All**
 - Use this option to select to print all copies other than Copy A.
 - **Other**
 - This option selects all copies to be printed, including Copy A.
 - Clear any check boxes for copies you do not wish to print.
 - **Print one form per page**
 - This will print one W-2 per page.
 - **Include Employee Notice, Include Employee Instructions Part 1 and 2, and Include Employer Instructions**
 - These options are available when selecting **Other Copies All** or options selected when choosing **Other**.
 - **Form and Data**
 - This option will print the form with the data on it in print preview.
 - **Data Only**
 - This option will print the data only without the form in print preview.
11. Select the **Print Type**.
- **2-up W-2**
 - This is the default selection, and when this option is selected, Forms W-2 print two per page, one above the other.
 - When this selection is made, all copies of the W-2 and the W-3 can be printed on plain paper when using a laser printer.
 - **3-up W-2**
 - Prints 3 Forms W-2 per page, one above the other. All are for the same employee.
 - **4-up W-2**
 - Prints four Forms W-2 per page — two at the top and two at the bottom of the form.
 - All are for the same employee.
 - **4-up W-2**
 - Prints four Forms W-2 per page — one per row of the form.

- All are for the same employee.
12. See “[Adjust Tax Form Printing](#)” for more information about adjusting the field positions and page size.
 13. Either click **Save/Print** to save processed Forms W-2 and display them on your computer monitor in a PDF window or click **Save** to save the processed forms for printing at a later time.
 - If the **Print W-3** check box is selected when you click **Save/Print**, the W-3 displays in a separate PDF window.
 - Click the  icon to print from the PDF window.

You must click either **Save/Print** or **Save** to update the W-3.

IMPORTANT

Previously saved Forms W-2 and W-3 can be printed at any time by going to **Tools > Review Reports** and selecting **Display Federal Reports (PDF)** from the drop menu. Saved files are date and time stamped with filenames starting with “W2” and “W3”.

Editing Forms W-2 and W-3

Forms W-2 must be processed before they can be edited.

Reprocessing Forms W-2 that have previously been processed and edited results in the edits being overwritten.

NOTE

If you will be uploading W-2 information to the Social Security Administration, after processing the W-2, go to **e-Filings > W2 > Create File** to generate the upload file. See “[Creating the W-2/W-3 Upload File](#)”.

To edit a W-2, complete the following steps:

NOTE

If the processed Forms W-2 are visible on your computer monitor, proceed to step 4 below.

If the processed Forms W-2 are not visible on your computer monitor, you must process again before you can edit a W-2.

A saved W-3 can be edited without Forms W-2 being reprocessed. Please use care when editing a W-3, as it's important that the W-3 reflect the information being filed on Forms W-2.

1. Go to **Employees > Federal Forms**.
2. Select **Forms W-2/W-3** from the **Form Type** drop menu.
3. Select the employees, or select all, to reprocess their W-2 and click **Process**.
 - This step is not necessary if the processed Forms W-2 are being displayed on your monitor.
 - If editing a saved W-3, select **W-3** from the **Form** drop menu and make your edits directly in the W-3 fields.
4. Select an employee's W-2 to edit by either double-clicking the employee in the employee list, using the **Find Employee** drop menu, or paging through the processed Forms W-2 using the W-2 page tabs.
5. Make necessary edits directly in the appropriate fields.
6. Either click **Save/Print** to save processed Forms W-2 and display them on your computer monitor in a PDF window or click **Save** to save the processed forms for printing at a later time.

NOTE

You must click either **Save/Print** or **Save** in order for the W-3 to be updated.

Forms W-2c/W-3c

Processing Forms W-2c and W-3c

NOTE


Forms W-2c and W-3c cannot be e-filed through Drake Accounting and must be paper- filed.

Form W-2c is used to correct errors on Form W-2. Corrections reported on Form W-2c may require you to file Form 941c, Supporting Statement to Correct Information. Do not use Form W-2c to report back pay or to correct Form W-2G, Certain Gambling Winnings. Form W-3c is required to be filed with Form W-2c and is automatically produced in the background when Forms W-2c are processed.

NOTE

The original W-2 must have been processed and saved in order to create or edit a W-2c for that employee or the W-3c.

To create a W-2c, complete the following:

1. Go to **Employees > Federal Forms**.
2. Select **Forms W-2c/W-3c** from the **Form Type** drop menu.
3. Select the employees from the list on the left side of the window that need their W-2 corrected.
4. Click **Process**.
5. Select an employee's W-2 by either double-clicking the employee or using the **Find Employee** drop menu at the top of the window. You can also page through the processed forms using the page tabs.
6. Make necessary changes directly in the appropriate fields.
7. **W-3c Print Options**
 - To print form W-3c, select **Print W-3c**.
 - **Version Corrected**
 - Choose the corrected version for the form.
 - **Electronic Signature**
 - If an electronic signature has been set up, select the desired signature from the drop menu that should be used to sign the W-3c.
8. Select the W-2c copies to print from the **Print Options** section:
 - **SSA - Copy A**
 - This option prints a copy of the W-2c for the Social Security Administration.
 - **Other Copies All**
 - Use this option to select to print all copies other than copy A.
 - **Other**
 - This option selects all copies including copy A.
 - Clear any check boxes as needed.
 - **Include Employee Notice** and **Include Employer Instructions**
 - These options are available when **Other Copies All** is selected.
9. To adjust the field positions and page size, click the Adjust Tax Form Printing link. See "[Adjust Tax Form Printing](#)" for more information.
10. Click **Save** to edit another W-2c. Repeat steps 5-7 until all Forms W-2c have been edited.
11. Select **W-3c** from the **Form** drop menu to edit Form W-3c.
12. Either click **Save/Print** to save Forms W-2c and display them on your computer monitor in a PDF window or click **Save** to save the processed forms and not view and print at this time. The edited Forms W-2c are saved and an updated Form W-3c is generated. If the **Print W-3c** check box is selected when you click **Save/Print**, the Form W-3c displays in a separate PDF window.
 - Click the  icon to print from the PDF window.

NOTE

All Forms W-2c and W-3c can be printed on plain paper using a laser printer. Drake Accounting supports printing standard Forms W-2c, W-3c, barcoded Forms W-2c, or W-3c on red line forms through the Data Only option.

Previously saved Forms W-2c and W-3c can be printed at any time by going to **Tools > Review Reports** and selecting **Display Federal**

Reports (PDF) from the drop menu. Saved files are date and time stamped with filenames starting with "W2C" and "W3C".

See "[Review Reports](#)" for more information.

State Tax and Wage Forms

These reports are the state wage reports. Reports are generated for the current year only. Drake Accounting does not electronically file state wage reports. If additional state information is needed, please contact Drake Accounting Support at (828) 349-5908.


If you plan to e-file state forms that are eligible for e-filing, it may be useful to complete the applicable **State** tab under **Client Setup**.

NOTE

You can check the **e-File** option in **Client Setup** to have the **e-File** button automatically checked on applicable e-fileable state forms.

See "[Creating a New Client](#)" for more information.

To create a state tax and wage report:

1. Go to **Employees > State Tax & Wage Forms**.
2. Select the state for the report from the **State** drop menu at the top of the window.
3. Select the appropriate form from the **Form** field.
4. Select the desired **Frequency**, if applicable.
5. Select the **Quarter**, if applicable.
6. Edit the information as needed. A worksheet version of the form is displayed. Information in the white data entry fields can be edited.
7. Once the information is verified, click **Save/Print** to view the final report in PDF format or click **Save** to save without displaying the PDF.
8. If **Save/Print** was selected in step 7, click the  icon to print from the PDF window.
9. If **Save** was selected in step 7, go to **Tools > Review Reports** and select **Display State Reports (PDF)** to view and print the saved forms at any time.

NOTE

See Drake Accounting's Knowledge Base (KB) for articles regarding specific state forms.

The URL for the KB is <https://kb.drakesoftware.com/>

Employees Reports

To run these reports, go to **Employees > Reports** and choose the report you wish to run.

NOTE

To see the other reports offered in Drake Accounting, go to "Report Groups" (under Reports Overview before the Appendix) and click on the applicable group.

Employee reports generate a variety of reports regarding employees and payroll. See "Reports Options" for more information about setting up specific options for these reports. Employee reports available include:

1. 401k Listing
2. Check Register
3. Consolidated Check Register
4. Check Register (Detailed)
5. Current Earnings Report
6. Current Earnings Report Summary
7. Deleted Checks
8. Emergency Paid Leave
9. Employee Detailed Listing
10. Employee Listing
11. Federal Unemployment Tax Journal
12. Healthcare Eligibility
13. Hours Report
14. Loan/Advancement Repayment
15. Local Tax Worksheet
16. Locality Tax Report
17. New Hire List
18. Payroll Journal
19. Payroll Journal Expanded Format
20. Payroll Monthly
21. Payroll Report
22. Payroll Report Expanded
23. Payroll Summary
24. Payroll YTD
25. State Unemployment Tax Journal
26. State Wage Report
27. Tax Liability
28. Taxes Owed
29. Tipped Employee Payroll Journal
30. Vacation/Sick Hours
31. W-2 Control List

- 32. Withholding Benefits and Deductions
- 33. Withholding Benefits and Deductions Summary
- 34. Worker's Compensation

401k Listing

The report displays the amount of the employee's 401K contribution and the employer's matching contribution. The report includes the employee's totals and the grand totals for the specified date range. Select to sort the report by **Employee Name**, **Employee Code**, **Division**, **Date**, or **Location** then select to include all employees or a single employee, and the date range. This report can be sorted by location.

Check Register

The report displays a check register for employee payroll checks using a specified date range. Check **Suppress Terminated Employees** to have terminated employees not show on the report.

Consolidated Check Register

The report displays individual printed check information for employees and vendors using the specified date range. An employee total, a vendor total, and a grand total of both groups combined displays. Specify the report date range to include.

Check Register (Detailed)

This report will show detailed information for all checks being processed, including hours, earnings and withholdings.

Current Earnings Report

This report will show the current pay rates, hours worked, pay amount, OT pay, gross pay, and any tips that employees have made within the specific date range. The **Pay Amount** column does not include Vacation, Holiday, or Sick Pay.

Current Earnings Summary

This report will show the pay rates, hours worked, pay amount, OT pay, gross pay, and any tips that employees have made within the specific date range. The Pay Amount column does not include Vacation, Holiday, or Sick Pay. This report displays current totals as well as quarterly and YTD totals.

Deleted Checks

The report displays employee payroll check information for checks that have been deleted within a specified check date range. Information for the date range and YTD, totals for each employee, and totals for all employees is included. The SSN/Federal ID can be masked. Sort the report by **Employee Name**, **Employee Code**, or **Division**, then select to include all or a single employee, and the check date range.

Emergency Paid Leave

This report tracks wages and hours in regards to COVID-19 from the four benefit codes that are available under **Employees > Deductions & Benefits > Benefits tab**.

Employee Detailed Listing

The report displays detailed information about each employee for the current client. Select to show information about all or selected employees. Select the employees to include in the report. Select to only show active employees. Sort by employee name, employee code, or state.

Employee Listing

The report displays basic information about each employee for the current client. Use this report for employee verification. The SSN/Federal ID can be masked.

Federal Unemployment Tax Journal

The report displays each employee's federal unemployment (FUTA) tax withholding on either a per check basis or just the summary of the withholding for the specified date range and year-to-date. A total for all employees is included as well as the same information being broken down by quarter and a grand total of all quarters. The SSN/Federal ID can be masked. This report can be filtered based on location. Select to sort by **Employee Name** or **Employee Code**. Then select to display a full listing or a summary and the date range to be included.

Healthcare Eligibility

The report displays information for employees that have an **Employment Status** of **Active** and have been active for at least 90 days. Each employee's **Date of Hire** must be correctly entered (**Employee Setup > Personal Information**) for the listing to be correct. The total number of eligible employees is also included. The SSN/Federal ID can be masked.

Hours Report

The report is based on the hours worked information from live and ATF payroll. The SSN/Federal ID can be masked. Select to sort by **Employee Name**, **Employee Code**, or **Date**. Then select to include all employees or a single employee, the date type (check date or pay period end date), and the date range.

NOTE

OT Pay displays either the full overtime pay or just the overtime premium depending upon the selection in **Employees > Options**.

If **Store all Overtime Pay Separate from Regular Pay** is selected, all overtime pay displays under **OT Pay** on the Hours Report.

If **Store all Overtime Pay Separate from Regular Pay** is not selected, only the OT premium displays under **OT Pay** on the Hours Report.

Loan/Advancement Repayment

This report shows the totals of when a benefit and deduction has been set up with the **Withholding Code** of **Loan Repayment** (deduction) and the **Benefit Code** of **Advancement/Repayment Loan**. Enter the specific date range to run the report for. You can sort by **Employee Name** or **Code**.

Local Tax Worksheet

This report shows the different locations that employees work or live in and how much tax is paid in those respective districts.

Locality Tax Report

This report pulls from locality rates set up on the **Local Tax** tab of Employee Setup, and these locality rates can also be set up under **Client > Locations**. It lists the employee, the check date, gross pay, the name of the locality, and the amount withheld. It also lists the totals of gross pay and the amount withheld.

New Hire List

This report displays a list of hires within the specified date ranges. You can make the **SSN/Fed ID**.

Payroll Journal

The report is based on the date checks were written. The report prints totals for the date range specified and YTD for all employees. Select to sort the report by **Employee Name**, **Employee Code**, or **Division**, then select to include all or a single employee, and the check date range. You can run the report based on locations selected from the **Location** drop menu. The SSN/Federal ID can be masked. Additional report filters are available under the grid that lists the employees.

Payroll Journal Expanded Format

The report is based on the date checks were written and is similar to the Payroll Journal report. However, the expanded version provides more detail. The report prints totals for the date range specified and YTD for all employees. Select to sort the report by **Employee Name**, **Employee Code**, or **Division**, then select to include all or a single employee, and the check date range. This report can be run by location. The SSN/Federal ID can be masked.

Payroll Monthly

This report displays monthly totals for employee and payroll information.

Payroll Report

The report is based on the pay period ending date entered on the check rather than the check date. There are two report types to choose from: **Full Payroll** or **Unpaid Payroll**. You can use this report to verify live payroll prior to printing checks. Select to sort the report by the **Employee Name, Employee Code, Division, or Date**. This report can be sorted by location. Select the pay period ending date range to include.

Payroll Report Expanded

The report is based on the pay period ending date entered on the check rather than the check date. There are two report types to choose from: Full Payroll or Unpaid Payroll. Use this report to verify live payroll prior to printing checks. Select to sort the report by the **Employee Name, Employee Code, Division, or Date**. Then select a report type: **Full Payroll** or **Unpaid Payroll**. This report can be run based on the selected location. Select the pay period ending date range to include.

Payroll Summary

The report is based on the pay period ending date entered on the check rather than the check date. Select to sort the report by the **Employee Name, Employee Code, or Division**. Select the Check Date Range period ending date range to include. Additional options are available under the grid that lists the employees.

Payroll YTD

This report shows the totals of payroll up to the specific date entered in the **As Of** date picker. This report can be sorted by **Employee Name, Employee Code, Division, and Location**. You can also include month-to-date and quarter-to-date totals with the **Include MTD and QTD** option (shown below).

State Unemployment Tax Journal

The report displays each employee's state unemployment (SUTA) tax withholding on either a per check basis or just the summary of the withholding for the specified date range and year-to-date. A total for all employees is included as well as the same information being broken down by quarter and a grand total of all quarters. The SSN/Federal ID can be masked. Select to sort by **Employee Name** or **Employee Code**. Then select to display a full listing or a summary and the date range to be included. This report can be sorted by location.

State Wage Report

This report will show the gross wages, any excess wages, and taxable wages that employees have made within the specific date range for a particular state. Select the applicable state in the **State** drop menu. The **State Unemployment ID** will flow from what is entered on the **State** tab of **Client Setup**.

Tax Liability

The report displays the federal and state tax liability for the employer. You can sort this report by location. Select whether to use check dates or pay period ending dates for the report's date range.

Taxes Owed Report

This report pulls information from checks within the selected range where the Social Security or Medicare tax withholding is lower than what Drake Accounting calculated it to be based on the rates. This is usually due to the amount being manually overridden on the check. The report displays amounts owed for Social Security and Medicare, amounts collected, and the total that is uncollected.

Tipped Employee Payroll Journal

This report shows a break-down of direct tips and indirect tips based on the designation made in **Employee Setup > Payroll Options**. It also shows regular and OT pay, as well as gross pay. This report can be filtered by location. Select the applicable Start and End Date. Check **YTD is current date** to cut off the YTD calculations at today's date; if this is not checked, the report it will go based on the end of the date range selected.

Vacation/Sick Hours Report

The report displays the employee's sick and vacation hours beginning balance, annual sick and vacation hours that may be earned, the number of hours the employee is required to work to earn one sick and one vacation hour, current sick and vacation hours available, and the number of sick and vacation hours used for the year. The report is based on YTD information. The client's Federal ID can be masked. Select to display sick and vacation hour information for all employees or for an individual.

W-2 Control List

This report will show federal, Social Security, and state wages from Forms W-2 created under the Employees module or created under On the Fly. It pulls state information from Box 15 and 16 on the W-2. There is an option to mask the SSN/Federal ID.

Withholding Benefits and Deductions

The report displays actual deductions or benefits for each employee on a per check basis. The employee's total benefit or deduction amount shows and is totaled for all employees. The SSN/Federal ID can be masked. **The report does not include federal, state, Medicare, or Social Security withholding amounts.** Select to sort the report by **Employee Name, Employee Code, Benefit/Deduction, or Date**, and you can also filter by location from the **Location** drop menu. Select a report type: **Benefits or Deductions**. Next, select the date type (check date or pay period end date), and the date range to include.

Withholding Benefits and Deductions Summary

The report displays a summary of deductions or benefits for each employee for the specified check date or pay period end date range. The employee's total benefit or deduction amount shows and is totaled for all employees. The SSN/Federal ID can be masked. **The report does not include federal, state, Medicare, or Social Security withholding amounts.** Select to sort by **Employee Name, Employee Code,**

Benefit/Deduction, or **Date**, then choose a report type: **Benefits** or **Deductions**. Next, select the date type (check date or pay period end date), and the date range to include.

Worker's Compensation

This report shows employee (and 1099 vendors, if selected) hours and gross pay, for regular time or overtime. It lists a total for employees, a total for vendors, and a grand total between the two. To run the report, go to **Employees > Reports > Worker's Compensation**.

Accounting Menu

Drake Accounting's bookkeeping program provides an accurate, up-to-date snapshot of the financial condition of the client's business. This is accomplished by automating payroll and accounts payable transactions posting to the general ledger. Numerous financial reports are available, and this financial information can be exported directly into the Drake Tax software, reducing the chance for data entry errors.

Accounting Options

Use **Accounting Options** to edit or create custom journals. Many options have been moved to **User Setup** to be assigned as a "per user" option. See the **Journal Options** tab of "User Setup" for more information.

1. Detailed Description

- Selecting this will create detailed descriptions for automatically created transaction entries.
 - For example, when this option is checked, the **Description** of the transaction in the Transactions screen may read as “Gross Pay” or “Wages Paid” rather than as “Checking Account.”

2. Offset Mode Option

- You can create a single large offset row to offset the given rows created, and this option can also be set up to create one offset row per row.
 - **Keep grouped offset**
 - This option does not break up individual transactions and shows just the sum total of transactions when not in **Offset Mode**.

Checking Account: 100.02	1,000.00	
Savings Account: 100.03		900.00
Accounts Receivable: 130	800.00	
Inventory: 160		700.00
Deposits: 260	600.00	

An example using the "Keep grouped offset" option



- **Split offsets**
 - This option will split the sum total above the black line (in the **Live Transactions** screen) and show each debit and credit.

Petty Cash: 100.01	500.00	
Checking Account: 100.02	400.00	
Savings Account: 100.03	300.00	
Accounts Receivable: 130	200.00	
Buildings: 210		500.00
Buildings: 210		400.00
Buildings: 210		300.00
Buildings: 210		200.00

An example using the "Split offsets" option

3. Posting Method Type

- **Normal**
 - With the normal posting of transactions, there are two posting screens: **Unposted** and **Posted**.
 - The **Unposted** screen is where you create the transactions and ensure things are correct and balanced.
 - These transactions haven't been posted yet and have not affected the chart of accounts yet.
 - However, when the entries are correct and balanced, you can post the transactions, which then move the transactions to the **Posted** Transactions screen.

- When transactions post from the **Unposted** screen, the chart of accounts updates with the amounts in the transactions.
 - The **Unposted** side is normally where automatically generated transactions go to when the option, **Generate Accounting Transactions**, is checked in Options screen of the appropriate module.
 - For example, payroll transactions created from printing a paycheck (or creating an ATF check) are generated and placed in the **Unposted** side.
 - **Live Posting**
 - Instead of two separate screens, there is only one: **Live Transactions**.
 - This process does not cause a delay between creating transactions and the transactions affecting the chart of accounts.
 - Instead of creating new transactions in the Unposted screen or having Drake Accounting automatically generate transactions (that go to the **Unposted** screen), all transactions automatically go into the **Posted** side and affect the chart of accounts immediately.
4. Creating a journal type
- Click  to create a new journal.
 - Enter a **Journal Type Code** (required) and **Journal Type Description**.
 - Click  to delete the journal, and click **Yes**.

Click **Save** when finished with this screen.

Chart of Accounts

NOTE

A chart of accounts must be created to use the bookkeeping function, but it is not required if Drake Accounting is being used only for payroll.

The **Chart of Accounts** screen, or COA, is an organized list of the names and numbers of the accounts in the general ledger. By entering and categorizing all financial information, you'll know the current state of the business. You can export this information to the Drake Tax program, making tax preparation much easier. You can use a pre-formatted COA, customize a COA, or import a COA used in another client account. You can create a master account with a customized COA with all the accounts you need, import it, and then adjust for the current client as needed.

NOTE

Drake Accounting keeps 10 years of Chart of Accounts history starting when you started using Drake Accounting, unless you brought the client over from Client Write-Up. In

that case, the 10 years started when you began using the chart of accounts in Client Write-Up.

By keeping this history, you can make a correcting entry to the journal for a prior year and all balances are updated automatically from that point forward. Reports reflect the updated balances.

Creating a Chart of Accounts

If a Chart of Accounts is not created when a new client is first created, it can be done at any time.

To create a Chart of Accounts for a client, complete the following steps:

1. Go to **Accounting > Chart of Accounts**.
2. Select the method to create the Chart of Accounts. There are four options when creating a COA:
 - **Templates**
 - If choosing this option, select the business type, and click **Next**, and the Chart of Accounts for the selected business type is displayed.
 - Templates are provided for the basic business types:
 - 1040 (sole proprietor)
 - 1065 (partnership)
 - 1120 (C corporation)
 - 1120S (S corporation),
 - 990 (tax-exempt)
 - Faith Based.
 - Each of the templates is set to the basic types of accounts for these businesses. The accounts are assigned numbers and have no beginning balances. Choose this option, select the business type, and click **Next**. The Chart of Accounts for the selected business type is displayed.
 - **Copy Existing Client Chart of Accounts**
 - When you select the copy option and click **Next**, a list of all clients with a Chart of Accounts in Drake Accounting displays. Select the client whose COA you wish to copy and click **Next**. The copied Chart of Accounts displays with all accounts having a zero balance.
 - This option allows you to use the Chart of Accounts from a client that already exists.
 - The copy method can save you time if you have multiple clients using the same or very similar Chart of Accounts.
 - Only the account numbers and descriptions are imported — not the account balances.
 - **Customize**
 - Create your own Chart of Accounts from scratch.

- Use this method if you wish to duplicate a client's Chart of Accounts that is either unique or not similar to any of the templates provided.
- Choose this option and click **Next**. See “**Adding Accounts to a Chart of Accounts**” below.
 - This is the most time- and labor-intensive method.
 - It is recommended you create a client file to use as a master, and you can then import this file as often as you need using the **Copy Existing Client Chart of Accounts** to create new client files.
 - Use **Generally Accepted Accounting Principles** guidelines when creating a customized Chart of Accounts.
- **Set up Chart of Accounts later**

NOTE

It is important to select this when importing data into Drake Accounting from another software. See “[Importing From Other Software](#)” for more information about importing.

- Select this to set up the Chart of Accounts at another time, and click **Next**.
 - When ready, simply go to **Accounting > Chart of Accounts**.
3. If **Templates** was selected as the method in step 2, select the template to be used (1040, 1065, 1120, 1120S, 990, or Faith Based). If **Copy Existing Client Chart of Accounts** was selected in step 2, select the Drake Accounting client to import. If **Customize** was selected, the Chart of Accounts displays with just the columns and rows ready for account creation. If the **Accounting Method** was not selected when the client was initially set up, select whether the client uses the Cash or the Accrual method of accounting (**this method cannot be changed mid-year**).


NOTE

To make adjustments to accounts, including beginning balances, see “[Editing or Deleting an Account](#)”.

Adding Accounts to a Chart of Accounts

Complete the Chart of Accounts before entering transactions in **Accounting > Transactions**.

To add a new account to the **Chart of Accounts** screen, complete the following:

1. Go to **Accounting > Chart of Accounts**.
2. Click . The **Add/Edit/Delete Account** dialog box opens. Enter account information.
 - **Account Number**
 - The account number determines how the transaction is assigned.
 - **Mark as Inactive**

- If the option, **Hide inactive accounts**, is checked under **User Setup** and this option is marked when setting up a new account, the account will not show in the Chart of Accounts.
 - It will also not display in the **Account** drop down in the Transactions screens or in the **Account** drop down throughout the software when applicable.
- To show the hidden account in the Chart of Accounts, check **Display Inactive Accounts**.
- **Name**
 - The reports generated by Drake Accounting use this name.
- **Type**
 - Choose the correct account type from the drop menu.
 - This choice affects the calculation of transactions entered in the journal to generate financial reports.
 - Always follow the GAAP.
- **Sub Type**
 - Use this field to further refine the type of account.
 - Current liability accounts with a **Sub Type** of “Credit Card” are included in the bank reconciliation.
 - To select the capital account to be designated as the **Retained Earnings Account**, double-click the account and set the **Sub Type** field to **Retained Earnings**.
 - Only accounts with an **Account Type** of “Capital” may be designated as the **Retained Earnings Account**.
 - Do not change this information once data has been entered in **Accounting > Transactions**.
- **Level**
 - Accounts are either “postable” (level 0) or “account group level” (or “nested”).
 - **Postable Account** is for use when entering transactions and for level 0 accounts.

NOTE

Only level 0 account information can be exported to the client's tax return in Drake Tax.

- **Account Group Level** (“nested accounts”) is for reporting purposes only.

WARNING!

Use caution when changing the account level. Improper changes can cause inaccurate results in the Chart of Accounts.

- If the account is a nested account, use the list to assign the level (1-9).
- See [“Understanding Account Levels”](#) for further explanation of account levels.
- **Cash Flow Classification**
 - Designate in which section of a cash flow statement the account should appear (Operating, Investing, Financing, or Cash).
 - Only accounts with one of these designations appear in a Cash Flow report.
- **Current Balance** (debit and credit entries)

NOTE

Current Balance fields become inactive and cannot be edited once a transaction is entered into the journal for this account or a **Post Transactions** process is performed.

- This is required to properly set up the Chart of Accounts.
 - Level 0 (Postable) accounts are the only accounts for which a **Current Balance** can be entered.
- Enter an amount either in the **Debit** balance or the **Credit** balance fields - **not both**.
 - The **Debit** and **Credit** fields can be edited during the creation of the COA.
 - These fields are updated automatically when a **Post Transactions** process is performed.
- **Yearly Budget**
 - Enter the amount budgeted for the account.
 - This information is available for financial management.
- **Future SOY**
 - This feature is used for adding prior-year monthly amounts to generate financial statements without having to enter many transactions.
 - This allows you to produce any of the financial statements, but you are not able to post to Level 1 accounts.
 - This field becomes activated when you add amounts to a previous year, and it pulls the **Start of Year** amount from the subsequent year to the previous year.

- For example, if you clicked the **<Add Year>** tab, and added 2020, and then entered 40,000 for the **Start of Year** balance on the 2022 tab, it would put that 40,000 to the **Future SOY** field on the 2020 tab.
 - If you entered 40,000 on the 2020 tab, it would that 40,000 for the **Prior Year Amount** on the 2022 tab.
- **Start of Year**

NOTE

Enter start of year balances from balance sheet accounts only. Income statement accounts are always zero at the start of the year and therefore do not require entry.

If you have entered **Start of Year** balances without entering transactions to associate with that balance, you will see "**User Entered**" on applicable financial statements.

- Double-click under **Debit** to enter a debit balance, or double-click under **Credit** to enter a credit balance.
- If starting to use Drake Accounting in January, an entry should be made for the **Current Balance** but not for the **Start of Year**.
- **Setup Balances** (optional)
 - Enter either a debit balance or a credit balance for each account.
 - Entering monthly account balances when first starting to use Drake Accounting and its bookkeeping features is a great way to ensure accurate reporting for all accounts.
 - By entering Start of Year and monthly closing balances for each account, a start-of-year balance sheet will reflect the year-to-date data.
 - You can also run monthly reports for months entered.
- The **Start of Year** and **January** through **December** fields are automatically updated when transactions are entered and the **Post Transactions** process is performed.

IMPORTANT

Use **Setup Balances** only if you are starting to use Drake Accounting in the middle of the year and want to bring forward individual monthly account balances from your existing accounting system.

- **January** through **December**
 - Enter the monthly account balance from January through the last full month in the existing accounting system.

- For example, you start using Drake Accounting in February and the current balance of the checking account is \$40,000. Assuming you started the year with \$50,000 in the checking account, you would set the **Start of Year** balance to \$50,000 and the **January** balance to -\$10,000 to show that you spent \$10,000 in January and now have a current balance of \$40,000. This should match the **Debit** balance amount of \$40,000 you've entered in the **Current Balance** field.

NOTE

Setup Balances fields become inactive and cannot be edited once a transaction is entered into the journal or the **Post Transactions** process is performed.

- **Tax Return Information**
 - **This is used when exporting to Drake Tax Software.**
 - The **current balance of the account** will be exported to Drake Tax and will go to the designated **Tax Form, Tax Line,** and **Tax Form Instance** set up in the **Add/Edit/Delete Account** screen.
 - **Tax Form**
 - Designate the tax form on which this field should appear. This information assists in exporting information to the client's tax return in Drake Software.
 - If a tax return for the client does not exist in Drake, information from **Setup > Client Information** is used to create the tax return in Drake.
 - If a tax return for this client exists in Drake, the EIN/SSN is used as the identifier for the client file and the file is exported to the existing tax return.
 - For more information about exporting to Drake, see "[Export to Drake Tax](#)".
 - **Tax Line**
 - Specify the line in the **Tax Form** list appropriate for this account.
 - Selecting an export form activates the **Tax Line** drop menu.
 - **Tax Form Instance**

- Specify which instance of the tax form specified in the **Tax Form** field the account information should be exported.
 - For instance, if the tax return has two Schedule Cs, specify to export to Schedule C “1” or “2”.
3. Click **Save** after the information for each account has been entered.
 4. The **Current Balance** of the Chart of Accounts is displayed at the lower right of the **Chart of Accounts** dialog box. When the COA is “in balance,” this displays 0.00.

NOTE

Drake Accounting can only be used as a double-entry bookkeeping system. The balance must be 0.00 before saving the Chart of Accounts.

Understanding Account Levels

Levels in the **Chart of Accounts** screen define both “postable” accounts and those that are created for reporting purposes only. Journal entries can be made only to postable, or Level 0 accounts. Only level 0 accounts are displayed when an account field is selected throughout Drake Accounting. All account levels display on the Chart of Accounts screen.

Account levels 1 through 9 define how financial statements are subdivided into logical sections. They are used only for defining report sections. No transactions can be posted to these accounts. This allows a high degree of customization of financial statements and reporting.

Levels are designed to be used in matched pairs. Think of these groupings as bookends on a bookshelf. There can be several books between the bookends, but you cannot have one bookend without a corresponding bookend on the other end of the books. The first instance of an account level – the “starting instance” – provides the “Section Header.” The second instance – the “ending instance” – marks the end of the section and tells the program to total the section. The name of this account provides text for the “section total.” Level 0 accounts are assigned to the section based on their account number. Those with account numbers between the starting instance of a sublevel and ending instance of a sublevel account are totaled with the total appearing in the ending instance of that sublevel account.

NOTE

Level 0, postable accounts, do not need to appear in pairs. Use as many postable accounts in a subsection as is necessary.

Nesting Levels

It is possible to “nest” levels. For instance, there can be a Level 2 subsection within a Level 1 section. Up to 9 levels can be nested. The following example shows how to set up nested sections.

758	1	Insurance
758.1	2	Building Insurance
758.12	0	Building Ins - 123 East Main St...
758.13	0	Building Ins - 425 Elm Street
758.14	0	Building Ins - 1927 Oak Circle
758.19	2	Total Building Insurance
758.2	2	Auto Insurance
758.21	0	Auto Ins - 2015 Ford F150 Truck
758.22	0	Auto Ins - 2012 Dodge Van #1
758.23	0	Auto Ins - 2013 Dodge Van #2
758.29	2	Total Auto Insurance
758.9	1	Total Insurance

Example of Nested Levels


In “*Example of Nested Levels*”, the first level 1 category begins with account 758 - Insurance and ends with account 758.9 - Total Insurance. Account 758.9 indicates to Drake Accounting to total everything between the first level 1 account and the second level 1 account.

NOTE

The level labels in the example above are not part of the report. They are there to show that sub-level accounts (not “Postable” or level 0 accounts) must appear in pairs.

Editing or Deleting an Account

Editing an Account



To modify an existing account, go to **Accounting > Chart of Accounts**. Either select the account and click  or double-click the account from the list. Edit the desired fields and click **Save**.

NOTE

If needed, you can edit an account type in the Chart of Accounts, even after transactions have been posted. Go to **Accounting > Chart of Accounts** and double-click on the account. Change the **Type** and **Sub Type** as needed. Depending on the change, please note that this can change the outcome of reports, etc.

Deleting an Account

An account in the COA can be deleted only if there has been no monetary transaction for the account. To delete an existing account:

1. Go to **Accounting > Chart of Accounts**.
2. Either select the account and click  or select the account, click , then click **Delete**. A message box is displayed, confirming the account should be deleted.
3. Click **Yes** from the confirmation window to permanently delete the account. Click **No** to return to the **Chart of Accounts** dialog box without deleting the account.

IMPORTANT

Accounts that have current activity cannot be deleted but can be marked as **Inactive**.

To show inactive accounts in the **Chart of Accounts** screen, check **Display Inactive Accounts** in the upper left corner.


Deleting the Chart of Accounts

Use the **Delete All** button when setting up the Chart of Accounts and you wish to restart the COA setup from scratch. All account information is removed. This option is available only before entering transactions and before performing the **Post Transactions** process.

Transactions

There are two methods to posting transactions: Normal and Live Posting. See "Normal Posting" and "Live Posting" for more information.

NOTE

Regardless if using Normal or Live Posting, there will always be a blank row at the bottom of the transactions on the applicable screen, so there is no need to press the new button  repeatedly.

It may be helpful to review "Hot Key Shortcuts" for quick and easy bulk entry or repetitive entries.

Normal Posting

This method is set up under **Accounting > Options**. See "Accounting Options" for more information.

With the normal posting of transactions, there are two posting screens: **Unposted** and **Posted**.



The **Unposted** screen is where you create the transactions and ensure things are correct and balanced. These transactions haven't been posted yet and have not affected the chart of accounts. However, when the entries are correct and balanced, you can post the transactions, which then move the transactions to the **Posted** Transactions screen. When transactions post from the **Unposted** screen, the chart of accounts updates with the amounts in the transactions.

The **Unposted** side is normally where automatically generated transactions go to when the option, **Generate Accounting Transactions**, is checked in **Options** screen of the appropriate module. For example, payroll transactions created from printing a paycheck (or creating an ATF check) are generated and placed in the **Unposted** side.


Overview of Unposted and Posted Transactions

Normal Posting: Unposted Transactions Screen

The **Unposted** transactions screen allows you to enter journal entries. Assign the journal, date, entity code, account (required), the debit/credit amounts (required), description, reference, and division.

Clicking the  button will create a new entry, and clicking  will delete the entry. Filter entries to show by journal type or by account. **Save** or click **Post** when finished with entries.

Normal Posting: Posted Transactions Screen

The Posted screen shows all of the journal entries that have been posted to the journal. Pressing  will delete the selected entry. This screen can filter the posted transactions by journal type and/or the listed account. Although the transactions have been posted, the transactions can still be edited and deleted if a transaction was posted by mistake.

1. **Confirm Edits**

- This allows you to save previously edited or deleted posted entries, which will update the current year's Chart of Accounts.
- Click **Yes** to confirm these edits.
- The Status of Months and Status of Years (on the right) will be updated, as well as the Totals (bottom right), if applicable.

2. **View Logs**

- This allows you to view the **Journal History** screen. It displays each entry that has been posted. Double-click a field to bring up details regarding the entry. Fields cannot be edited in this screen.
 - **Modified Date** – The date the entry had been modified.
 - **Transaction ID** – This is the assigned value to the entry.
 - **Item Changed** – Lists what was been changed (e.g., account, description, amount, deletion or addition of a transaction, etc.).
 - **Before Value** – The value (e.g., account type) that was there before the entry was edited.
 - **After Value** – The new value after the entry was edited.
 - **Modified By** – Displays the User who modified the entry.

- **Deleted** – If the entry has been deleted, there will be a checked box in the entry's row in the Deleted column
- **Include Additions** – Having this checked will display entries that have been added. If it is not checked, these additions will not display.
- **Include Deletions** – Having this checked will display entries that have been deleted. If it is not checked, entries that have been deleted will not display.
- **Start Date** – This is the start date of the date range of the entries you want to see
- **End Date** - This is the end date of the date range of the entries you want to see.

3. Exit

- This will take you back to the **Client Selector**, **Alternative View Desktop**, or the **Client Health** screen.

Status of Months

This section on the right side of the **Transactions** screen shows the current balance (Debits - Credits) of journal entries. Select a month to display the transactions entered for that month and that month's balance information. Select **Show All** to display all transactions entered and the balance information for all transactions currently in the journal. Monthly statuses displayed are "Balanced", "Not Balanced", or "No entries".

Use the **Status of Months** section to aid in maintaining a journal that is in balance.

Status of Years

This section on the right side of the **Transactions** screen shows the current balance (Debits - Credits) of journal entries for a calendar year. Select a calendar year to display the transactions entered by month for that calendar year and that year's balance information. Select **Show All** to display all transactions entered and the balance information for all transactions currently in the journal. Yearly statuses displayed are "Balanced", "Not Balanced", or "No entries".

Use the **Status of Years** section to aid in maintaining a journal that is in balance, especially when bringing data from the previous year of Drake Accounting. See "Updating Prior Year Bookkeeping" for more information about bringing over the prior year's bookkeeping.

Show New Transactions Only Option

This option will show new transactions that have been entered before being saved. Make sure the transactions are in balance before finishing the session because they will no longer be considered new if you exit and return, and they will not show up when this option is checked.

Posting Transactions

This process is for the Normal Posting method. The posting process posts the current transactions to the Chart of Accounts. Before running this process, be sure that:

1. Transactions are in balance.
2. All transactions have valid account numbers.


IMPORTANT

The **Post Transactions** process must be run prior to running the **Year End Close**. Some reports require that transactions be posted prior to running the report. Refer to each report's description for posting requirements.

To post transactions to the general ledger:

1. Go to **Accounting > Transactions > Unposted**.
2. Click **Post**. Drake Accounting will confirm that you wish to save all the transactions. Click **Yes**. The **Select Posting Dates** dialog box is displayed.
3. Select the transactions to be posted to the general ledger by:
 - Entering a start and end date of transactions to post.
 - Selecting a month to post. Selecting the month automatically selects that entire month.
 - Selecting to post all previously entered (unposted) transactions, disregarding the transaction date.
 - Selecting to post all previously unposted transactions that use last year's date.
4. Click the **Interim Reports** button if you wish to run one of the following reports:
 - Balance Sheet
 - Profit and Loss
 - Trial Balance Worksheet SOY
 - Trial Balance Sheet Prior Period
 - Profit And Loss Activity

NOTE

Use these reports to check for accuracy. Reports can be printed by clicking the  icon.

See "[Accounting Reports](#)" for more details about these reports.



5. Once exiting out of the Interim Report from step 4, a **Post Transactions** message reviewing the posting date option selected in step 2 above and the date to display on reports is displayed.
6. Click **Yes** to continue with the post. As a result, Drake Accounting will :
 - Back up the active client's files.
 - Post transactions to the General Ledger for the selected accounting period.
 - Posted transactions are removed from the **Enter Transactions** screen.
7. Click **Exit**.

Live Posting

This method is set up under **Accounting > Options**. See "Accounting Options" for more information.

Instead of two separate screens, there is only one: **Live Transactions**. This process does not cause a delay between creating transactions and the transactions affecting the chart of accounts. Instead of creating new transactions in the **Unposted** screen or having Drake Accounting automatically generate transactions (that go to the **Unposted** screen), all transactions automatically go into the **Posted** side and affect the chart of accounts immediately.

Overview of Live Posting Screen

Clicking the  button will create a new entry, and clicking  will delete the entry. This screen can filter the transactions by journal type and/or the listed account. Transactions can be edited and deleted, if needed.

1. Save

- This will save the transactions that have been entered. It commits the amounts entered and updates the Chart of Accounts.

2. View Logs

- This allows you to view the **Journal History** screen. It displays each entry that has been posted. Double-click a field to bring up details regarding the entry. Fields cannot be edited in this screen.
 - **Modified Date** – The date the entry had been modified.
 - **Transaction ID** – This is the assigned value to the entry.
 - **Item Changed** – Lists what was been changed (e.g., account, description, amount, deletion or addition of a transaction, etc.).
 - **Before Value** – The value (e.g., account type) that was there before the entry was edited.
 - **After Value** – The new value after the entry was edited.
 - **Modified By** – Displays the User who modified the entry.
 - **Deleted** – If the entry has been deleted, there will be a checked box in the entry's row in the Deleted column
 - **Include Additions** – Having this checked will display entries that have been added. If it is not checked, these additions will not display.
 - **Include Deletions** – Having this checked will display entries that have been deleted. If it is not checked, entries that have been deleted will not display.
 - **Start Date** – This is the start date of the date range of the entries you want to see
 - **End Date** - This is the end date of the date range of the entries you want to see.

3. Exit

- This will take you back to the **Client Selector** or the **Alternative View Desktop**.

Status of Months

This section on the right side of the **Unposted Transactions** screen shows the current balance (Debits - Credits) of journal entries. Select a month to display the transactions entered for that month and that month's balance information. Select **Show All** to display all transactions entered and the balance information for all transactions currently in the journal. Monthly statuses displayed are "Balanced", "Not Balanced", or "No entries".

Use the **Status of Months** section to aid in maintaining a journal that is in balance.

Status of Years

This section on the right side of the **Unposted Transactions** screen shows the current balance (Debits - Credits) of journal entries for a calendar year. Select a calendar year to display the transactions entered by month for that calendar year and that year's balance information. Select **Show All** to display all transactions entered and the balance information for all transactions currently in the journal. Yearly statuses displayed are "Balanced", "Not Balanced", or "No entries".

Use the **Status of Years** section to aid in maintaining a journal that is in balance, especially when bringing data from the previous year of Drake Accounting. See "[Updating Prior-Year Bookkeeping](#)" for more information about bringing over the prior year's bookkeeping.

Show New Transactions Only Option

This option will show new transactions that have been entered before being saved. Make sure the transactions are in balance before finishing the session because they will no longer be considered new if you exit and return, and they will not show up when this option is checked.

Entering Journal Transactions

NOTE

If needed, you can restrict a user from posting in the Journal Screen. See "[User Setup](#)" for more information.

Generating Accounting Transactions

There are two methods of bringing transactions into the general journal:

1. Manual entry of transactions directly into the **Unposted Transactions** or **Live Posting** screens.
 - See "[Normal Posting](#)" and "[Live Posting](#)" for more information.
2. Automatically bringing payroll, payables, and receivables transaction information to the general journal through the **Generate Accounting Transactions** option available under the **Options** screen of the **Employees, Payables, and Receivables** modules.

A chart of accounts must be set up before transactions can be entered. See "[Chart of Accounts](#)" for more information.

NOTE

Drake Accounting keeps ten years of chart of accounts history starting with the year you started using Drake Accounting. This means that when a correcting entry is made to the journal for a prior year, all balances are updated automatically from that point forward. Reports reflect the updated balances.



IMPORTANT


It is important to save your journal entries before exiting the **Transactions** screen. Saving writes your entries and changes to the transaction database. The entries are not written to the transaction database if you exit without saving.

Manual Entry of Journal Transactions

General ledger transactions are entered in the journal. Drake Accounting uses the double-entry system of bookkeeping.


To enter journal transactions:

1. Go to **Accounting > Transactions > Unposted** or **Accounting > Live Transactions**.
 - See "[Normal Posting](#)" and "[Live Posting](#)" for more information.
 - Click the  to add a transaction or press **Insert** on your keyboard.
2. Select the journal to use for this transaction from the **Journal** drop menu.
 - **Journals**
 - Select the applicable journal to assign the transactions to.
3. Complete all necessary fields for the transaction.
 - **Date**
 - The date of the transaction defaults to today's date.
 - To edit the displayed date of the transaction, double-click the displayed date then click the  to access the calendar function.
 - After exiting the **Transactions** screen, the date returns to today's date when the dialog box is next opened.
 - **Entity Code** (optional)

- To associate this transaction with a particular employee, AP vendor, or AR customer, double-click the **Entity Code** field and select the appropriate option to associate the transaction with an Employee, Vendor, or Customer.
 - When the **Employees** option is selected, employees entered in **Employees > Employee Setup** are displayed. Select the employee associated with this transaction.
 - When the **Vendors** option is selected, vendors entered in **Payables > Vendor Setup** are displayed. Select the vendor associated with this transaction.
 - When the **Customers** option is selected, accounts receivable customers entered in **Receivables > Customer Setup** are displayed. Select the customer associated with this transaction.
- **Account** (Required)
 - Click the **Account** field and select the  to scroll through the drop list of level 0 (postable) accounts. Select the appropriate account for this transaction.
- Enter a **Debit** if this transaction is a debit.
- Enter a **Credit** if this transaction is a credit.

IMPORTANT

You *must* enter an amount in either the **Debit** or **Credit** field. *Do not* enter an amount in both fields for one transaction.

- **Description** (Optional)
 - Enter the description for this transaction.
 - If you have previously entered descriptions, Drake Accounting attempts to fill the field with one of these descriptions as each character is typed.
 - When the desired entry is displayed, press Tab or use the mouse to advance to the next data entry field.
 - **Reference** (Optional)
 - This alphanumeric field can be used however you like.
 - If entering check information directly into the **Transactions** screen, you may want to use the **Reference** field for check numbers.
 - **Division** (Optional)
 - Select the division associated with this transaction.
 - The drop menu displays the list of divisions created in **Client Setup > Divisions**.
4. Click the  to continue adding transactions.
 5. Once all journal entries have been made, verify the information. Use the **Status of Months** and **Status of Years** sections on the right side of the screen to help keep the journal in balance.
 6. Click **Save**.

NOTE

If you are in **Offset Mode** (press the **Start Offset Mode** at the bottom left corner of the transaction screen), you can create a single large offset row to offset the given rows created. It can also be set up to create one offset row per row.

Editing and Deleting Journal Transactions



Editing a Journal Entry

To edit a journal entry, complete the following:

1. Go to **Accounting > Transactions > Unposted or Posted**. Both unposted and posted transactions can be edited.
2. Click the journal entry to be edited. Double-click the **Date** and **Entity Code** fields to edit those entries. Click once to access the other fields.
3. Make the changes as needed. The balancing transaction(s) may also require editing.
4. Click **Confirm Edits**.
5. To review a history log of edits, go to the Posted transactions screen, click **View Logs**. Select options and date range as needed. Double-click the transaction for more information.

Deleting a Journal Entry

To delete a journal entry, complete the following:

1. Go to **Accounting > Transactions > Unposted or Posted**. Both unposted and posted transactions can be deleted.
2. Select the check box beside each transaction to be deleted and click  or press **Delete** on your keyboard. To delete all transactions, select the check box to the left of the word "Journal" at the top left of the **Unposted or Posted Transactions** window and click .
3. Click **Yes** to confirm the deletion.
 - If you have more than one entry you are deleting, you can check "Do this for the next __ entries" at the bottom left of the **Confirmation Needed** screen to have the entries deleted at one time, rather than having to confirm each one to be deleted.
4. Click **Confirm Edits**.


Scheduled Transactions

Go to **Accounting > Transactions > Scheduled** to create recurring transactions, choose the frequency to which they occur, and choose to have the transactions go to the **Unposted or Posted** screen. You must be using the **Normal Posting** method to utilize this feature (**Accounting > Options**).

When transactions post to the **Unposted or Posted** screens, it will be on the date scheduled as determined by the chosen Frequency.

A frequency of None means Drake Accounting will post the initial transactions but will not do so again unless the frequency is changed.

How to Set up Scheduled Transactions

1. Go to **Accounting > Transactions > Scheduled**.
2. Click **New**.
3. Enter a **Group Name** to name the recurring transactions.
4. Enter the **Start Date** for the transactions to begin.
5. Enter the **End Date** for the transactions to end.
6. Choose a **Frequency**.
7. Select **Unposted** or **Posted**.
 - If you are not ready to post transactions and wish to edit them, choose **Unposted**.
 - If your transactions will not change and you are ready to post them, choose **Posted**.
8. Click  the button to enter debits and credits for the transactions. Enter information as necessary.
 - These dates will change for the next time the transactions are created based on the frequency that has been chosen.
9. When finished, click **Save**.
10. Exit the Scheduled Transactions screen and return to it to see processed transactions.

Name	Frequency	Module	Paused
Credit Card	Monthly	Journal	<input type="checkbox"/>

Date	Credit Amount	Debit Amount	Processed
10/12/2020	125.00	125.00	Yes
11/12/2020	125.00	125.00	No

An example of a set of transactions that have been processed and one yet to be processed the following month

NOTE

To pause a set of recurring transactions, click on the group in the data grid and mark the Paused check box. Click **Save** and exit the screen. When you return to the **Scheduled Transactions** screen, the group will be paused.

Year-End Close

The **Year End Close** process, found under the **Accounting**, zeroes out all income, other income, cost of goods sold, expense accounts and other expense accounts and posts net income to the retained earnings account. Run the **Year End Close** after the final period of the year has been posted. Include all adjustments in the final period as Drake Accounting® does not offer a 13th adjustment period. If the client is **not** a fiscal year client, the **Year End Close** must be performed in order to bring the Chart of Accounts into the following year's Drake Accounting® program.

Prior to performing the **Year End Close** you must:

- Perform the **Post Transactions** process (**Accounting > Transactions > Unposted** and click **Post**)
- Export to the Drake Tax software program.
 - The information required for the export is not available after closing the year.

To post the **Year End Close** to the General Ledger:

1. Go to **Accounting > Year End Close**.
2. To convert account balances to next year's budget, click the check box.
3. Click **OK**.

If you are using the Normal posting method, you must perform the **Post Transactions** process (**Accounting > Transactions > Unposted** then click **Post**), print all Forms W-2, W-3, 1099, and 1096, and export to the Drake Tax software program prior to performing the **Year End Close**.

NOTE

The information required for the export is not available after closing the year. See "[Export to Drake Tax](#)".

The **Year End Close** must be performed in order to bring the Chart of Accounts into the following year's Drake Accounting program.

You should backup the client information before closing the year. See "[Backing Up a Client](#)" for more information.

To post the year-end close to the general ledger:

1. Go to **Accounting > Year End Close**.
2. Enter the year to close. Drake Accounting backs up the active client's files prior to closing the year.
3. Click **OK**.
4. Drake Accounting prepares the files for the new year.

NOTE

All accounts with a number higher than the **designated retained earnings account** are zeroed out and the net income posts to the retained earnings account.

Special Considerations for Fiscal Year Clients

Using Drake Accounting for a client that is on a fiscal accounting year is very similar to the way you use Drake Accounting for a client on a calendar year, except when it comes to closing out the year.

To identify a client as a fiscal year client in Drake Accounting:

1. Go to **Client Setup > Business Information** tab, set the **Start of Year Date** to another month other than January.
2. You must set the Start of Year when creating a new client or if you have not posted anything.

NOTE

Payroll is considered to be on a calendar year from January 1st to December 31st.

The following scenario is used to explain using a fiscal year client in Drake Accounting:

- The client's fiscal accounting year is from August 1, 2022 to July 31, 2023. Use the appropriate dates for your client's fiscal year.
- You process AP, AR, and payroll for this client and are keeping their books (a Chart of Accounts is set up in Drake Accounting for this client).

In Drake Accounting 2022

1. Enter transactions for August 1, 2022 through December 31, 2022.
2. Next, post transactions to the general ledger.
 - Go to **Accounting > Transactions > Unposted**. Click **Post**.
3. **DO NOT CLOSE THE YEAR IN DRAKE ACCOUNTING 2022 AT THIS TIME.**
4. **DO NOT WORK IN THIS CLIENT IN DRAKE ACCOUNTING 2022 AGAIN.**

In Drake Accounting 2023

1. After installing Drake Accounting 2023, bring the client forward from Drake Accounting 2022 to Drake Accounting 2023. In Drake Accounting 2023, go to **Client > Update Prior Year**.
2. Make that client the active client and open their Chart of Accounts (go to **Accounting > Chart of Accounts**).
 - You must answer **YES** to the question, "Do you want to update the bookkeeping for this client?" This completes the process of bringing account balance information and payroll transaction information forward.
3. Continue using Drake Accounting 2023 for this client's accounting work.
4. **At the end of their fiscal year** (July 31, 2023), close the client's fiscal year in Drake Accounting 2022:
 - Post all transactions to the GL (**Accounting > Transactions**. Click **Post**).

- Close the year (go to **Accounting > Year End Close**).
5. Continue entering transactions in Drake Accounting 2023 for fiscal year 2022 – 2023.

Bank Reconciliation

NOTE

Before beginning a bank reconciliation, make sure you have either downloaded a bank statement from the bank or have a bank statement in hand.

A bank reconciliation compares the account balance of a current asset account against the bank balance for that account. The journal does not have to post to the Chart of Accounts before running a bank reconciliation. Once a bank reconciliation using a given **Account** and **Statement Date** finishes, that same **Account** and **Statement Date** combination cannot be reconciled again. It may be helpful to review "[How to Move and Reconcile Transactions](#)" for more information about this process.

IMPORTANT

Bank reconciliations only pull transactions back 13 months from the Statement Date. For a complete bank reconciliation, both sides must balance.

The bank reconciliation in Drake Accounting can be performed in two ways:

1. By importing a bank statement directly from the bank (must be in a .CSV format) or
2. By using a printed bank statement.

The **Date**, **Check Number** (or reference number), **Description**, and **Amount** flow from the transaction journal.

Credit amounts are displayed as negative numbers and are contained within parenthesis (For example, (50.00) is a credit amount).

Debit amounts are displayed as positive numbers with no parenthesis.

NOTE

The account is reconciled when the **Calculated Unreconciled Balance** equals "0.00" and the **Adjusted Book Balance** and **Adjusted Bank Balance** are equal to each other.

You must **Finish** reconciling an account before you begin a new reconciliation of that same account.

[Loading Transactions for a Bank Reconciliation](#)


To load transactions for a bank reconciliation, complete the following:

1. Go to **Accounting > Bank Reconciliation**.


2. Select an account to reconcile from the **Account** drop menu.
 - Only postable **Current Asset** accounts and Current Liability with a subtype of credit card accounts from the **Chart of Accounts** screen are listed.
3. In the **Statement Date** field (on the right), enter the last date to be included in the bank reconciliation.
 - This should be the ending date of the bank statement.
4. Enter the **Starting Balance**, which is the previous month's **Ending Balance**.
 - Once a bank reconciliation has been completed, this month's **Ending Balance** becomes next month's **Starting Balance**.
 - The first time a new company performs a bank reconciliation, "0.00" is an acceptable entry.
5. Enter the **Ending Balance** shown on the bank statement.
6. Click **Load Trans.**
 - All unreconciled transactions for the selected account through the **Statement Date** are displayed on the left side of the window (**Book Report**).
 - Sort the transactions listed by clicking on the column headers.
7. If you want to add transactions, click **Journal Entry** on the far right.
 - Use manual journal entries to enter initiated items, such as interest and penalties.
 - You can also add transactions to make corrections.
 - All manual entries to the journal must have an offsetting entry.
8. Choose one of the following methods to reconcile your bank statement and follow the guidelines accordingly:
 - **Paper Reconciliation**, if you have a printed bank statement in hand.
 - **Importing a Bank Statements**, if you have downloaded a .CSV file of your bank statement from your bank.


Method 1: Paper Reconciliation: Bank Reconciliation with Printed Bank Statements

NOTE

If you mistakenly include a transaction in the **Bank Report**, select the transaction and click the  icon. The transaction is removed from the **Bank Report** and will require a **Type** be assigned.

To begin reconciling the account with a printed bank statement:

1. Select a transaction on the bank statement, and click on that same transaction located in the **Book Report** listing on the left side of the window.
2. To clear the transaction, click the  icon.
 - The transaction will be displayed in both the left window with a **Type** of "Cleared" and in the right window (**Bank Report**).
 - The numbers at the bottom of the screen in the Cleared section below the left and right windows are updated to reflect the amount cleared.

3. Continue selecting transactions on the left and clicking the  icon until all transactions on the bank statement that have cleared show a **Type** of “Cleared” in the left window and are listed in the **Bank Report** window (right).
4. Assign a **Type** to all other transactions in the **Book Report** that have not cleared.
5. If necessary, click **Journal Entry** to add transactions.
 - Use manual journal entries to enter bank initiated items, such as interest and penalties, or to make any other corrections.
 - For instance, a check appears on the bank statement but is not displayed on the **Bank Reconciliation** screen.
 - Remember that all manual entries to the journal must have an offsetting entry.
 - To be included in this reconciliation, the transaction date must be no later than the **Statement Date**.
 - Once manual journal entries have been saved, you are returned to the **Bank Reconciliation** screen and the manual journal entry is included in the **Book Report**.
6. If necessary, click **Edit Posted** to bring up the **Previously Posted Transactions** screen.
 - Edit entries as needed.
 - Click **Confirm Edits** when finished.
 - Click **View Logs** to view journal entry history, if needed.
 - Click **Exit** when finished to return to the Bank Reconciliation screen.
7. Under **Print Options**, select to display an **Unreconciled** report showing only the transactions that have not cleared or a **Reconciled** report showing just the transactions that have cleared. Select to display both reports when the reconciliation has been finished.
8. If you have already begun a reconciliation and click **Reset**, a prompt will display and ask if you wish to return to the Bank Reconciliation screen and continue it, **Save Partial** (save what you have done so far), **Do Not Save** (clear the progress that has been done), or **Cancel**.
 - If you click **Save Partial**, exit the Bank Reconciliation screen, and return when you are ready to complete it, select the account that the partial was saved on.
 - A prompt will display. Click **Yes** to load the Bank Reconciliation and continue working on it.
9. Once the reconciliation process is complete, click **Finish**. A reconciliation report opens that can be saved or printed.

NOTE

Once a bank reconciliation using a given **Account** and **Statement Date** has been finished, that same **Account** and **Statement Date** combination cannot be reconciled again.

Method 2: Importing a Bank Statement

Drake Accounting provides the option of performing a bank reconciliation using a downloaded .CSV file provided by your bank.


NOTE

The following instructions assume you have already downloaded and saved your bank statement from the bank and that the downloaded file is in .CSV format. Contact your bank for assistance in downloading your bank statement.


Prior to importing a bank statement into Drake Accounting as part of the Bank Reconciliation, you must first complete the following on the **Accounting > Bank Reconciliation** screen:

1. Select the **Account** to reconcile, enter the **Statement Date**, and the **Starting** and **Ending Balance**.
2. Click **Load Trans**.
3. Once the transactions are listed on the left side (**Book Report**) of the **Bank Reconciliation** screen, you are ready to import the downloaded bank statement into Drake Accounting.

After completing the above, to import your bank statement into Drake Accounting, complete the following:


1. Click the **Import Bank** button. The **Reconciliation Import** window is displayed.
2. Click the  icon, navigate to the location of the downloaded and saved .CSV file, select the file, and click **Open**.
3. The **Reconciliation Import** window is displayed showing the first few records of the .CSV import file.
4. Use each column's drop menu to correct any data types that may be labeled incorrectly.
5. Click **Import**. The contents of the import file are displayed on the right side (**Bank Report**) of the window.
6. To reconcile transactions, use the **Book ID** drop menu to the right of each transaction on the **Bank Report** and select the same number to match the **Row ID** displayed to the left of the matching transaction on the **Book Report** side.
 - The **Type** for the transaction on the **Book Report** changes to "Cleared".
 - The numbers below the **Book Report** and the **Bank Report** are updated to reflect the amount cleared

NOTE

The  icon is displayed for informational purposes. Please read the pop-up message and decide how you think it should be handled.

7. Continue matching **Book IDs** with the corresponding transaction **Row ID** until all transactions listed on the **Bank Report** are assigned a **Book ID**.

NOTE

If you have transactions that are being displayed on the right side of the window (under **Bank Report**) that are not part of this bank reconciliation, perhaps because they were included in a previous bank reconciliation in another software program, select the transaction, click the  to move the transaction to the left side of the window (under **Book Report**). Then select the transaction and change the **Type** to **Cleared**.

8. Assign a **Type** to all other transactions in the **Book Report** that have not cleared.

All transactions displayed on the **Book Report** (left) must be assigned a **Type** before the bank reconciliation can be finished. Choose from:

NOTE

In Transit — A deposit that is not included on this bank statement.


Outstanding — A transaction that is not included on this bank statement.

Void — Drake Accounting will ignore this transaction for this bank reconciliation and it will not be included in future bank reconciliations.

9. If necessary, click **Journal Entry** to add transactions.
 - Use manual journal entries to enter bank initiated items, such as interest and penalties, or to make any other corrections.
 - For instance, a check appears on the bank statement but is not displayed on the **Bank Reconciliation** screen.
 - Remember that all manual entries to the journal must have an offsetting entry.
 - To be included in this reconciliation, the transaction date must be no later than the **Statement Date**.
 - Once manual journal entries have been saved, you are returned to the **Bank Reconciliation** screen and the manual journal entry is included in the **Book Report**.
10. If necessary, click **Edit Posted** to bring up the **Previously Posted Transactions** screen.
 - Edit entries as needed.
 - Click **Confirm Edits** when finished.


- Click **View Logs** to view journal entry history, if needed.
 - Click **Exit** when finished to return to the Bank Reconciliation screen.
11. Under **Print Options**, select to display an **Unreconciled** report showing only the transactions that have not cleared or a **Reconciled** report showing just the transactions that have cleared.
 - Select to display both reports when the reconciliation has been finished.
 12. If you have already begun a reconciliation and click **Reset**, a prompt will display and ask if you wish to return to the Bank Reconciliation screen and continue it, **Save Partial** (save what you have done so far), **Do Not Save** (clear the progress that has been done), or **Cancel**.
 - If you click **Save Partial**, exit the Bank Reconciliation screen, and return when you are ready to complete it, select the account that the partial was saved on.
 - A prompt will display. Click **Yes** to load the Bank Reconciliation and continue working on it.
 13. Once the reconciliation process is complete, click **Finish**. A reconciliation report opens that can be saved or printed.

How to Move and Reconcile Transactions

The right arrow  moves **Book** transactions (left) to the **Bank** side (right) and marks the **Book** transactions as **Cleared**.

If there are transactions that should be on the **Bank** transaction side or you're not utilizing a bank statement, moving the transactions using the right arrow allows them to be marked as **Cleared**. The transactions can be reconciled quickly, to the same effect as matching from a bank statement or adding a new row to the **Bank** side and matching from there.

Using the right arrow to move the **Book** transactions to the **Bank** side tends to be more accurate than marking a transaction as **Cleared** without having a bank transaction to match because this allows the reconciliation to behave as it should with a **Book/Bank** counterbalance.

The left arrow  moves **Bank** transactions to the **Book** side and marks this new **Book** transaction as **Cleared**, and this transaction is considered a reversing entry. These are generally reserved for when there are transactions from the **Bank** side that otherwise should not be on the **Book** side from the discretion of the user, but these transactions still need to show up on the **Book** side to balance out the reconciliation.

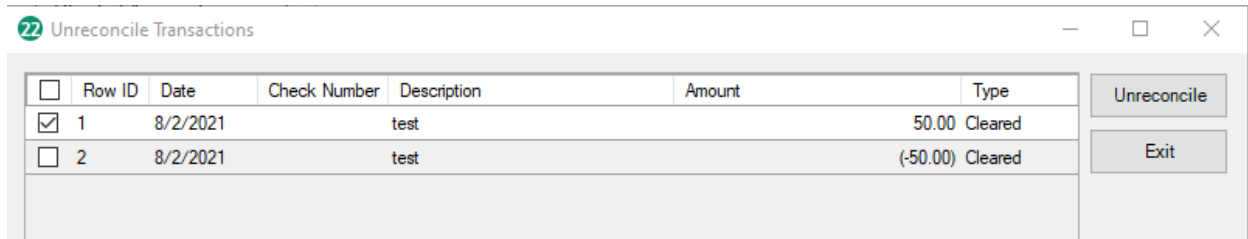
Unreconciling Transactions

You can “unreconcile” transactions that have already been reconciled through a bank reconciliation. Essentially, it will move the transactions that you unreconciled from the Bank Report (right) to the Book Report (left). These transactions are then available to be reconciled once again through a bank reconciliation.

To unreconcile transactions:

1. Go to **Accounting > Bank Reconciliation**.
2. Select the account that has the transactions you wish to unreconcile.

3. Click **Unreconcile** on the right.
4. Select the transaction(s) by clicking in the blank box to the left.
5. Click **Unreconcile**.
6. If needed, start another bank reconciliation to see the transactions on the Book Report (left).



An example of the Unreconcile Transactions screen

Update Prior-Year Bookkeeping

Use this function to bring multiple clients' prior year Chart of Accounts (COA) balances forward from a client whose year was recently closed. When you first open a client's Chart of Accounts (COA) in Drake Accounting 2023, the software will either update the COA automatically from Drake Accounting 2022 or it will prompt you to set up a new COA.

NOTE

The client's information must have been updated from the prior year program for the client to be eligible for this function.

It may be helpful to review the following information:

1. Overview to Updating a Client's COA
2. Year End Close has Already Been Done in Drake Accounting 2022
3. Year End Close has NOT Already Been Done in Drake Accounting 2022

NOTE

Make sure the COA is set up by entering all beginning balances before beginning bookkeeping in Drake Accounting 2023.

[Overview to Updating a Client's COA](#)

There are three situations that can occur when updating a client's COA into Drake Accounting 2023:

1. The Drake Accounting COA has been closed out for the year.
 - A **full COA update** brings forward both the account structure and balances from the prior year.
 - Drake Accounting will automatically do a full COA update when the client has been brought forward from the previous year.
2. The Drake Accounting 2022 COA is corrupt but has been closed out.
 - An **account structure update** is necessary where the prior year COA was set up but never used, is corrupt, or cannot be closed out.
 - The accounts are brought forward with zero balances, and you can enter beginning account balances until you make your first journal entry.
 - Once you enter an account balance, that account balance can be modified only by a journal entry.

NOTE

Do not make any journal entries until all beginning balances have been entered, for once you make a journal entry, you cannot enter beginning balances for any of the accounts.

3. The Drake Accounting 2022 COA cannot be closed out.
 - If the COA hasn't been closed out in the prior year software, Drake Accounting will only update the COA account structure.
 - However, once the prior year bookkeeping has been closed out in the prior year, go to **Accounting > Update Prior Year** in Drake Accounting 2023 to bring forward those balances.

NOTE

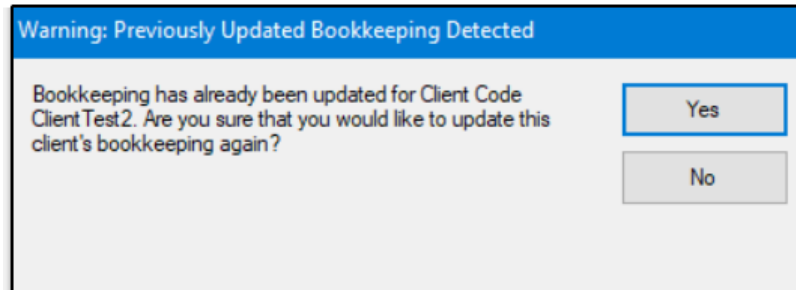
After going through the process, open the client and go to the **Business Information** tab in **Client Setup** to verify the **Start of Year Date** is correct.

Year End Close has Already Been Done in Drake Accounting 2022

If you have done a **Year End Close** in Drake Accounting 2022 and are updating the client into Drake Accounting 2023, you do not need to go to **Accounting > Update Prior Year** in Drake Accounting 2023 because the COA will automatically come over when updating the client.

- If you do this and then go to **Accounting > Update Prior Year** in Drake Accounting 2023, the clients that are available to be updated will be highlighted in a dark gray, which means the COA has already been updated.

- Updating it again will cause the amounts in the COA to be what they were in Drake Accounting 2022 when doing the Year End Close, and it will bring over the posted transactions from the 2022 software (i.e., the COA screen will be overwritten, but the update would not replace any of the transactions. It would add to them). The following message will appear:



Year End Close has NOT Already Been Done in Drake Accounting 2022

If you have **not** done a Year End Close in Drake Accounting 2022:

1. Update the client from the 2022 software into Drake Accounting 2022 (**Client > Update Prior Year**).
2. Once finished with all the 2022 bookkeeping in the 2022 software, complete a Year End Close in 2022 by going to **Accounting > Year End Close**.
3. Once completed, in Drake Accounting 2023, go to **Accounting > Update Prior Year**.
4. Select the appropriate data path.
 - If the needed data path is not listed, click **Browse**.
 - Select the **DrakeAccounting2022** folder itself.
 - Do **NOT** go into the folder.
5. Once the correct path is selected, the clients' bookkeeping that is able to be updated will be listed in white.
 - This means the COA has not been brought over yet.

Accounting Reports

NOTE

To run these reports, go to **Accounting > Reports** and select the type from the menu. Choose the report you wish to run.

The following reports have fake data and are for demonstration purposes only.

To see the other reports offered in Drake Accounting, go to "Report Groups" (under Reports Overview before the Appendix) and click on the applicable group.

There are many different reports available in the Accounting module, and some have graphical breakdowns of data so you can better advise your clients. Accounting reports include:

1. Balance Sheets
 - Prior Month Compare
 - All Posted Transactions (YTD)
 - Start of Year Compare
 - Monthly
 - Date Range
 - Three Year
 - Monthly Prior Year Compare
 - Multi-Column Prior Year Compare
2. Budget Reports
 - Versus Actual
 - Prorated Versus Actual
3. Cash Flow
 - By Date
4. Chart of Accounts
 - COA Listing
 - Trial Balance
 - Prior Year COA Compare
5. Expense
 - Expense Report
6. General Ledger
 - General Ledger
7. Interim
 - Balance Sheet
 - Profit and Loss
 - Trial Balance Worksheet SOY
 - Trial Balance Sheet Prior Period
 - Profit and Loss Activity
8. Owner's Capital
 - Statement of Changes to Owner's Capital
9. Profit and Loss
 - By Date
 - One Column YTD
 - Multi Column Monthly
 - One Column Divisional
 - Multi Column Divisional
 - Multi Column Prior Year Compare
 - Prior Year Compare By Date
 - Two Column YTD

- 10. Revenue
 - Monthly Prior Year Compare
 - Revenue Report
- 11. Transaction Listings
 - Listing
 - By Reconciliation Type
- 12. Year To Date
 - YTD General Ledger
 - YTD Transaction Listing

Balance Sheets

Balance sheet reports provide a variety of formats for the balance sheets.

Prior Month Compare

After selecting a month, the report displays the closing balances of accounts with activity for the selected month, the prior month, and the difference. Total assets, liabilities, and capital are also displayed. By default, the report will display posted transactions, but you can elect to **Include Unposted Transactions**. You can elect to **Display Credit Account Values as Positive**.

	October 2021	November 2021	Difference
ASSETS			
CURRENT ASSETS			
Cash			
Petty Cash	0.00	400.00	400.00
Total Cash Available (Subtotal)	0.00	400.00	400.00
Accounts Receivable	0.00	(400.00)	(400.00)
TOTAL CURRENT ASSETS	0.00	0.00	0.00
TOTAL ASSETS	0.00	0.00	0.00
TOTAL LIABILITIES AND CAPITAL	0.00	0.00	0.00

All Posted Transactions (YTD)

This report will display all posted transactions for the date selected in the **Balances as of** field. The report displays the balances for assets, liabilities, and capital accounts for transactions posted to the general ledger since the start of the year. By default, the report will display posted transactions, but you can elect to **Include Unposted Transactions**. You can elect to **Display Credit Account Values as Positive**. Select the day to run the report for.

		11/30/2021
ASSETS		
CURRENT ASSETS		
Cash		
Petty Cash		400.00
Total Cash Available (Subtotal)		400.00
Accounts Receivable		(400.00)
TOTAL CURRENT ASSETS		0.00
TOTAL ASSETS		0.00
TOTAL LIABILITIES AND CAPITAL		

Start of Year Compare

The report displays the start of year balance, the current balance, and the difference between the two for asset, liability, and capital accounts for transactions posted to the general ledger. Total assets, liabilities, and capital are also displayed. By default, the report will display posted transactions, but you can elect to **Include Unposted Transactions**. You can elect to **Display Credit Account Values as Positive**.

	Start of Year	11/30/2021	Difference
ASSETS			
CURRENT ASSETS			
Cash			
Petty Cash	0.00	400.00	400.00
Total Cash Available (Subtotal)	0.00	400.00	400.00
Accounts Receivable	0.00	(400.00)	(400.00)
TOTAL CURRENT ASSETS	0.00	0.00	0.00
TOTAL ASSETS	0.00	0.00	0.00
TOTAL LIABILITIES AND CAPITAL	0.00	0.00	0.00

Monthly

The report displays the balances for asset, liability, and capital accounts through the end of the month selected. By default, transactions posted to the general ledger are included in the account totals, but you can elect to **Include Unposted Transactions**. You can elect to **Display Credit Account Values as Positive**. Select the month and year to run the report.

Date Range

This report displays balances for asset, liability, and capital accounts using transactions that have not been posted to the general ledger for a specified date range. By default, transactions posted to the general ledger are included in the account totals, but you can elect to **Include Unposted Transactions**. You can elect to **Display Credit Account Values as Positive**.

Three Year

This report compares assets, liabilities, and capital accounts for the past three years where data is available.

	2020	2021	2022
ASSETS			
CURRENT ASSETS			
Cash			
Petty Cash	0.00	0.00	400.00
Total Cash Available (Subtotal)	0.00	0.00	400.00
Accounts Receivable	0.00	0.00	(400.00)
TOTAL CURRENT ASSETS	0.00	0.00	0.00
TOTAL ASSETS	0.00	0.00	0.00
TOTAL LIABILITIES AND CAPITAL	0.00	0.00	0.00

Monthly Prior Year Compare

This report compares the balance sheet from the prior year month to the current month, including percent change between the two.

	November 2020		November 2021		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
ASSETS						
CURRENT ASSETS						
Cash						
Petty Cash	0.00	0.00%	400.00	0.00%	400.00	100.00%
Total Cash Available (Subtotal)	0.00	0.00%	400.00	0.00%	400.00	100.00%
Accounts Receivable	0.00	0.00%	(400.00)	0.00%	(400.00)	(100.00)%
TOTAL CURRENT ASSETS	0.00	0.00%	0.00	0.00%	0.00	0.00%
TOTAL ASSETS	0.00	0.00%	0.00	0.00%	0.00	0.00%
TOTAL LIABILITIES AND CAPITAL	0.00	0.00%	0.00	0.00%	0.00	0.00%

Multi Column Prior Year Compare

This report displays a month-to-month breakdown of the balances for the prior year and the current year.

Budget Reports

Budget reports display profit and loss information comparing the budget amount entered for each account versus the actual amounts.

Versus Actual

This report is a comparison of the actual profit and loss of income and expense accounts versus the amount set as the yearly budget. Only accounts with an annual budget entered in the Chart of Accounts are included. Total income, total expense, gross profit, and net profit or loss are also included.

Transactions for the month being reported must be posted prior to running this report. You can check the option to **Show Zero Balance Accounts**, as well.

Prorated Versus Actual

This report is a comparison of the actual profit and loss of income and expense accounts versus the prorated budget amount of the yearly budget as entered in the Chart of Accounts. Only accounts with an annual budget entered in the Chart of Accounts are included. Total income, total expense, gross profit, and net profit or loss are also included. Transactions must be posted prior to running this report.

The prorated budget amount is displayed on the report under the **Budget** column and is equal to 1/12th of the **Yearly Budget** amount entered in the Chart of Accounts multiplied by the number of months included in the report.

NOTE

Example: The “Rents and Leases” account has a yearly budget of \$40,000. For this example, we’ll select to compare actual vs. budget through the month of September, the 9th month of the year. To figure the prorated budget amount, use this calculation:

$$(\$40,000 \div 12) \times 9 = \$30,000$$
$$\$40,000 \div 12 = \$3,333.33$$

This is the prorated budget for one month.
 $\$3,333.33 \times 9$ (September) = \$30,000.

Cash Flow Reports

Accounts designated in the Chart of Accounts with a **Cash Flow Classification** of **Operating, Investing, or Financing** appear in the Cash Flow report. Accounts with a **Cash Flow Classification** of **N/A** (no classification) do not appear on the Cash Flow report.

By Date

This report uses the Indirect method. It starts with Net Income for the selected period and makes adjustments for all accrual based accounting transactions, such as Accounts Payable and Accounts Receivable, to report a company’s cash flow on a cash basis. This report displays Cash Flow From and Net Cash Provided by Operating, Investing, and Financing activities. The Net Increase (or Decrease) in cash is also displayed along with the cash at the beginning and end of the period.

Chart of Accounts Reports

The Chart of Accounts reports include two listings of the Chart of Accounts: one with and one without starting balances. Two versions of the trial balance are also included.

Chart of Accounts Listing

Starting account balances, not current balances, are displayed in this report. You can group by **Tax Code**. This report lists the following information from the Chart of Accounts:

Account Number	Level	Account Name	Type	Sub Type
100	1	Cash	Current Asset	
100.01	0	Petty Cash	Current Asset	
100.02	0	Checking Account	Current Asset	
100.03	0	Savings Account	Current Asset	
100.99	1	Total Cash Available	Current Asset	
130	0	Accounts Receivable	Current Asset	
160	0	Inventory	Current Asset	

Trial Balance

The report displays the current trial balance. Total debit and credit amounts are also included. The report displays the current balance of each level zero account in the Chart of Accounts based on the **As of date (Report Date)** entered. You can also include unposted transactions.

Account Number	Account Name	Type	Sub Type	Debit	Credit
100	Cash	Current Asset		\$0.00	\$0.00
100.01	Petty Cash	Current Asset		\$400.00	\$0.00
100.02	Checking Account	Current Asset		\$0.00	\$0.00
100.03	Savings Account	Current Asset		\$0.00	\$0.00
100.99	Total Cash Available	Current Asset		\$0.00	\$0.00
130	Accounts Receivable	Current Asset		\$0.00	\$400.00
160	Inventory	Current Asset		\$0.00	\$0.00

Prior Year COA Compare

This chart allows you to compare the Chart of Accounts from the prior year to the current Chart of Accounts.

	11/30/2020 Adjusted Bal	11/30/2021 Unadjusted Bal	Adjusting JE Adjustments	11/30/2021 Adjusted Bal	Tax JE Adjustments	11/30/2021 Tax Bal
Blank Tax Code						
Petty Cash	0.00	400.00				
Accounts Receivable	0.00	(400.00)				
Totals:	0.00	0.00				

Expense Reports

The Expense Report lists transactions from expense accounts and can be a graphical report.

Expense Report

This report lists transactions from Expense accounts, including Other Expense and Cost of Goods accounts as well. You can include unposted transactions and to display the account number. This report also includes a pie chart that divides out expenses.

General Ledger Reports

The General Ledger report is a complete set of all accounts used by a business to create the record of all debits and credits that are made to each account.

General Ledger Report

The report shows each account's balance and adds and subtracts the unposted transactions from the transactions journal to calculate the account ending balance within a designated date range. Select which accounts to display on the report. Accounts without any transaction activity are excluded from the report. Choosing the Alternative Format displays the same information but in a different format. You can opt to include posted and/or unposted transactions. Accounts that are not affected by the current month transactions show the beginning and ending balance as the same figure. Accounts that are affected by the current month transactions show the beginning balance, the transaction, and the ending balance for the account.

Interim Reports

Interim reports display the information that was entered for the current month or period. Use these reports to review the calculations and verify accuracy of the entries.

Balance Sheet

The accounts included in this report are listed by account name and not account number. Accounts with activity year-to-date are displayed even if there was no activity for the account in the current month. This report is also optionally available when running the **Post Transactions** process. The report displays the accounts with current transactions. Current asset and liability accounts along with their totals and the total of the capital accounts are shown. The figure for the total liabilities and capital is included.

	Previous Balance	Transactions	Current Balance
ASSETS			
Current Asset			
Petty Cash	400.00	0.00	400.00
Accounts Receivable	(400.00)	0.00	(400.00)
Total Current Asset	0.00	0.00	0.00
TOTAL ASSETS	0.00	0.00	0.00
CAPITAL			
Capital			
TEST	500.00	0.00	500.00
TOTAL CAPITAL	500.00	0.00	500.00
TOTAL LIABILITIES AND CAPITAL	500.00	0.00	500.00

Profit and Loss

This report is also optionally available when running the **Post Transactions** process. The accounts included in this report are listed by account name and not account number. The report displays the income and expense activity, the total income and expense, and the net profit or loss.

Trial Balance Worksheet SOY

This report is also optionally available when running the **Post Transactions** process. The report displays all account balances since the beginning of the year. The bottom of the report shows the total of all accounts for the start of year, changes, and current for all accounts and the total of all P&L accounts. Use the "Adjustments" and "Ending" columns to identify where correcting transactions may need to be made. Print the report and write the adjustment amounts and ending balances on the report. Make correcting transactions at **Accounting > Transactions**.

Trial Balance Sheet Prior Period

This report is very similar to the Trial Balance Worksheet (Start of Year) report except it shows starting balances using the selected month rather than the start of year. The report displays all account balances beginning with the selected month. The bottom of the report shows the total of all accounts for the selected month, changes, and current for all accounts and the total of all P&L accounts.

Profit And Loss Activity

This report is also optionally available when running the **Post Transactions** process. The report shows the current profit and loss activity. This includes unposted transactions. Gross profit and total expenses are calculated to produce the final net profit or loss figures.

Owner's Capital Reports

Statement of Changes to Owner's Capital

This report shows beginning balances, dates of the changes to these accounts, and the ending balances of the owner's drawing account and revenue accounts.

Profit and Loss Reports

Profit and Loss (P&L) Reports are based on transactions for accounts with the following types: Income, Other Income, Expense, Other Expense, Cost of Goods, and Tax Provision.

By Date

The report displays the balance of the income and expense accounts (listed by account name) with transactions entered during the specified date range. Total income, total expense, and net profit or loss are displayed along with each account's percentage of gross income over the date range. Balances reflect only posted transactions for the specified date range. You can elect to show unposted transactions in addition to those that have been posted prior to running this report.

One Column YTD

The report displays the balance of the income and expense accounts (listed by account name) for the specified date range, where the start date is January 1 and ending date is today's date. Total income, total expense, gross profit, and net profit or loss are displayed along with each account's percentage of gross income over the date range. Balances reflect only posted transactions for the specified date range. You can elect to show unposted transactions in addition to those that have been posted prior to running this report.

Multi Column Monthly

The report displays a month-to-month break down of account balances for expense, cost of goods, and expense accounts with transactions (posted or unposted) for any of the selected months. Total income, total cost of goods, gross profit, total expense, and net profit or loss for each month is also displayed. The month selected is the first month of the report. Choose up to 12 months to show information, beginning with the month selected.

One Column Divisional

The report displays the gross and net profit amounts and percentages based on the transactions that have been identified with the division number.

NOTE

Refer to the "Divisions Tab" in **Client Setup** ("Creating a New Client") for information on setting up divisions. Divisions must be set up before generating transaction data in order to be reflected in divisional reports.

Multi Column Divisional

The report is a multi-divisional profit and loss report. Select the Division and Number of Divisions to include in the report. Included is the gross profit and net profit (or loss) of the selected divisions.

NOTE

The division selected appears as the first division on the report. The number of divisions chosen indicates how many consecutive divisions are to be included in the report. The number of divisions includes the division initially selected.

Prior Year Compare By Date

The report displays the balance of the income and expense accounts (listed by account name) for the current and prior year of the specified date range. Total income, total expense, gross profit, and net profit or loss are displayed along with each account's percentage of change year-to-date and for the specified month.

Two Column YTD

The report displays the balance of the income and expense accounts (listed by account name) for both year-to-date (current) and the specified date range. Total income, total expense, gross profit, and net profit or loss are displayed along with each account's percentage of gross income year-to-date and for the specified month. Balances reflect only posted transactions, but you can elect to show unposted transactions prior to running this report.

Revenue Reports

The Revenue Reports list totals for Income and Other Income accounts.

Monthly Prior Year Compare

This report lists totals per month and grand totals per year for income accounts, starting with a selected year with applicable data. This report also includes a line graph to display the totals from the selected time period.

Revenue Report

This report displays revenue from income accounts, listing the total and grand total amounts. This report also includes a pie chart to show what percentage of each income account makes up the grand total.

Transaction Listings Reports

Transaction Listing reports are based on transactions for periods that have been entered in **Accounting > Transactions**. Transaction Listing reports available include:

Listing

The report generates a list of unposted transactions through the selected report date for the journal selected. The total debit and credit amounts of the listed transactions are also included. Select the

Journal to report on (GJ - General Journal, CD - Cash Disbursement, CR - Cash Receipts, PAY - Payroll, or BUD – Budget. These are the defaults. Custom journals can be made in **Accounting > Options**), and the report date. The report displays posted or unposted transactions for all journals through the report date selected. You have the option to display the report in wide screen view.

By Reconciliation Type

The report displays transactions for the selected reconciled type (Cleared, Outstanding, In Transit, Void, or Unmarked). A Bank Reconciliation must be run prior to running this report. Select to display any combination of posted or unposted. Select to include **Cleared, Outstanding, In-Transit, Void, or Unmarked** transactions.

Year to Date Reports

The Year to Date reports are based on the transactions that have been entered year-to-date.

YTD General Ledger

This report generates a year-to-date general ledger with each account, the account name, account transactions, and current account balance listed. The beginning balance displayed is the amount entered in the Chart of Accounts beginning debits and credits. You can choose to include both Posted and Unposted transactions. You can choose to run the report in an alternate format. This includes the transaction number, date, journal, reference, description, beginning balance, transaction, and ending balance. You can group transactions by division.

YTD Transaction Listing

The report is based on the journal selected from the Select a Journal Code list box, including any custom journals that have been created. Included is the transaction number, date, journal, division, description, reference, account number, debit, and credit. You can opt to include Posted or Unposted transactions. Select Wide Format to display the report horizontally.

Payables Menu

Use Drake Accounting's Accounts Payable (Payables) module to enter vendor invoices, print (and reprint) live vendor checks, and enter ATF vendor invoice information for bookkeeping purposes. Vendors may receive a 1099-MISC or 1099-NEC at the end of the year.

Setting up Payables

To set up Payables, complete the following steps:

1. Select the applicable bookkeeping options and assign default account numbers for Payables transactions (see [“Payables Options”](#)).
2. Set up vendors prior to entering vendor invoices (see [“Adding, Editing, and Deleting Vendors”](#)).
3. Set up check designs and stock to print vendor checks (see [“Check Designer”](#) and [“Check & Stub Options”](#)).

Once vendor checks and vendors have been set up, entering and printing vendor checks can be a three-step process:

1. Entering invoice information (see [“Entering and Editing Payables Invoices”](#)).
2. Applying payments to invoices (see [“Scheduling and Recording Payments”](#)).
3. Printing the check (see [“Printing Vendor Checks”](#)).

You can skip the creation of invoices by using **Quick Payments** or **1099 Payments**.

1. Use [“Quick Payments”](#) to do live and ATF checks, as well as other types of ATF payments. You can also print non-payroll checks to employees. There is no need to create an invoice when using Quick Payments.
2. The [“1099 Payments”](#) allows for direct entry in the style of a 1099-MISC/NEC for 1099 vendors. Invoices are made in “the background” for auditing purposes and will show up in the **Invoices** screen.

Payables Options

To set up general Payables settings and assign specific account numbers from the chart of accounts to Payables features, go to **Payables > Options**.

General Options Tab

Use this tab to define how Payables transactions are posted to the journal, what is used as the invoice description, 1099-MISC Options, and direct deposit stub printing options.

1. **Journal Type**
 - **Generate Accounting Transactions**

IMPORTANT

The **Generate Accounting Transactions** selection is required to have Payables transactions post to the transaction journal.

- Select if you would like the payables transactions to automatically post to the transactions journal and the Chart of Accounts when you click **Post Transactions** (when using the Normal Posting method).
- The journal type becomes available, and you have the option to select the journal you wish to post the transactions to.

2. Autofill Options

▪ Autofill Invoice Description with

- Select if you want to auto-fill your payables invoice description with the **Vendor Code, Vendor Name, or the Client Account**.
- The invoice description will flow to the Journal and create the description for the Journal transactions.

3. 1099-MISC/1099-NEC Options

▪ Default excess amounts from Payments to

- Use this option to specify where to include non-defaulted payments on the vendor's 1099 flow to on the 1099-MISC.

○ Vendor Default

- Non-defaulted payments will flow to the default set up per vendor in Vendor Setup.
- For example, if the Default drop list (under 1099 Options) in Vendor Setup is Medical and Healthcare, this location is where the payments will flow to on the 1099-MISC.

○ Other

- This option is a global option to select where payments flow to on the 1099-MISC for all vendors unless a specific default selection exists in a vendor's setup.
- Use the drop down menu to select the appropriate option.

4. Invoice Options

- This option works for **new** invoices created after making this selection (i.e., this will not change the date on reopened invoices).
- Select **Default Due Date** and enter the number of days past the Invoice date to have a due date flow to an invoice.
- For example, if a new invoice's date is for 1/15/2022 and you enter 4 for days past Invoice date, the due date on the invoice will be 1/19/2022.

5. Suppress Check Stub Printing for Direct Deposit

- Select if you do not want to print check stubs for direct deposit payables transactions.
- With this option checked, there is no requirement to print check stubs to transmit for direct deposit.

6. Suppress Display of Terminated Vendors

- Select if you do not want to see terminated vendors under **Payables > Vendor Setup**.

- Under **Vendor Setup**, a vendor's **Status** must be set to **Terminated** for this to be effective.
- 7. Suppress Zero Dollar 1099 Amounts on Check Stub**
- This option will not display non-zero amounts on the stub.

GL Accounts Tab

If you use the chart of accounts and would like to use it in the Payables module, go to the **GL Account Numbers tab**. This tab allows you to specify which accounts you would like to apply for each section. The account information entered on this tab is used to generate entries into the transaction journal. Click **Save** once you are finished.

NOTE

This tab does not have to be set up if the bookkeeping feature is not being used.

The client chart of accounts must be created prior to entering account numbers. See "[Chart of Accounts](#)".

Generally, there are no liability accounts used in cash basis accounting (selected under **Client > Edit > Business Information** tab). However, in Drake Accounting, liability accounts are used for cash basis clients to record federal and state tax and localities liabilities created through payroll and payables accounts. As a result, Drake Accounting doesn't automatically make tax payments as part of the payroll/payables process, and the program cannot make balancing journal entries for withheld taxes without using liability accounts.


IMPORTANT

If no accounts are assigned under the **GL Account Numbers** tab, they must be set up for each vendor individually.

Once set, it will become default accounts for the other screens within the Payables module. However, you can override the default accounts with another account in the GL Accounts tab in the Vendor Setup.

Complete the following on this tab, as applicable:

1. Payment Method

- Choose a payment method or click the sunburst icon  to create a new payment method. See "[Payment Methods](#)" for more information.
- 2. Select an account from the list to assign to the selected field. Click the blank space above <New Account> in the drop menu to remove a previously entered account.**
- **Withholding Account Numbers**

- Choose an account for **Federal WH** and **State WH**. These will be the designated accounts to track federal withholding and state withholding.
 - **Liability Account Number**
 - For accrual users, this is the account that will be credited when an invoice is created, while the expense account is debited. When payment on an invoice is made, the liability account is debited, and the cash account is credited.
 - **Non-1099 Expense Account Number**
 - This account can be used to track vendor expenses that are not to be included on a 1099-MISC.
 - **1099 Expense Account Numbers**
 - Expense fields from the 1099-MISC are listed. Click a 1099 field and select an expense account for each 1099 field that you will be using for Payables payments. There must be an account number assigned for a field before a vendor check is written using that field.
3. Click **Save**.

Vendor Setup

Go to **Payables > Vendor Setup** to add vendors or to edit the information of a saved vendor. Vendor information must be entered before printing vendor checks.

Vendor Types

There are two types of vendors that can be set up in Drake Accounting: Vendors who do not require a 1099-MISC or 1099-NEC at the end of the year and vendors who do.

1. If a vendor does NOT require a 1099-MISC or 1099-NEC at the end of the year, select **Do NOT generate a 1099** when setting up this type of vendor.
2. If a vendor requires a 1099-MISC or 1099-NEC at the end of the year, do not select this option when setting up this type of vendor.

NOTE

When setting up a new Vendor, the Federal ID and address fields are **not** required in order to be able to save the information entered in the Vendor Setup screen. These fields are designated with a blue validator. However, this information will be required for the 1099-MISC and 1099-NEC.

A red validator will prevent you from saving the screen and is required.

Completing Vendor Setup

1. Go to **Payables > Vendor Setup**.
2. Click **New**.
3. Complete tabs as applicable:
 - **Personal Information Tab** Editing Vendors > Person

- Enter a code in the **Vendor Code** field. Vendor codes are alphanumeric and can be up to 20 characters long.
- Use vendor codes that are meaningful. For instance, instead of using the vendor's ID number, you could use "ABC_Office_Supply". By using a meaningful code, transaction information for this vendor is easily identifiable.
- **Company Name**
 - Vendor's company name. This field cannot be left blank if the **First Name** field is not used.
- **First Name and Last Name**
 - Name associated with the vendor. These fields are not required if **Use Company Name on 1099** is selected.
- **Federal ID** (Required for 1099-MISC/NEC)
 - This is the federal tax ID associated with the vendor's company or the owner. Enter the SSN, EIN, ITIN, or Other. The number is formatted based on the selection made.
 - The **OTH** selection is any information approved by the IRS instead of using an SSN, EIN, or ITIN.
 - This field is required in order to generate a 1099.
- **Address** (Required for 1099-MISC/NEC)
 - Enter the address as it should appear on the vendor's 1099.
- **Country, Phone** (Optional fields)
 - Enter the appropriate vendor information.
 - City and Country fields are required if the vendor is foreign, Province and Postal Code are optional.
- **Zip** (Required for 1099-MISC/NEC)
 - Enter the vendor's zip code. This field is formatted after information is typed.
 - The **City** and **State** fields autofill with information from the zip code database.
- Enter the **1099 Options** information:
 - **Do NOT generate a 1099**
 - Select this option and a 1099-MISC/NEC will not be generated for this vendor.
 - You might use this option for vendors that you use on a regular basis but will not receive a 1099 (e.g. the electric company, the phone company, etc.).
 - **Default** (Required)
 - Using the drop menu, select the line from the 1099 to use as the default payment type for the vendor.
 - A different line can be selected on each payment made to the vendor.
 - This field is not available if **Do NOT generate a 1099** is selected.
 - **Name Code 1099 e-File** (Optional* - See note in box below)
 - This 4-character code is used to identify the payee and must match the code issued to the vendor by the IRS.


- It appears on all letters from the IRS to the vendor.
- If the vendor doesn't know what it is, they can call the EIN verification line at (800) 829-4933.

NOTE

* If the vendor doesn't have a **Name Code**, doesn't know what it is, or you will not be e-filing 1099s for this vendor, leave this field blank. The e-filed 1099 will not be rejected if left blank.

- **Use Company Name on 1099** (Optional)
 - Select this option to have the vendor's company name printed on their 1099-MISC.
- **Add "Doing Business As" to the 1099-MISC** (Optional)
 - Select this option to have the vendor's "Doing Business As" name printed on the 1099-MISC. Next, enter the **Doing Business As** name as it should appear on the 1099-MISC.
- **W-9 on file**
 - This option is for recordkeeping purposes only and does not have a specific function at this time.
- **Division** (Optional)
 - Select the division the vendor should be associated with.
- **Start Date** (Optional)
 - Enter the vendor's hire date.
- **Status**
 - Set the vendor's status to either **Active** or **Terminated**.
 - Terminated vendors are not listed on the **Payables > Invoices** screen.
 - Vendors are **Active** by default.
- **Client Account** (Optional)
 - Enter the account number that the vendor assigns to the client.
- **Withholding Tab**
 - Only a 1099-Vendor can be set up for federal and/or state withholding.
 - To set up an associated account for withholding, you can set up each vendor withholding accounts individually under the **Vendor Setup > GL Accounts**, or

you can set it as a global setting where it applies to all vendors by going to **Payables > Options GL Account Numbers** (under **Payables > Options**).

- If you want to set up federal and state withholding, leave **Do NOT generate a 1099** blank on the **Personal Information** tab in the **Vendor Setup**.
 - If you check this option, it will gray out the **Withholding** tab and any subsequent withholding options on the **Payments** screens.
- **Withholding Options**
 - To activate the withholding fields, click in the box next to the type, and enter a **Dollars/Cents** amount or a **Percentage** amount to be taken out of a vendor's payment using the drop menu.
- **Additional Withholding**
 - Create additional withholding for 1099 vendors (such as a garnishment, etc.).
 - Click the sunburst icon  to add a new withholding. Enter a Name, select an account, enter the Ceiling and Amount, and select if it is based on Dollars/Cents or Percent.
- After setting up Federal and State Withholding under **Vendor Setup**, determine how you want to pay your vendors. These withholdings will appear in box 4 (Federal income tax) and box 16 (State tax withheld) on the 1099-MISC. There are two ways to do this:
 - If you are not interested in making invoices, you can make a quick payment on the **Quick Payments** screen either as a scheduled check or an ATF check.
 1. On the **Quick Payments** screen, the federal and state withholding fields will display, if the **Withholdings** tab has been completed.
 - The **Net Total** comes from subtracting the **Gross Payment Amount, Federal Withholding, and State Withholding** and will display on the check when printing it.
 - See "[Printing Vendor Checks](#)" for more information.
 2. If you are interested in inputting invoices and associating payments with an invoice, go to the **Invoices** screen.
 - Fill out the **Invoice Info** tab, and you can chose to schedule a live payment or enter an ATF payment the **Apply Payment** tab, or you can go to **Payables > Payments > Invoice Payments** to enter a payment.
 - If federal and state withholding are not applicable, the **Gross Amount** will equal the **Net Amount**.
- **GL Accounts Tab**
 - Select a payment method. See "[Payment Methods](#)" for more information.
 - The entries on the **Payables > Vendor Setup > GL Accounts** screen (individual settings) override the accounts setup on **Payables > Options > GL Account Numbers** tab (global settings).

- If no accounts are assigned for a vendor on the vendor's **GL Accounts** tab, the accounts assigned on the **Payables > Options > GL Account Numbers** tab are used when Payables transactions are posted to the journal.
- Use each field's drop menu to select postable accounts from the chart of accounts.

- **Direct Deposit Tab**

NOTE

Kotapay is Drake's agent for direct deposit. You must call them (1-866-431-9926) and establish your account prior to using the Direct Deposit feature. Drake has established a special fee schedule with Kotapay for its clients. It's important that you identify yourself as a Drake client whenever you communicate with Kotapay.

- Enter direct deposit information for the vendor on the **Direct Deposit** tab.
 - **Direct Deposit Information**
 - **Direct Deposit Checks**
 - Select the check box if vendor checks are to be deposited directly into the vendor's bank account. The **Account Type** fields activate.
 - **Primary Account**
 - **Account Type** - Specify whether to deposit the payment into a **Checking** or **Savings** account. Directly deposit vendor checks in up to two accounts for each vendor.
 - Checks can be split between any combination of checking and savings accounts including two checking or two savings accounts or one of each.
 - These accounts can be at two different banks.
 - **Routing Number**
 - Enter the routing number for the employee's bank account.
 - Find the number on the bottom of the checks to the left of the account number.
 - Re-enter the routing number in the **Retype Routing Number** field.
 - **Account Number**
 - Enter the employee's account number for the direct deposit.

See "[Vendor Setup](#)" for more detailed instructions.

Adding a Vendor

1. Go to **Payables > Vendor Setup** and click **New**.
2. Complete information on the following tabs:
 - **Personal Information**
 - **Withholding**
 - **GL Accounts**
 - **Direct Deposit**
 - **Notes**
3. Click **Save** after verifying the information on all tabs.

Editing an Existing Vendor

1. Go to **Payables > Vendor Setup**.
2. Click a vendor's name or vendor code from the list of vendors. The data fields for that vendor activate and can be edited.
3. Click **Save** when editing is complete.

Deleting an Existing Vendor

If a vendor has any existing payment records, including voided payments, they cannot be deleted. It would be best to mark them as **Terminated** in the **Status** drop menu under **Vendor Setup**, and then go to **Payables > Options** and check **Suppress Display of Terminated Vendors**. This will hide them in the **Vendor Setup**.

Vendors cannot be outright deleted due to auditing purposes.

Entering and Editing Payables Invoices

Entering a payables invoice and editing a saved payables invoice is very similar.

A vendor receives a live payment when they receive payment by printed check or direct deposit.

NOTE

A vendor's payment is ATF (after the fact) when the invoice has been paid and is being entered into Drake Accounting for reporting purposes, or it is being paid by any other method other than printed check or direct deposit.

Entering Payables Invoices

To enter a new Payables invoice:

1. Go to **Payables > Invoices**. The **Invoices** dialog box is displayed.
2. Select a **Vendor** from the Vendor list.
3. Click **New** to enter a new invoice.
4. Complete the invoice information.
 - On the Invoice Info tab, complete the following as applicable:
 - **Amount Due** — Enter the total amount due for the invoice. If the amount due is a whole dollar amount, it is not required that you enter “.00”.
 - **Invoice Date** — Use the drop menu to enter the date of the invoice.
 - **Due Date** — Use the drop menu to enter the date the invoice is due.
 - **Description** (Optional) — Enter a description for the transaction. This field can be set to autofill with either the vendor code, vendor name, or client account by going to **Payables > Options > General Options** and selecting the **Autofill Invoice Descriptions with** check box.
 - **Invoice Number** (Optional) — Enter the number on the vendor's invoice or any other identifier.
 - **Purchase Order** (Optional) — If this invoice is to be paid using a purchase order, enter the PO number.
 - **Status** (Optional) — Use the drop menu to select the status of this invoice.
 - On the **Apply Payment** tab, complete the following as applicable:
 - **Schedule Live Payment**
 - This section is activated for live invoices (the **ATF** box is not selected).
 - Use this section to schedule the first payment (or payment in full) for the invoice.
 - Complete the following fields to schedule a live payment on the **Invoices** screen:
 - **Pmt Amt** — Enter the amount that is being scheduled for payment.

NOTE

If a payment in full is not scheduled when the invoice is entered, go to **Payables > Payments** to schedule additional payments.

- **Schedule** — Enter the date the payment is being scheduled to be made. The scheduled payment will display on the **Print Checks** window (**Payables > Check Print**) on the day the payment is scheduled.
- **Pmt Type** — Select the payment type.
- **Check No.** — Enter the check number, as applicable.
- **Payment Code** — This field is limited to 8 characters and must be unique.

- When you edit or create a payment, it has to have a **Payment Code** to either pull up an existing payment or create a new one.
 - This can include letters, numbers, and symbols.
 - **Direct Deposit** — Check this option to have the payment show up on the Transmit Direct Deposit screen to send to Kotapay. See “Transmitting Direct Deposit for Payables Checks” for more information.
 - If **Withholding** has been set up under the **Vendor Setup > Withholding tab**, it will display here.
 - See “Printing Vendor Checks” for information on printing this check.
- **ATF Payment**
 - This section is activated when the **ATF** box is selected designating the invoice as an ATF transaction.
 - ATF payments can be recorded either in the **ATF Payment** section or by going to **Payables > Payments**.
 - Complete the following fields to record an ATF payment on the **Invoices** screen:
 - **Pmt Amt** — Enter the amount of the ATF payment. If there is an outstanding balance after the ATF payment is recorded, the invoice shows as partially paid and additional ATF payments can be recorded by going to **Payables > Payments**.
 - **Pmt Date** — Enter the date the ATF payment was made.
 - **Pmt Type** — Select the method used to make the ATF payment. **Check** is the default method of payment for ATF payments.
 - **Check No** — This field is available only when the **Pmt Type** is **Check**. The **Check No** is a required entry for ATF payments made by check. Enter the check number used to make the ATF payment.
 - **Payment Code** — This field is limited to 8 characters and must be unique.
 - When you edit or create a payment, it has to have a **Payment Code** to either pull up an existing payment or create a new one.
 - This can include letters, numbers, and symbols.
 - **Payment Method** — Select the applicable payment method or click the sunburst icon to add a new payment method. See “Payment Methods” for more information.
 - If **Withholding** has been set up under the **Vendor Setup > Withholding tab**, it will display here.
 - **Delete** — Click to delete a saved invoice with no scheduled live payments, no printed live payment checks, and no recorded (ATF) payments. Invoices with a scheduled live payment, a printed live payment check, or a recorded ATF payment cannot be deleted but can be voided.

NOTE

Invoices that have been paid (or partially paid) cannot be deleted; however, they can be voided. See [“Voiding Vendor Payments \(Checks\)”](#).

- Additional options on the **Invoices** screen:
 - **Suppress Paid Invoices**— Select this option to suppress paid invoices.
 - **Show Void Invoices**— Select this option to view voided invoices.
 - **Preview Invoice on Save** — Select this option before clicking **Save** to see the invoice on your monitor (and print) when you click **Save**. This option remains on until it is turned off.

5. If no adjustments are needed in the **Accounting Transactions** section, click **Save** once all invoice information has been entered. Once it is saved, select a vendor and click **New** to enter another invoice.

Accounting Transactions Information

Enter transaction information in the **Accounting Transactions** section of the **Invoices** screen as the amounts should be listed in the transaction journal. You may want to make entries or edit the information in the **Accounting Transactions** section of the **Invoices** screen if you wish to split the invoice between multiple expense accounts or use a different account for an invoice previously set up as the default under **Payable > Vendor Setup > GL Accounts**.

To use different accounts for an invoice than was set up for the vendor, manually enter transaction information on **Payables > Invoices (Accounting Transactions)**. You will also need to make manual entries on the **Accounting Transactions** section of the **Invoices** screen if a different 1099 field should be used for this invoice than was assigned to the vendor.


Transaction information is automatically written to the **Accounting Transactions** section of the **Invoices** screen in the following instances:

1. A cash client with an ATF Payables payment recorded on the **Invoices** screen. Transaction information of a live payment for a cash client is automatically written to the **Payables > Payments > Accounting Transactions** tab after the payment has been made and is not automatically written to the **Invoices** screen.
2. An accrual client with either a Live or an ATF Payables invoice entered. For a live invoice, just the invoice transactions are automatically written to the **Accounting Transactions** section. After a check has been printed, the payment transactions are recorded under **Payables > Payments >**

NOTE

Accounting Transactions. For an ATF invoice, both the invoice and payment transactions are automatically entered on the **Accounting Transactions** section of the **Invoices** screen.

To enter transaction information on the **Accounting Transactions** section (of the **Apply Payment** tab):

1. Click the add entry icon  or to edit an existing transaction line, first click the field to be edited.
2. Select the appropriate **Account** for this transaction.
3. Enter a **Description** for the transaction line.
4. Enter either a debit amount or a credit amount. **Do not enter both a debit and a credit amount on the same line.**
5. If this transaction should be included in the vendor's 1099, select the appropriate 1099-MISC line using the **1099** drop menu.
6. Input the date of the transaction.
7. **Applies To** — This field provides a way to keep track of which entries are payments and which are invoices and is useful when deleting and voiding invoices and voiding payments.
 - For accrual clients, this field defaults to “Invoice” when an invoice is entered.
 - If an ATF payment is added on the **Invoices** screen, the **Accounting Transactions** grid populates with the appropriate debit/credit entry for a payment and the **Applies To** field is set to “Payment”.
 - If a manual entry is added, set the **Applies To** field for the entry to the appropriate option.
 - For cash clients, the **Applies To** field will be set to “Payment” when an ATF invoice is entered. If manual entries are made in the **Accounting Transactions** section of the **Invoices** screen, again the **Applies To** field will be set to “Payment”. When the invoice is saved, ATF “Payments” are moved to the **Accounting Transactions** section of the **Payments** screen.
8. **Reference** (Optional) — This alphanumeric field can be used however you like.
9. Continue adding debit and credit lines as needed until the **Total** at the bottom of the window is “0.00.”
10. Click **Save** once all invoice information has been entered. Select **Preview Invoice on Save** before clicking **Save** to see the invoice on your monitor (and print) when you click **Save**. This option remains on until it is turned off.
11. Once it is saved, select a vendor and click **New** to enter another invoice.

Editing an Existing Payables Invoice

1. Go to **Payables > Invoices**. The **Invoices** dialog box is displayed.
2. **Select a Vendor** from the Vendor list. The selected vendor's saved invoices, both paid and not paid in full, are listed at the top right of the window. Select **Suppress Paid Invoices** to display just unpaid invoices for the selected vendor. Select **Show Void Invoices** to display invoices for the selected vendor that have been voided.
3. Edit the invoice as needed.

4. Click **Save** when editing is complete.

Scheduling and Recording Payments

Vendor checks must be scheduled for payment before they can be printed. Live payments can be scheduled either when an invoice is entered or after the invoice has been entered and saved. Pay invoices by making payments in full or partial payments.

To schedule a live payment or record an ATF payment:

1. Go to **Payables > Payments > Invoice Payments**.
2. Select the vendor to pay. Click the **Vendor Name** and **Vendor Code** column headers to sort the vendor list in ascending or descending order by the selected header.
3. Before scheduling a payment, you must first locate the invoice you wish to pay by filtering the invoices of the selected vendor. Filters take affect when they are selected.
 - Use the **Payment Filters** section to narrow your search:
 - From the **Payment Type** drop menu, select to display **Live, ATF, or All** invoices for the selected vendor.
 - You can also select to include **Voided Payments** in your filtered list.
 - Next, select the **Invoice Status** you wish to display by selecting **Void, Waiting on Bill, Disputed, Not Received, Unpaid, Partially Paid, Paid/Overpaid, or Other**.
 - Select any combination of these to display the exact list of invoices desired.

The **Balance** displayed is the current outstanding balance of the invoice. As partial payments are made, the **Balance** is reduced and the **Status** displays "Partial". When the invoice is paid in full, the **Balance** displays "0.00" and the **Status** displays "Paid".

NOTE


The invoice balance is updated either when a live payment has been made (checks must be printed) or an ATF payment has been recorded and saved. If the invoice is not paid in full, the **Invoice Status** displays **Partial** and additional payments will need to be made to pay the invoice in full. For live payments of both cash and accrual clients, the check must be printed before the **Invoice Status** changes to **Paid** or **Partial**.

4. Select an invoice from the filtered list in the upper right part of the window. Payments previously scheduled or paid for the selected invoice, if there are any, display below the list of vendors.
5. Click **New** to schedule a new payment for the selected invoice.
6. Complete information on the following tabs:
 - **Payment Information Tab**

- Complete the following payment information:
 - **Payment Type**
 - If the **Payment Type** is **Check**, a picture of the check is displayed.
 - If the **Payment Type** is not **Check**, the payment is considered to be ATF and a picture of check is not displayed.
 - If **Check** and **ATF** is selected, you must also enter the **Check Number** on the mock-up of the check.
 - **Payment Date**
 - Select the payment date.
 - If the **Payment Type** is **Check**, the **Payment Date** is used to determine the day the payment will display on the **Print Checks** window (**Payables > Check Print**).
 - **Payment Amount**
 - Enter the amount of the payment.
 - If the **Payment Type** is **Check**, the **Payment Amount** is displayed on the mock-up of the check.
 - **Payment Code** – This can be up to 8 characters and must be unique.
 - When you edit or create a payment, it has to have a **Payment Code** to either pull up an existing payment or create a new one.
 - This can include letters, numbers, and symbols.
 - **Payment Method** – Select a payment method or click the sunburst icon to create a new payment method. See “[Payment Methods](#)” for more information.
 - **Withholding**
 - If federal and/or state withholding has been set up under the **Vendor Setup > Withholding tab**, it will display here.
 - **Transaction Number** (optional)
 - If the **Payment Type** is **Electronic**, enter the transaction number.
 - **Memo** (optional)
 - If the **Payment Type** is **Check**, you can enter the **Memo** you want to display on the printed check.
 - **Electronic Signature**
 - If the **Payment Type** is **Check** and an electronic signature has been set up, select the desired signature from the drop menu in the mock-up of the check.
 - **Accounting Transactions Tab**
 - Enter transaction information on this tab (**Payables > Invoice Payments > Accounting Transactions tab**) as the amounts should be listed in the transaction journal.
 - You may want to make entries or edit the information on the **Accounting Transactions tab** if you wish to split the invoice between multiple expense accounts or use a different account for an invoice than previously set up as the default under **Vendor Setup > GL Accounts**.

- Transaction information is automatically written to this tab in the following instances:
 - Cash client with an ATF Payables payment recorded on the **Invoices** screen.
 - Cash client with an ATF payment recorded on the **Payments** screen.
 - Accrual client with either a Live or an ATF Payables payment recorded.
 - For a live payment, the check must first be printed before the payment transactions are automatically recorded under **Payables > Payments > Accounting Transactions**.
 - For an ATF payment, the payment transactions are automatically entered on the **Accounting Transactions** tab of the **Payments** screen when the payment amount is entered.

To enter transaction information on the **Accounting Transactions** tab:

1. Select the vendor.
2. Select the invoice at the top right of the window.
3. Select the payment or click **New** to record a new payment.
4. Click the add entry icon , or to edit an existing transaction line, click the field to be edited.
5. Select the appropriate account for this transaction.
6. Enter either a debit amount or a credit amount. **Do not enter both a debit and a credit amount on the same line.**
7. If this transaction should be included in the vendor's 1099, select the appropriate line using the **1099** drop menu.
8. Input the date of the transaction.
9. **Applies To**
 - This field provides a way to keep track of which entries are payments and which are invoices and is useful when deleting and voiding invoices and voiding payments.
 - For accrual clients, this field defaults to “Payment” when an invoice is paid; whether it is entered as an ATF invoice or a live invoice that's been paid.
 - If a manual entry is added, set the **Applies To** field for the entry to the appropriate option.
 - For cash clients, the **Applies To** field will be set to “Payment” when an ATF invoice is entered and the “Payment” information is moved to the **Accounting Transaction** section of the **Payments** screen.
 - If manual entries are made in the **Accounting Transactions** section of the **Payments** screen, again the **Applies To** field will be set to “Payment”.
10. **Reference** (Optional)
 - This alphanumeric field can be used however you like.
11. Continue adding debit and credit lines as needed until the **Total** at the bottom of the window is “0.00.”
12. Click **Save**.

Deleting or Voiding a Scheduled Payment

Deleting Payment

To delete a scheduled payment prior to printing the check, complete the following steps:

1. Go to **Payables > Invoice Payments**.
2. Select the vendor.
3. Locate and select the invoice with the payment to delete by filtering the invoices.
4. Click the payment you wish to delete.
5. Click **Delete**.
6. Click **Yes** to confirm the deletion.

NOTE

Only unprinted live check payments can be deleted. Live checks that have been printed and ATF payments can be voided.

Voiding Payments

To void a payment:

1. Go to **Payables > Invoice Payments**.
2. Select the appropriate vendor.
3. Locate and select the invoice with the payment to void by filtering the invoices.
4. Click the payment you wish to void. Remember, live checks that have been printed and ATF payments can be voided.
5. Click **Void**.
6. Click **Yes** to confirm.

Payables Payments

There are four options for making payments to vendors to generate a 1099-MISC or 1099-NEC, as applicable.


1. Quick Payments
 - The **Quick Payments** screen has replaced the **Check Writer** found in prior-year Drake Accounting.
 - You can do live and ATF checks, as well as other types of ATF payments.
 - You can also print non-payroll checks to employees using **Quick Payments**.
2. Invoice Payments


- The **Invoice Payments** screen is essentially the **Payments** screen from prior-year Drake Accounting.
 - You can see payments associated with an invoice, and vendors do not have to be a 1099 vendor.
 - You cannot make a payment without an invoice using this screen.
3. 1099 Payments
- The **1099 Payments** screen allows for direct entry in the style of a 1099-MISC/NEC for 1099 vendors.
 - Invoices are not required; however, invoices are made in “the background” for auditing purposes and will show up in the **Invoices** screen.
 - The **1099 Payments** will show every payment record, including payments made in **Quick Payments** and **Invoice Payments**.
4. Batch Payments
- The Batch Payments screen allows you to pay off multiple Payables invoices with one payment.

Quick Payments

The **Quick Payments** screen has replaced the **Check Writer** found in previous years of Drake Accounting. You can do live and ATF checks, as well as other types of ATF payments. You can also print blank and non-payroll checks to employees using **Quick Payments**.

To use the **Quick Payments** screen:

1. Go to **Payables > Payments > Quick Payments**.
2. **Payment Methods**
 - Select the applicable payment method. See “Payment Methods” for more information.
3. Select the applicable printer under the **Printer** drop menu.
4. Using **Quick Payments** will automatically create an invoice in the background, but if there are certain details you want on the invoice, complete the **Invoice Info** section.
 - These fields are not required and are optional to print a check, but it is required to print an invoice.
 - Enter an **Invoice No, PO, and Description**, if desired.
 - If you are entering a check payment, click the  to bring up the **Invoices** input screen to enter detailed invoice information and view the invoice associated with the payment.
5. The **Check Register** displays checks that have been printed for vendors.
 - Click the column header to sort.
 - This is for informational purposes only and does not have any other specific function.
6. Use the **Payment Type** section to enter applicable payments.
 - **Check** is marked by default and is a live payment.
 - However, after you complete the payment and click **Print**, you will have the opportunity to save a PDF copy of the payment, if you wish.
 - The recorded payment will then show up in the **Check Register**.

- To make an ATF payment (cash, check, credit card, electronic, or other), select the **ATF** box on the far right under **Print Preview**.
- 7. After selecting the payment type, complete the necessary and required information.
 - Select the **Vendor** from the **Pay to** field drop menu.
 - If the desired vendor is not listed, the vendor must be set up (see "[Adding, Editing, and Deleting Vendors](#)").
 - Click the  to bring up **Vendor Setup**.
 - Select **Show Employees** to include the client's employees in the **Pay to** drop menu.
 - The address section of the check fills with information from the vendor (or employee) setup information.
 - Enter the **Check No.** and **Date** to print on the check, as applicable.
 - **Payment Code**
 - This must be unique for each payment you create.
 - When you edit or create a payment, it has to have a **Payment Code** to either pull up an existing payment or create a new one.
 - This can include letters, numbers, and symbols.
 - Enter the amount in the **\$** field.
 - If using the Payables **General Accounting Transactions** option for this client (see "[Payables Options](#)"), the **Cash** and **Expense Accounts** on the **Accounting Transactions** tab automatically fill.
 - Verify the accounts and amounts are correct.
 - Ensure the debits equal the credits and the balance is zero.
 - Enter an optional **Memo** to print on the check.
- 8. Select the signature(s) to use if using electronic signatures.
- 9. If you wish to make changes to the check stub, click **Check Setup** to bring up the **Check & Stub Options** for Payables.
- 10. If you need to reset the screen and clear data that had been entered, click **Reset**.

When the information is correct, click **Save** or **Print**, depending if you are doing a live or ATF payment.

Invoice Payments

The **Invoice Payments** screen is essentially the **Payments** screen from previous years of Drake Accounting. You can see payments associated with an invoice, and vendors do not have to be a 1099 vendor. You cannot make a payment without an invoice using this screen.

To use the **Invoice Payments** screen:

1. Go to **Payables > Payments > Invoice Payments**.
2. Click the vendor in the upper left.
3. Select the applicable invoice on the right.
4. Click **New**.
5. In the **Payment Information** tab, select the **Payment Type** from the drop menu.
6. If this is an ATF payment, check **ATF**.
 - This includes cash, check, credit card, electronic, or other.
 - The **Check No.** will become available for an ATF check.

- Information on the **Accounting Transactions** tab will fill.
 - Verify the accounts and amounts, and ensure the debits and credits are equal.
 - The balance must be zero.
7. After selecting the payment type, complete the necessary and required information.
- Enter the **Payment Date**.
 - Enter the **Payment Amount**.
 - Enter a **Payment Code**. This is limited to 8 digits and must be unique.
 - When you edit or create a payment, it has to have a **Payment Code** to either pull up an existing payment or create a new one.
 - This can include letters, numbers, and symbols.
 - Select the applicable **Payment Method**. See "Payment Methods" for more information.
 - If withholding has been set up for federal and state, these fields will automatically have amounts. See "Vendor Setup" for more information.
 - Enter a **Memo**, if desired.
 - Select an electronic signature, if desired.
8. When the information is accurate, click **Save**.

1099 Payments

The **1099 Payments** screen allows for direct entry in the style of a 1099-MISC/NEC for 1099 vendors. Invoices are not required; however, invoices are made in "the background" for auditing purposes and will show up in the **Invoices** screen. The **1099 Payments** will show every payment record, including payments made in **Quick Payments** and **Invoice Payments**.

To use the **1099 Payments** screen:

1. Go to **Payables > Payments > 1099 Payments**.
 2. Click on the vendor in the upper left.
 3. Click **New**.
 4. In the **All Payments** tab, select either the 1099-MISC or 1099-NEC from the **Form** drop menu.
 5. Select the applicable **Payment Type** from the drop menu.
 6. If this is an ATF payment, check **ATF**.
 - This includes cash, check, credit card, electronic, or other.
 - Information on the **Accounting Transactions** tab will fill.
 - Verify the accounts and amounts, and ensure the debits and credits are equal.
 - The balance must be zero.
7. After selecting the payment type, complete the necessary and required information.
- Enter the **Payment Date**.
 - Enter a **Payment Code**. This can be up to 8 digits and must be unique.
 - When you edit or create a payment, it has to have a **Payment Code** to either pull up an existing payment or create a new one.
 - This can include letters, numbers, and symbols.


- If you have set up additional withholding and want to apply it, use the to choose the withholding.
 - Choose the applicable **Payment Method**. See "Payment Methods" for more information.
 - For the 1099-MISC, enter the appropriate amounts in the field(s) where you wish to see it on the form itself.
 - For the 1099-NEC, enter the appropriate amount in the **Nonemployee Compensation** field, and enter amounts in the other fields as applicable.
 - If withholding has been set up for federal and state, these fields will automatically have amounts. See "Vendor Setup" for more information.
8. When the information is accurate, click **Save**.

Batch Payments

Pay off multiple **Payables** invoice balances with one payment. This will pay off the remaining invoice balances versus paying a little off on each one. You must select at least one invoice to be included in the batch payment.


To pay off multiple invoices with one payment:

1. Go to **Payables > Payments > Batch Payments**.
2. In the **Vendor** data grid, click on the vendor you wish to apply the batch payment to.
 - The only vendors that will show here are ones who have invoices with a balance.
3. **Invoice Filter Options**
 - You can filter by invoice date using the **Use Date Range** option.
 - Enter the **Start Date** and **End Date** to pull up invoices for this date range.
 - You can filter invoices by using the **Invoice Status**.
 - Voided or paid invoices will not be shown here.
 - Select a status (or more) as applicable.
4. **Payment Amount**
 - This field cannot be edited and populates with the gross totals from invoices that are selected.
5. **Payment Options**
 - **Payment Type**
 - The **Payment Type** drop down will default to whatever has been chosen in the **Payment Method** drop down for that particular vendor under **Payables > Options > GL Account Numbers** or **Payables > Vendor Setup > GL Accounts**.
 - You can change the type in the drop down.
 - **ATF**
 - Check this option to made the payment after-the-fact (ATF).
 - ATF is when your client prints the employee or vendor payroll checks and provides you with the transaction data, which you enter into Drake Accounting for bookkeeping purposes.
 - You *do not* print live checks when doing ATF; you record they have been printed.

- **Payment Method**
 - This is set up under **Financial > Payment Methods**.
 - Click the  to set up a new payment method, if needed.
 - **Payment Date**
 - Select the date for the batch payment.
 - **Check Number**
 - This field is available when the **Payment Type** is **Check** and **ATF** is selected.
 - **Payment Code**
 - This must be unique for each payment created.
 - When you edit or create a payment, it has to have a **Payment Code** to either pull up an existing payment or create a new one.
 - This can include letters, numbers, and symbols.
6. **Direct Deposit**
 - The firm and the vendor must be set up for direct deposit to use this feature, and **Payment Type** must be **Check**.
 - Checking this option will have the payment (check) show in the **Transmit Direct Deposit** screen.
 - If you haven't checked "**Suppress Check Stub Printing for Direct Deposit**" (**Payables > Options**), you will need to print the checks under **Payables > Check Print**.
 7. **Withholding**
 - These fields cannot be edited and populate with the gross totals of federal withholding, state withholding, any additional withholding, and the net amount.
 - Withholding must be set up (**Payables > Vendor Setup > Withholding tab**) to see these fields.
 8. **Invoices tab**
 - Select the blank box to the left of the invoice to select it. You can select as many as needed.
 9. **Accounting Transactions tab**
 - Once you select an invoice on the **Invoices tab**, ensure transaction information on the **Accounting Transactions tab** is as it should be listed in the transaction journal.
 10. When all of the invoices that you wish to apply the payment to are selected, click **Save**.
 11. To view the payment that you made, go to **Payables > Payments > Invoice Payments**.

[How to Create Payables Payments from the Journal](#)

This allows you to create payments directly from the journal. An invoice is created for the transactions entered (**Payables > Invoices**).

1. Go to **Accounting > Transactions > Unposted**.
2. Enter an amount in either the **Debit** or **Credit** column.
3. Double-click the **Entity Code** field on the same line as the debit or credit you entered in Step 2.
4. The window that pops up will allow you to tie an entity to a transaction.
5. Click **Vendors** on the left.
6. Click the  and select **<New Payment>**.
7. Enter a payment code (that will be tied to the entity) into the **Payments** field and press **Enter**.

- This must be unique for each payment created.
 - When you edit or create a payment, it has to have a **Payment Code** to either pull up an existing payment or create a new one.
 - This can include letters, numbers, and symbols.
8. The transactions will show in the **Unposted** screen.
 9. Ensure transactions are correct and **Save** when finished.
 10. To view the invoice that has been created for these transactions, go to **Payables > Invoices**.

Setting up and Printing Blank Checks from Quick Payments

In Drake Accounting 2023, you will now have the ability to print checks with no amount (and if desired, no vendor/employee). For security purposes, this option is available to only **Owner** user levels to make the option available to others. See “Blank Check Reconciliation” below for more information about printing blank checks.


Required Options for Printing Blank Checks

To activate this option:

1. Be logged in as an **Owner**.
2. Go to **Firm > User Setup**.
3. Click the applicable **Owner** and go to the **Options tab**.
4. Check **Enable blank check printing**.
 - If you wish to make this option available to other users, click on the user in the data grid and go to the **Options** tab to check this option for them.
5. **Save**.

Printing a Blank Check from the Quick Payments Screen

After enabling blank checks to be printed and having Drake Accounting generate accounting transactions, follow these steps to print a blank check from the Quick Payments screen:

1. Go to **Payables > Payments > Quick Payments**.
2. On the right, check **Blank Check**.
3. Select the vendor from the **Pay to** drop menu, or select **Show Employees** to have employees created under **Employee Setup** show.
4. If using a vendor or employee, the vendor or employee must first be set up.
5. If needed, edit the **Check No.** and **Date**.
6. Enter a **Payment Code**.
 - This must be unique for each payment created.
 - When you edit or create a payment, it has to have a **Payment Code** to either pull up an existing payment or create a new one.
 - This can include letters, numbers, and symbols.
7. Check **Print Preview** to view the check before printing.
8. Once information is correct, click **Print**.
 - If using the **Print Preview**, click the  to print the check.

- If you are not using **Print Preview**, save the check as a PDF to a convenient location.
9. The check is listed under the **Check Register** (on the left) on the **Quick Payments** screen. See [“Payables Reports”](#) for more information about the **Blank Check Register** report.

Blank Check Reconciliation

You can print blank checks from the **Quick Payments** screen. If you wish for Drake Accounting to create transactions for the blank checks, the **Blank Check Reconciliation** screen allows you to fill out the details that were not filled for blank checks when they were created. Once the **Paid to** and the **Amount** fields are filled out on the **Blank Check Reconciliation** screen, Drake Accounting can create the necessary transactions (if needed) and an invoice for the vendor.

NOTE

For Drake Accounting to generate transactions, the option, **Generate Accounting Transactions**, needs to be checked (**Payables > Options**).

To be able to print blank checks, the option, **Enable blank check printing (User Setup > Options** for an Owner or Admin), needs to be checked.

Printing Vendor Checks

Once live payments have been scheduled from making a payment on the **Invoices** screen, the **Invoice Payments** screen, or the **1099 Payments** screen, they can be printed by going to **Payables > Check Print**. Refer to [“Check & Stub Options”](#) prior to printing Payables checks for the first time. Payables checks print using either pre-printed check stock or MICR technology. Refer to [“Check Designer”](#) for a full explanation.

NOTE

Place the check stock in the printer before starting this process.


When **Preview checks before printing** is selected, a separate file is created for each output selected. At least one output selection is required.

Printing Payables Checks

To print vendor checks, complete the following steps:

1. Go to **Payables > Check Print**.
2. Select the type of check stock being used: **Blank MICR** or **Preprinted**. Based on the selection, there will be a slight difference in options:

- **MICR Options** (not available if **Preprinted** was selected under **Type of Check Stock**):
 - **MICR Bank**
 - The bank information must be entered in **Setup > MICR Bank Accounts** to use this function. See "[MICR Bank Accounts](#)" for more information.
 - Select the bank from which these checks should be drawn.
 - The **Starting Check Number** field populates based on the **Next Check #** field in **Setup > MICR Bank Accounts**.
 - Edit the **Starting Check Number** to include leading zeroes (e.g. 002001) to meet bank field length requirements.
- **Preprinted Options** (not available if **Blank MICR** was selected under **Type of Check Stock**):
 - **Check Design**
 - The check designs created under **Financial > Check Designer** will display.
 - Enter the **Starting Check Number**.
- **Printer**
 - Drake Accounting automatically selects the printer specified as the default MICR printer in **Firm > Firm Information Setup** if one has not been established under **Firm > User Setup > Options tab**. See "[User Setup](#)" for more information.
 - Use the **Printer** list to temporarily override the default MICR printer selection.
 - Verify the selected laser printer has the proper toner for MICR printing.
 - Change the default MICR printer in the **MICR Printer** field in **Firm > Firm Information Setup** or in the **User Setup**.
- **Select Print Options**
 - Use this feature to print checks and stubs, or to print stubs only.
 - **Checks & Stubs** prints the check and stub on check stock.
 - **Stubs Only** prints a copy of the stub only (no check) on plain paper.
- **Check Info**
 - If you have not already, enter a **Check Date**.
 - By default, this is the current computer date.
 - The **Check Date** is used to determine the checks to display as "ready to print" in the bottom section of the **Print Checks** window.
 - Changing the **Check Date** changes the list of checks that are ready to print.
 - If a check is scheduled to be paid in the future based on the **Check Date** entered, that check will not be listed in the bottom section of the window. The **Check Date** is the date that prints on all checks printed during this session.
 - **Starting Check Number - Always verify this information before printing!**
 - If **Blank MICR** is selected under **Type of Check Stock**, the **Starting Check Number** field populates based on the **Next Check #** field in **Setup > MICR Bank Accounts**.
 - Edit the check number as needed to match your next check.

- If using pre-printed check stock, verify that the number in the **Starting Check Number** field matches the number on the first check placed in the printer. If more than one check is selected to be printed, the check numbers automatically advance for each check.
 - **Electronic Signature** — If an electronic signature has been set up (see [“Electronic Signatures”](#)), select the desired signature(s) from the drop menu.
 - **Type of Payment**
 - Select the **Type of Payment** to display paper vendor checks and/or unprinted direct deposit vendor payment stubs.
 - Consider printing direct deposit pay stubs first, then paper checks.
3. The list at the bottom of the screen displays checks scheduled for payment on the date shown in the **Check Date** field or are past due based on that date. These dates were assigned either when the invoice was entered or on the **Payables > Payments** screen. To display a different list of checks scheduled for print, edit the **Check Date** field. If a check is not listed, it may not have been entered as a live check.
 4. Select checks to print by clicking the box next to the desired checks or clicking the box next to the **Name** column header to print all checks.
 5. Optional: To view payables checks on your computer screen prior to printing, select the **Preview checks before printing** check box. Once selected, the option remains in effect until the check box is cleared. To print checks from the preview screen, select the Printer icon ().
 6. Click **Print**. If you are using MICR blank check stock, the Windows printer dialog box does not open. Change the MICR printer on the **Print Checks** dialog box. If you are not using MICR blank check stock, the Windows printer dialog box opens and provides the opportunity to change the printer used during this print session.

“Live” checks are those with a payment type of **Check**. Direct Deposit is considered a live check. All other payment types are “ATF” and will not be listed on the **Print Checks** screen.

NOTE

Select **Test print only** to test check alignment. Test checks print with a “Non-negotiable” watermark and no transactions are written to the transaction journal. The **Test print only** check box clears after a test print has been performed and you can then print the actual checks.

Once checks have been printed, they can be reprinted by going to **Payables > Check Print** and selecting **Reprint Checks**. See [“Reprinting Vendor Checks”](#).

[Additional Check Print Options](#)

1. Test Print Only

- Select this option to send the selected check to the printer as a test. Use this option to test check alignment.
- Printing test checks does not mark the check as printed and can still be printed from the **Print Checks** screen.

2. Check Setup

- Displays the **Setup > Check and Stub Options** screen.
- When check stub setup is complete, Drake Accounting returns to the **Print Checks** screen.

Reprinting Vendor Checks

Previously printed vendor checks and ATF vendor checks with a **Payment Type** of “Check” are listed on the **Reprint Checks** screen and can be reprinted as many times as necessary.

NOTE

Place the check stock in the printer before starting this process.

The journal entry for a previously printed check is not effected when a check is reprinted. The new check number and check date will not be listed in the journal. Drake Accounting does not keep track of the check stock for you.

To reprint vendor checks, complete the following steps:

1. Go to **Payables > Check Print** and select the **Reprint Checks** option on the right side of the screen.
 - The **Reprint Checks** screen is displayed listing all Payables checks that have previously been printed (including those entered as ATF Payables with a **Payment Type** of “Check”).
2. Select the **Type of Check Stock: Blank MICR or Preprinted**. If printing MICR checks, select the bank the check(s) should be drawn on.
3. Select the **Print Options**, the **Check Date**, the **Starting Check Number**, **Type of Payment**, and the **Electronic Signature** to be used (if applicable).
4. The list at the bottom of the screen displays vendor checks previously printed and invoices processed as ATF vendor checks with a **Payment Type** of “Check”. Click the box next to the vendor name to indicate the checks or stubs to be reprinted.
5. Click **Print**.

NOTE

If printing preprinted checks, make sure the **Starting Check Number** matches the next check to be printed.

If printing MICR checks, once the **MICR Bank** is selected, the **Starting Check Number** field populates with the **Next Check #**

in **Setup > MICR Bank Accounts**. Edit the **Starting Check Number** as needed.

Voiding Vendor Payments (Checks)

Live vendor checks that were previously printed can be voided. Voiding a vendor check reverses the transaction from the journal automatically. If Drake Accounting can't find the original transaction to reverse, a message appears, indicating that a manual reversal of the transaction in the journal is required.

To void a payment (check), complete the following steps:

1. Go to **Payables > Payments** and select either the **Invoice Payments** screen or the **1099 Payments** screen, depending where you originally created the payment.
2. Select the vendor.
3. Select the invoice or payment, depending which screen.
4. Locate the payment to void. Click a column header to sort the list of checks.
5. Click **Void**.
6. Click **Yes** to void the payment.

NOTE

Reversing entries are automatically made in the journal with a description of "Reversing".

Check Designer

See "Check Designer" (under Financial) for more information.

Transmitting Direct Deposit for Payables Checks

See "Transmitting Direct Deposits" (under Employees).

Processing Forms 1099-MISC/1099-NEC

IMPORTANT

In DAS 21 onwards, Drake Accounting will support one-transaction corrected 1099/1098 e-Filing.

Drake Accounting produces Forms 1099-MISC for vendors based on payments throughout the year. The vendor must be set up and have at least one check printed and dated in 2022 or an ATF check recorded with a check date in 2022. Only payments made with a check date in 2022 are included in the vendor's 2022 1099.

NOTE

To generate and print 1099s and 1096s “on the fly” (for clients who keep their own books and for those you’ve not entered vendor payments into Drake Accounting), see [“Forms 1099 and 1098 OTF”](#).

Forms 1099-MISC/1099-NEC must be “processed” before they can be printed or uploaded to the IRS. “Processing” prepares the 1099s to be printed and automatically generates the 1096.

NOTE

Prior to processing 1099s, all live vendor checks must be printed and ATF vendor checks created in the correct year.

If you will be uploading 1099 information to the IRS, after processing the 1099, go to **e-Filings > 1099/1098 > Create File** to generate the upload file. See [“Creating the 1099/1096/1098 Upload File”](#).

To process 1099-MISC forms, complete the following:

1. Go to **Payables > Federal Forms**. The 1099-MISC process screen is displayed.
2. Process 1099s either for all vendors at once (default) or individually.
 - Select the check box to the left of the **Name** column header to process forms 1099 for all vendors.
 - Clear the check box to the left of the **Name** column header, then select the individual vendors to process forms 1099 for just those select vendors.
3. Click **Process**. The processed forms 1099 are displayed one to a page.
4. If you wish to print forms 1099-MISC or 1096 at this time, proceed to the next step. If not, click **Save**. To print at a later time, go to **Tools > Review Reports** and select **Display Federal Reports (PDF)** from the drop menu .
5. Select the vendors from the list on the left side of the window you wish to print their 1099 by either:
 - Selecting the check box to the left of the **Name** column header to select all vendors.
 - Clearing the check box to the left of the **Name** column header, then selecting the vendors you wish to print their 1099-MISC.
6. To print form 1096, select **Print 1096** at the left of the window.
7. If an electronic signature has been set up, select the desired signature from the drop menu that should be used to sign the 1096. If electronic signatures have not been set up to be used with tax forms, the **Electronic Signature** drop menu will be empty.
8. Select the 1099 copies to print from the **Print Options** section:

- **Suppress if under filing requirements**
 - This option will suppress 1099s with compensation less than \$600.
- **Print one form per page**
 - This option will print one 1099 per vendor on each page.
- **Copy A**
 - This option prints a copy of the 1099-MISC for the IRS.
- **Other Copies All**
 - Use this option to select to print all copies other than copy A.
- **Other**
 - This option selects all copies to be printed, including copy A.
 - Clear any check boxes for copies you do not wish to print.
- **Form and Data**
 - This will print the 1099s with both the data and the form and is used for printing copies other than Copy A.
- **Data Only**
 - This option will print only the data and is used for the pre-printed red line forms.

Copy A and the 1096 must be printed on the pre-printed red line forms. The other copies can be printed on plain paper if you are using a laser printer.

NOTE


Refer to [“Adjust Tax Form Printing”](#) for information on adjusting printing alignment for the preprinted forms.

Order the red and white preprinted 1099 forms from an office supply company or the IRS.

9. Under **Print Type**, select to either print two 1099-MISC on a page or three on a page.
10. Either click **Save/Print** to save processed forms 1099-MISC and display them on your computer monitor in a PDF window or click **Save** to save the processed forms for printing at a later time. If the **Print 1096** check box is selected when you click **Save/Print**, the 1096 displays in a separate PDF window.

IMPORTANT

You must click either **Save/Print** or **Save** in order for the 1096 to be updated.

11. Click the  icon to print from the PDF window.

NOTE

For more options available at the client level for Forms 1099, go to **Client Setup > Federal Form Setup** tab.

Editing Forms 1099-MISC/1099-NEC

Forms 1099 must be processed before they can be edited. If the processed Forms 1099 are visible on your computer monitor, proceed to **Step 4** below. If the processed Forms 1099 are not visible on your computer, you must process again before editing a 1099. See "Processing Forms 1099-MISC" for more information.

To edit a 1099:

1. Go to **Payables > Federal Forms**.
2. Select the vendors, or select all, to reprocess their 1099-MISC
3. Click **Process**.
 - This step is not necessary if the forms are displayed on your monitor.
4. Double-click the vendor in the vendor list, use the **Find Vendor** drop menu at the top of the page, or page through the processed 1099s using the 1099 page tabs.
5. Make necessary edits directly into the appropriate fields.
6. If applicable, select either the **VOID** or **CORRECTED** check box on each processed 1099.
 - Do not select both boxes, as the IRS instructions state to not check the **VOID** box on the form if you are filing a correction on a paper form.
7. If you wish to print Forms 1099-MISC or 1096 at this time, proceed to **Step 8**. If not, click **Save**.
8. Select the vendors from the list on the left side to print their 1099-MISC/1096.

IMPORTANT

Corrected Forms 1099 cannot be e-filed through Drake Accounting.

Printing Forms 1099 and 1096

Refer to "Forms 1099 and 1098 OTF" if you wish to print 1099s without using any of Drake Accounting's Payables functions.

NOTE

Previously saved forms 1099-MISC and 1096 can be printed at any time by going to **Tools > Review Reports** and selecting **Display Federal Reports (PDF)** from the drop menu. Saved files are date and time stamped.



If printing for a single 1099, there will be a blank form where the second vendor's information would normally print. Forms 1099-MISC must be displayed on your computer monitor in order to be printed. In order to display on your monitor, Forms 1099-MISC may need to be reprocessed.

NOTE

Reprocessing forms 1099-MISC that have previously been processed and edited will result in the edits being overwritten.

To print forms 1099-MISC and 1096:

1. Go to **Payables > Federal Forms**.
2. Click **Process**. This step is not necessary if the processed forms 1099-MISC are being displayed on your monitor.
3. Select the vendors from the list on the left side of the form that you wish to print their 1099-MISC by either:
 - Selecting the check box to the left of the **Name** column header to select all vendors.
 - Clearing the check box to the left of the **Name** column header, then selecting the vendors you wish to print their 1099-MISC.

NOTE

You can also use the  and  buttons above the 1099 to view and switch between each 1099.


4. To print form 1096, select **Print 1096** at the bottom left of the window.
5. If an electronic signature has been set up, select the desired signature from the drop menu that should be used to sign the 1096. If electronic signatures have not been set up to be used with tax forms, the **Electronic Signature** drop menu will be empty.
6. Select the 1099 copies to print from the **Print Options** section:
 - **Copy A** — This option prints a copy of the 1099 for the IRS.
 - **Other Copies All** — Use this option to select to print all copies other than copy A.
 - **Other** — This option selects all copies to be printed, including copy A. Clear any check boxes as needed.
 - **Forms and Data** — This prints the data entered on the form in **Save/Print**.
 - **Data Only** — When printing the form, only the data will display in **Save/Print**.

NOTE

Copy A and the 1096 must be printed on the pre-printed red line forms. The other copies can be printed on plain paper if you are using a laser printer.

Refer to "[Adjust Tax Form Printing](#)" for information on adjusting printing alignment for the preprinted forms.

Order the red and white preprinted 1099 forms from an office supply company or the IRS.

7. Under **Print Type**, select to either print two 1099-MISC on a page or three on a page.
8. Either click **Save/Print** to save processed forms 1099-MISC and display them on your computer monitor in a PDF window or click **Save** to save the processed forms for printing at a later time. If the **Print 1096** check box is selected when you click **Save/Print**, the 1096 displays in a separate PDF window.
9. Click the  icon to print from the PDF window.

Payables Reports

To run these reports, go to **Payables > Reports** and choose the report you wish to run.

NOTE

The following reports have fake data and are for demonstration purposes only.

To see the other reports offered in Drake Accounting, go to "[Report Groups](#)" (under Reports Overview before the Appendix) and click on the applicable group.

Payables reports provide information about the client's vendors, open invoices, cash requirements, and payments. See "[Reports Options](#)" for more information about setting up specific options for these reports.

1. Vendor List
2. Open Invoices
3. Cash Requirements
4. Live Vendor Check Register
5. Vendor Payments Register
6. Vendor Card
7. Vendor 1099 Review
8. Scheduled Payments
9. Consolidated Check Register
10. Aged Payables
11. 1099 Control List
12. Blank Check Register
13. New Hire List

14. Worker's Compensation

Vendor List

This report displays basic information about each vendor for the current client.

Open Invoices

This report displays information about each vendor's open invoices that are due within the date range specified. Open invoices are those entered in Drake Accounting that are not paid in full and could be partially paid or not paid at all. The net invoice amount, the vendor's total number of open invoices with the invoices totaled, and the grand total of all open invoices for all vendors (amount, payments, and outstanding balance) is displayed.

Invoice ID	Invoice No.	Invoice Date	Amount	Due Date	Status	Payments	Balance
Name: <input type="text"/>		Vendor Code: 1000					
169		07/12/2021	1,000.00	07/12/2021	Unpaid	0.00	1,000.00
170		07/12/2021	1,111.00	07/12/2021	Partially Paid	555.00	556.00
Vendor Totals		2	2,111.00			555.00	1,556.00

Cash Requirements

This report displays the breakdown by client and by individual invoice of the amount required to pay each open invoice. Individual invoice due date, vendor name, and vendor code is also included.

Invoice ID	Invoice No.	Invoice Date	Invoice Amount	Balance Due	Daily Total	Required To Date
Due 07/12/2021						
Name: <input type="text"/>		Vendor Code: 1000				
169		07/12/2021	1,000.00	1,000.00		
170		07/12/2021	1,111.00	556.00		

Live Vendor Check Register

The report displays the check register for vendor checks printed based on a starting and ending date range. The total count for valid checks written, voids, and the total amount for valid checks written is included. Voided checks are included in the report but you can select to omit them from the report.

Vendor Payments Register

The report displays the payments that have been made to vendors for all payment types during the specified date range.

ATF	Check	Payment Type	Payment Date	Payee	Invoice ID	Invoice No.	Gross Amount	Fed WH	State WH	Net Pay
<input type="radio"/>	21	Check	07/27/2021		177		44,444.00	0.00	0.00	44,444.00
<input type="radio"/>	22	Check	07/27/2021		178		452,432.00	0.00	0.00	452,432.00
<input checked="" type="radio"/>	111	Check	07/12/2021		171		1,111.00	0.00	0.00	1,111.00
<input checked="" type="radio"/>										

Vendor Card

This report displays summarized information about each vendor for the current client.

Vendor 1099 Review

This report displays basic information about all 1099 vendors. It allows you to sort vendors by name or vendor code. You can select to **Mask SSN/Fed ID** or to **Suppress Amounts Less than \$600**.

Sort Options: Name ^ Vendor Code ^	
Company Name:	Vendor Code: 1000
Name:	Federal ID: ****2112
Address:	Phone: 2488569000
	Gross: 3,535.00
	Fed WH: 0.00
	State WH: 0.00
	Net: 3,535.00

Scheduled Payments

This report displays scheduled payments within a specified date range. Information includes balanced owed, net amount, invoice date, due date, and type of payment.

Vendor:		Invoice Date:	07/12/2021	Invoice Number:		
Status:	Partial	Due Date:	07/12/2021	Purchase Order:		
Amount Due:	1,111.00					
Description:						
Payments Scheduled:						
Voided	ATF	Date	Check Number	Net Amount	Type	Memo
<input type="radio"/>	<input checked="" type="radio"/>	07/12/2021	432	555.00	Check	
Balance Owed: \$556.00						

Consolidated Check Register

The report displays individual printed check information for employees and vendors using the specified date range. An employee total, a vendor total, and a grand total of both groups combined displays. Additional options are: **Include Employees, Live, and ATF**.

Aged Payables

The report shows a breakdown of overdue invoices, whether they are unpaid or partially paid.

				Overdue Period				
Invoice No.	Invoice Date	Due Date		1-30	31-60	61-90	91-120	121+
	07/12/2021	07/12/2021		0.00	0.00	0.00	0.00	1,667.00
Period Total				0.00	0.00	0.00	0.00	1,667.00
Vendor Total				1,667.00				

				Overdue Period				
Invoice No.	Invoice Date	Due Date		1-30	31-60	61-90	91-120	121+
	07/12/2021	07/12/2021		0.00	0.00	0.00	0.00	4,535.00
Period Total				0.00	0.00	0.00	0.00	4,535.00
Vendor Total				4,535.00				
Total Overdue				57,758.00				

[1099-MISC Control List](#)

This report includes totals from each box on the 1099-MISC, as well as vendors and totals.

Name	ID Number										Account Number
Box 1	Box 2	Box 3	Box 4	Box 5	Box 6	Box 8	Box 9	Box 10	Box 11		
Box 12	Box 13	Box 14	Box 15 (1)	Box 15 (2)	Box 16 (1)		Box 16 (2)	Box 17 (1)	Box 17 (2)		
0.00	0.00	3,535.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0.00	0.00	0.00	0.00	0.00	MI			0.00	0.00		
Totals											
0.00	0.00	3,535.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
0.00	0.00	0.00	0.00	0.00				0.00	0.00		

[The Blank Check Register Report](#)

This report includes reconciled and voided checks created on the **Quick Payments** screen. It also includes the user who printed the check and the date it was originally created.

[New Hire List](#)

This report displays a list of hires within the specified date ranges. Check Include 1099 Vendors to include the vendors who will receive a 1099. You can mask the **SSN/Fed ID**.

[Worker's Compensation](#)

The report displays individual printed check information for employees and vendors using the specified date range. An employee total, a vendor total, and a grand total of both groups combined displays. Additional options are: **Include Employees**, **Live**, and **ATF**.

Receivables Menu

Drake Accounting's Accounts Receivable (Receivables) module entails generating future cash receipts by allowing a customer to buy a product or service now and pay later. Use Receivables to create invoices for customers and generate monthly statements. This module allows you to define individual customer credit limits, payment terms, discounts, and penalties. A single payment can be applied to multiple invoices. Many Receivables reports are available, including past due and aged receivables reports.

Setting up Receivables

Before entering invoice information, complete the following set up information:

1. Complete setup options for Receivables (see "[Receivables Options](#)").
2. Enter state-, county-, and city-specific sales tax information (see "[Sales Tax Setup](#)").
3. Define the accounts that will be debited and credited for the various types of transactions. If the bookkeeping feature is not being used, this step is not required (see "[Receivables GL Account Setup](#)").
4. Invoice item setup (see "[Invoice Item Setup](#)").
5. Customer setup (see "[Customer Setup](#)").
6. Enter invoices and apply payments (see "[Receivables Invoices](#)").

Receivables Options

There are many options available when setting up Receivables. Set up the auto invoice numbering feature, service charge amounts, short and long dunning messages, payment terms, and customer status classification messages.

Complete information on the following tabs:

1. General Options Tab
2. Dunning Messages Tab
3. Customer Status Tab
4. Payment Terms Tab
5. Charges Setup Tab

[General Options Tab](#)

The **Generate Accounting Transactions** selection is required to have Receivables transactions automatically post to the transaction journal.

IMPORTANT

When this option is selected, you must also setup the **Receivables > GL Account Setup**. A chart of accounts must be set up prior to making this selection. The **GL Account Setup** is where all transaction types are associated with accounts in the chart of accounts.

To enter Receivables options, complete the following steps:



1. Go to **Receivables > Options > General Options tab**.
2. Complete the following fields:
 - **Journal Type**

- **Generate Accounting Transactions**
 - This option will automatically post to the Receivables transaction to the journal. See note above.
 - Select the applicable journal to post Receivables transactions to from the drop menu.
 - **Auto-Invoice Identifying**
 - **Auto Invoice Numbering**
 - Select this option to have Drake Accounting auto-increment the invoice number when a new invoice is entered.
 - This option is recommended since invoices must be entered using a unique number.
 - **Starting Invoice Identifier**
 - Specify the starting invoice number to use when Auto Invoice Numbering is selected.
 - This number must be between 1 and 99999999.
 - **Additional Options**
 - **Suppress Display of Inactive Customers**
 - Choose this if you do not want to see inactive customers.
 - **Automatically apply discount when early payment is made**
 - If you're processing a payment on an invoice that is within the payment terms, the **Apply Discount** checkbox on the **Payments** screen will automatically be selected.
 - **Customer Statement and Listing Options**
 - **Show Aged Beginning Balances on Customer Reports**
 - Check this box if you want the report to display the aged beginning balances.
 - **Invoice Report Options**
 - Select options like hiding separator lines, shipping information, salesperson and customer ID on invoice reports.
 - **Customer Statement Options**
 - Hide separator lines, invoice numbers and aging information on customer statements.
3. Click **Save** when finished or continue to the **Dunning Messages** tab.

Dunning Messages Tab


Dunning messages appear on monthly statements for each aging period past due. The message that appears on the statement is based on the number of days an invoice is past due.

To enter extended dunning messages of up to 375 characters in length:

1. Go to **Receivables > Options > Dunning Messages**.
2. Click the  to create a new message. Click the  to delete the message.
3. Select the appropriate date period on the left.
4. On the right, enter an extended dunning message for each aging period.
5. Click **Save** when all extended dunning messages have been entered.

Customer Status Tab



Use the **Customer Status** tab to create statuses that can be applied to customers created under **Receivables > Customer Setup**. Designate a customer status and corresponding message to appear in the **Status** field on the **Receivables > Invoices** screen when a customer is selected from the **Customer** drop menu. When a customer has a status of **Active**, no message displays. This message does not print on customer statements or invoices.

1. Click the  to create a new message.
2. Select **Active, Warning, Hold, Inactive, or Notify**.
3. Create a custom **Status Message**.
4. Click **Save** when finished or continue to the **Payment Terms** tab.
5. To apply the status to a customer, go to **Receivables > Customer Setup** and select the applicable customer. Set the **Status** to the message created in steps 2 and 3.

Payment Terms Tab

Payment terms and discounts for early payment can be set up in Drake Accounting. Once these terms have been set up, identify the terms that apply to each customer in **Customer Setup**. Go to **Receivables > Customer Setup**, select the customer, and on the **Customer Info** tab, select the desired terms from the **Terms** drop menu field. Terms specific to the customer appear on their invoices.

To set up terms, complete the following:

1. Go to **Receivables > Options > Payment Terms** tab.
2. Click the  to create a new payment term. Click the  to delete it.
3. Complete the following fields:
 - **Description**
 - Enter a description for the term.
 - **Discount Percent**
 - For all codes, enter the percentage of discount to be applied to an invoice when the invoice is paid in full within the number of days specified in the **Discount Days** field.
 - **Discount Days**
 - For all codes, enter the number of days after the invoice date that a customer will receive the early payment discount specified in the **Discount Percent** field.
 - **Due Days**
 - For all codes, enter the number of days after the invoice date that an invoice must be paid in full before it is considered delinquent.
 - This value must be equal to or larger than the number in the **Discount Days** field.
4. Click **Save** or continue to the **Charges Setup** tab.



Charges Setup Tab

Use the **Charges Setup tab (Receivables > Options)** to establish penalties and service charges to apply to receivables invoices. Once set up and you've created an invoice, you can apply the charges under **Receivables > Payments**. See "[Entering Service Charges and Penalties](#)" for more information.

NOTE


Penalties are typically fees for not paying on a balance due in a timely manner for a service or product, while **service charges** are additional charges related to the purchase of a product or service.

To establish service charges and penalties to apply to invoices:

1. Go to **Receivables > Options > Charges Setup tab**.
2. Click the  button to create a new charge or penalty.
3. Enter a description of the penalty or charge in the **Code** field.
4. From the **Type** drop down, select Service or Penalty.
5. In the **Based On** field, select to base the charge or penalty off **Dollars/Cents** or **Percents**.
6. Enter the amount in the **Amount** field.
 - If basing the charge on a percent, be sure to enter this amount as a percent in decimal form. For example, enter 5% as .05.
 - To delete a service charge or penalty, click on it and press .
7. Click **Save** when finished.

Sales Tax Setup

Enter state-, county-, and city-specific sales tax information. Create a sales tax record for each state in which you do business. If you do business in various counties within a state, a unique sales tax record is required for each county. This also is true for unique city tax rates.

To delete the record, click on it and press .

Example: You do business in the cities of Highlands and Franklin, both in Macon County, North Carolina. You should create two sales tax records, both showing North Carolina and the appropriate state sales Tax Rate and Macon County with the appropriate county Tax Rate. The City Names will show the two different cities and the city Tax Rate should be entered, even if the rate is the same for both cities.

If the sales tax is in use, it cannot be deleted.

NOTE

When the sales tax information is entered, run the **Sales Tax Summary** report to calculate the amount of sales tax owed each entity in which you do business. Go to

Receivables > Reports > Sales Tax Summary to run this report.

To enter sales tax records, complete the following:

1. Go to **Receivables > Sales Tax Setup** and click **New**.
2. Enter a **Sales Tax Code**. Sales tax codes are alphanumeric and can be up to 20 characters long. Once these codes are saved, these can be used in **Customer Setup** (to assign a default for each customer) and when entering/updating invoices.
3. Select the check boxes that are appropriate for the sales tax code being entered.
 - **Sales Tax Exempt**
 - The selected entity does not charge sales tax.
 - The sales tax information is removed from the record.
 - **Tax Code Inactive**
 - Select Tax Code Inactive when it should not be used.
 - Inactive codes do not appear as a choice when entering or updating invoices.
 - **Shipping Tax Exempt**
 - The selected entity does not charge sales tax on shipping charges.
4. Enter information for the recording of sales tax. When entering multiple records for a state or county, repeat the appropriate higher-level information.
 - **Name**
 - Enter a name for the sales tax.
 - **Tax Rate**
 - Enter the tax rate as a decimal. For example, a tax rate of 6% should be entered as 0.06.
 - **Maximum Taxable**
 - If there is a maximum amount that is subject to this county's or city's sales tax, enter that amount.
5. **Save** each record before entering the next.

NOTE

While the Name and Tax Rate for a State or County does not have to be entered for the City tax information to be used, it is recommended that all preceding entities be given names, even if the rates (or maximums) remain zero.

Receivables GL Account Setup


The client's chart of accounts is required to be established prior to associating receivables transaction types with debit and credit accounts. See "[Chart of Accounts](#)" for more information.

Once **Generate Accounting Transactions** has been checked and a journal type has been chosen under **Receivables > Options > General Options** tab (see "[Receivables Options](#)"), the **General Ledger**

Account Setup can be completed. Each transaction type must be assigned a debit and a credit account in order to keep the chart of accounts in balance.

Click **Reset** to revert to the last saved transaction type and debit/credit account combination. To delete a previously saved transaction type and debit/credit account combination, select the line in the grid and click the delete icon.

To assign debit and credit accounts to transaction types, complete the following:

1. Go to **Receivables > GL Account Setup** and click the  icon.
2. Select a **Transaction Type** from the drop menu which displays Transaction Type codes and Descriptions.
3. Enter a **GL Account Description** for the General Ledger Account you are creating.
4. Select the desired account from the drop menu for the **Debit Account** field.
 - A list of postable accounts from the Chart of Accounts displays.
 - If the account you are looking for is not listed, click **New Account** in the drop menu.
5. Select the desired account from the drop menu for the **Credit Account** field.
 - A list of postable accounts from the Chart of Accounts displays.
 - If the account you are looking for is not listed, click **New Account** in the drop menu.
6. Once the accounts have been set up, click **Save** when finished with the screen.

NOTE

If you are not using the Drake Accounting bookkeeping feature, proceed to "[Invoice Item Setup](#)".


Transaction Types

Setting up the client's chart of accounts is required before associating Receivables transaction types with debit and credit accounts.

IMPORTANT

The **Generate Accounting Transactions** option on the **Receivables > Options > General Options** tab ("[Receivables Options](#)") must also be enabled to use this feature. If that option is not enabled, a very limited list of transaction types are created automatically, but you can still enter Receivables transactions.

There must be at least one selection for a transaction type in order to get the full functionality of Receivables. All transaction types that will be used must be assigned a debit and credit account in order to keep the chart of accounts in balance.

Click **Reset** to revert to the last saved transaction type and debit/credit account combination. To delete a previously saved transaction type and debit/credit account combination, select the line in the grid to be deleted and click . Then click **Save** when entries are completed.

A **Transaction Type** can be used as many times as needed for specificity, provided the **GL Account Description** is unique.

NOTE


Make sure to assign debit and credit accounts for the **Transaction Types of Penalty, Service Charge, and Shipping Charge**, if these are to be applied.

A transaction type of CS – Sale (Cash) will not post to the journal when the invoice is created, regardless of the accounting method chosen. It will only post when a payment is made.

Under **Receivables > GL Account Setup**, the following transaction types are needed:

Description/Action for Receivables Invoices/Payments	Transaction Type Needed
Create an invoice	Sales Type (SA, SN, SS, BB)
Reverse an invoice	Reverse Sales Type (RE, RN, RS, RBB)
Make a payment in Payments or in Invoices on the fly	Payments Type (PA, PPA, RPAY, RPPA)
Write off a payment	Write Off Type (BD, RBD)
Issue a credit to an account	Credit Type (CR, RC, AD, RAD)
Issue an early payment discount	Early Payment Type (EP, REP)
Assess a penalty	Penalized Type (PN, RPN)
Make a service charge	Service Charge Type (SC, RSC)
Record invoice sales tax as being paid	Payment of Sales Tax (PST, RPST)
Add sales tax to the invoice	Sales Tax (ST, RST)

To assign debit and credit accounts to transaction types, complete the following:

1. Go to **Receivables > GL Account Setup** and click the  icon.
2. Select a **Transaction Type** from the drop menu.
3. Enter a **GL Account Description** for the transaction type being created.
4. Select the desired account from the **Debit Account** and **Credit Account** drop menus.
5. Once the accounts have been set up, click **Save**.

Invoice Item Setup

Before invoices can be entered, at least one invoice item must be set up in Drake Accounting.

Setting Up New Invoice Items

To set up new invoice items:

1. Go to **Receivables > Invoice Item Setup**.
2. Click **New**.
3. Complete information on the following tabs:
 - **Item Information** tab
 - **Quantity Pricing** tab (use if more than 5 quantity prices are needed for an item)
4. Click **Save**.

Editing a Saved Invoice Item

To edit a previously saved invoice item:

1. Go to **Receivables > Invoice Item Setup**.
2. Click on the item in the grid to be edited.
3. Make the desired edits on both the **Item Information** and **Quantity Pricing** tabs.
4. Click **Save** once all edits have been made.
5. To clear the item information from the dialog box and revert back to the information previously saved, click **Reset**. To delete an item, select the item in the Item grid and click **Delete**.

Item Information Tab

Enter the following information about each item:

1. **Item** (required) — Enter a unique item code. Item codes are alphanumeric and can be up to 20 characters long. Do not use spaces or any special characters.
2. **Description** — Enter an item description of up to 40 characters. This description is displayed on the **Invoices** screen when an extended description is not used.
3. **Type** (required) — Select whether this item is a **Service** or a **Product**.
4. **Tax Status** — Select the **Tax Exempt** check box if the item is non-taxable.
5. **Current Cost** — Enter the company's cost for this item.
 - **Pricing** — Enter either the single item price ("**Amount**") of the item, or the **Percent Markup** of the item. Eleven pricing levels are available.
 - For **Prices A – E**, select either **Amount** or **Percent**.
 - **Amount** – The actual amount charged for a single item.
 - **Percent Markup** – The percentage (0 – 0.99999) of the **Current Cost** to add to the **Current Cost** that will be charged per item. Enter as a decimal; must be less than one. If **Current Cost** is \$0.00 and **Percent** pricing is used, the item price displays

\$0.00 on the invoice. **Current Cost** must be entered in order to use the **Percent Markup** pricing option.

- Percent pricing is available for prices A - E only.

NOTE

Prices A – E can be assigned either an **Amount** price or a **Percent Markup** price; however, a single price (A – E) cannot use both **Amount** and **Percent** pricing. For example, **Price A** could use **Amount** pricing and **Price B** could use **Percent** pricing.

Quantity Pricing Tab

Use the **Quantity Pricing** tab if more than five bulk prices are needed and for setting up the dollar amount charged for multiple items (bulk pricing).

1. For **Prices F – P** on the **Quantity Pricing** tab, enter the **Quantity** and **Price**.
 - **Quantity** — The actual quantity (per each) in bulk.
 - **Price** — The actual dollar amount charged for the corresponding bulk quantity.

Customer Setup

Go to **Receivables > Customer Setup** to enter information about receivables customers. Receivables customer information must be entered for a customer before any invoice information can be entered for that customer.

Adding and Editing Customers

Adding a customer and editing an existing customer's setup is very similar. The primary difference is when setting up a new customer, you will need to assign that customer a unique **Customer Code**.

Adding a Customer

To add a receivables customer, complete the following:

1. Go to **Receivables > Customer Setup** and click **New**.
2. Enter a **Customer Code** (required). Customer codes are alphanumeric and can be up to 20 characters long.
3. **Complete information on the following tabs:**
 - **Customer Information** tab
 - **Invoice Options** tab
 - **Dunning Messages** tab
 - **Balance Beginning & Forward** tab
 - **Shipping Address** tab
 - **Notes** tab
4. Click **Save** after verifying the information on all tabs.

Editing an Existing Customer

1. Go to **Receivables > Customer Setup**.
2. Click a customer name from the list of customers.
3. Edit as needed.
4. Click **Save** when editing is complete.

Customer Snapshot

The **Customer Snapshot** under **Customer Setup** has been simplified to show the totals of invoices when a customer has been selected, as well the ability to view unpaid invoices and to view transactions associated with the invoices (if you have **Generate Accounting Transactions** checked under **Receivables > Options**). These links will not show unless there are transactions and unpaid invoices for the customer.

Customer Information Tab

1. Go to **Receivables > Customer Setup** and complete the **Customer Information** tab:
 - **Use Client Information** — Check this option to fill out applicable fields based on information that has been entered in Client Setup. Use the drop down to select the client.
 - **Customer Code** — Enter a code for the customer.
 - **Customer Name/First Name** and **Last Name** (required) — Enter the customer's company name in the **Name** fields, their first and last name, or both.
 - **Address 1** (required) — Enter the customer's billing address. Their shipping address can be entered on the Shipping Address tab.
 - **Zip** (required) — Enter the customer's zip code. This field is formatted after information is typed. The **City** and **State** fields autofill with information from the zip code database.
 - **Phone** (optional) — Enter the phone number for the customer.
 - **Contact** (optional) — Enter the name of the customer's contact person.
 - **Email** (optional) — Enter the email for the customer.
 - **Web Address** (optional) — Enter the web address for the customer if applicable.
 - **Email Invoice** — Check this option for a button on the Invoices screen to email the invoice. Settings must be set up under **Firm > Email Setup** to use this feature. See "[Email Setup](#)" for more information.
 - **Sales Tax Code** (optional) — Select the appropriate sales tax code for this customer using the drop menu. Sales tax codes are set up on the **Receivables > Sales Tax Setup** screen.
 - **Tax Exempt Number** (optional) — Enter the customer's sales tax exempt number, if they have one. This number prints on invoices and monthly statements.
 - **Credit Limit** (optional) — The **Credit Limit** is the maximum dollar amount of outstanding receivables the customer is allowed at one time.

Invoice Options Tab

1. **Account Type** — Select the **Account Type** as it applies to customer credit.
 - **Regular & Temporary** types do not track aging balances. Both imply the customer is not operating "on credit" (does not have a credit account). The intent of **Regular** is

to indicate regularly active customers without credit and **Temporary** indicates those customers who do not regularly place orders.

- **Balance Forward** — A balance forward customer is one that is entered into Drake Accounting with an outstanding balance. If selected, the aging balances on the **Balance Beginning & Forward** tab are activated to track the credit and aging balances for the customer.
2. **Invoice Type** — Select an invoice type. **Professional Invoice** is the default type of invoice and is the type used when no **Invoice Type** is selected for the customer. Select a different type of invoice for the customer if the Professional Invoice is not appropriate for this customer. Select either **Product**, **Service**, or **Professional**. A different invoice type can be selected when an invoice is entered for the customer. Also, the invoice type can be used as a filter when selecting invoices to print.
 3. **Terms** — Select the payment terms for this customer. Options in the drop menu are set up on the **Receivables > Options > Payment Terms** screen.
 4. **Discount Percent** — Enter the Discount Percent (a decimal value less than 1.00) to designate the percentage of discount to be applied to this customer's invoices. This discount can be used instead of or in addition to quantity discounts. (.25 = 25% discount).
 5. **Price Code** — Select a Price Code based on what has been set up in the Invoice Item Setup screen. See "Invoice Item Setup" for more information.
 6. **Service Charge** — If using a service charge, select the service charge **Code** and amount from the drop menu. Service charge codes and amounts are set up on the **Receivables > Options, Charges Setup** tab.
 7. **Status** — Set the **Status** to be displayed when entering an invoice for this customer. Valid statuses are: **Active** - This is the status for regular customers and no message displays. The other statuses are: **Warning**, **Hold**, **Inactive**, **Notify**, and **None**. When a customer is selected on the **Receivables > Invoices** screen, this status along with the message that was associated with this status on the **Receivables > Options, Customer Status** tab is displayed.
 8. **Ship Via** — Enter the preferred method of shipping to this customer. If entered, this is the default method used on each invoice for this customer.
 9. **Salesperson** — If a salesperson is assigned to the customer, select the sales person from the drop menu. Employees set up under **Employees > Employee Setup** are in the list. Click the **Show Vendors** check box to include vendors set up under **Payables > Vendor Setup** in the **Salesperson** drop menu.
 10. **Division** — Select the division of which the customer is a member. Divisions are set up in **Client > Edit > Divisions**.

Dunning Messages Tab

Individualize each customer by picking and choosing which dunning messages to apply. Check **Dunning Notices** and select which messages to apply to the customer. The messages for each time period (e.g., 0-30 Days) are initially set up under **Receivables > Options > Dunning Messages**. (See "Receivables Options" for more information.)

Balance Beginning & Forward Tab

All of the information on this tab is calculated by Drake Accounting. Manual entries cannot be made on this tab.

1. **Beginning Balances**
 - **Beginning Balance Date** — This is the date associated with the **Amount Owed**.
 - **Amount Owed** — This is the amount owed by this customer.
2. **Balance Forward Aging**
 - **Current** — The total of all invoices for the current month.
 - **Aging Periods (1-30, 31-60, 61-90, 91-120, Over 120 Days)** — These fields reflect the balance forward amounts outstanding for the given number of days past the due date of the customer's invoices.
 - **Balance Forward** — The total of the past due invoice amounts (1 through 120+ days).
 - **Balance Current** — The amount owed but not due.

Shipping Address Tab

Enter the customer's shipping information (**Contact, Address, Phone Number, and Sales Tax Code**). If the **Shipping Address** for this customer is the same as the address entered on the **Customer Information** tab, select the **Use Customer Address** check box.

Notes Tab

Use this tab to enter miscellaneous information about the customer. Type information about the customer directly into the field below the tabs. Use bold, italics, or underline as desired. These notes will be available next to the customer's name in the **Customer Setup** screen.

Receivables Invoices

NOTE

It is not possible to keep record of a payment when deleting an invoice. If an invoice is deleted but the information is needed, all information would need to be re-entered.

Entering Receivables Invoices

IMPORTANT

Editing the prefilled fields on the **Invoices** dialog box affects this invoice only. To make permanent edits to this information, refer to the appropriate Receivables setup screens.

Throughout the Receivables module, if the Transaction or Transaction Type drop menu does not include an appropriate transaction type, go to **Receivables > GL Account Setup** and add the needed transaction type. If the option **Generate Accounting Transactions** is not selected (**Receivables > Options**), you will need to use the transaction types provided and will not be able to add additional transaction types.

To enter invoice information, complete the following steps:

1. Go to **Receivables > Invoices**.
2. Select the customer for the invoice from the customer list in the top left of the window.
3. Click **New**.
 - Many of the fields on the Invoices dialog box autofill with information previously set up for the selected customer.
4. Complete the field information:
 - **Invoice**
 - **Invoice Number**
 - The next **Invoice Number** displays if the option to auto-increment this number was selected during set up (**Receivables > Options > General Options, Auto Invoice Numbering**).
 - If **Auto Invoice Numbering** was not selected, enter an invoice number.
 - If you manually enter an invoice number and **Auto Invoice Numbering** is turned on, the next invoice will auto-increment to the following invoice number greater than the one entered.
 - Do not enter a previously used invoice number.
 - **Invoice Date**
 - The Invoice Date defaults to today's date for use in the calculation of aging information; edit the date as needed.
 - **Invoice Type**
 - The Invoice Type flows from the customer's setup; change the **Invoice Type** if appropriate for this invoice.
 - **Invoice Transaction**
 - Select a Transaction Type from the drop list that identifies the majority of items on this invoice.
 - Once a transaction type is selected, and the invoice saves, the same transaction type applies to the next new invoice entered (until the Invoices window closes).

NOTE

A transaction type of CS – Sale (Cash) will not post to the journal when the invoice is created, regardless of the accounting method chosen. It will only post when a payment is made.

- **Terms**
 - The payment terms flow from the **Customer Setup**, but you may select a different term for this invoice.
 - Terms are set up by going to the **Payment Terms Tab (Receivables > Options)**.
- **Due Date**
 - Select a due date for the invoice.
- **Customer Information**
 - **Credit Limit**
 - This information pulls from what has been entered on the **Customer Information tab of Customer Setup**.
 - **Status**
 - This information pulls from the status that has been selected on the **Invoice Options tab of Customer Setup**. The status is originally created under **Receivables > Options > Customer Status tab**.
- **Sales Tax**
 - The **Tax Code** field fills based on the tax code selected during the customer setup.
 - The State, County, and City sales tax rates associated with the selected **Tax Code** is displayed.
 - Select a different Tax Code as needed for the invoice.
 - Edit individual State, County, or City tax rates as needed by entering a decimal value less than one (0.05 equals a 5% sales tax rate).
 - The **Total Rate** adds up the rates that have been entered under the **Sales Tax Setup**.
 - Select a **Sales Transaction**. If you need to create a new transaction type, select **<New Account>**.
- **Return Invoice**
 - Select a **Return Transaction Type** from the drop list. If you need to create a new transaction type, select **<New Account>**.
 - Select the date of the return.
- **Payment**
 - If the Payment Type is “Check”, enter the Check Number (if known).
 - If a payment is received when making a sale, select the **Payment Type**, enter the payment amount in the **Payment Received** field, and select the **Transaction** type.
 - Select the **Transaction** type based on the majority of items sold on the invoice.

At least one **Invoice Line Item** must be entered prior to entering the **Payment Received** amount (see "Invoice Item Setup").




NOTE

Full or partial payments can be entered. If a partial or no payment is entered on the **Invoices** screen, make additional payments by going to **Receivables > Apply Payments** (see "Applying Receivables Payments").

It is important to tab through the end of each invoice line item so that totals, tax, and discounts can be calculated correctly.

Invoice Line Items Tab

The Invoice Line Items section of the Invoice screen has different fields for Product Invoices and Service/Professional Invoices. Add one or more line items to an invoice by completing these steps:

1. Click the  icon. Choose to insert an item that has been previously set up or an on-the-fly item that will not be saved in the **Invoice Item Setup** screen.
2. Double-click the cell below Product Code and select the item or service to include in the invoice from the Product Code window.
 - It is important to tab through the end of each invoice line item so that totals, tax, and discounts calculate correctly.
3. All field values are editable except the Extended Price (product invoice), and Tax (product invoice). Input for the Quantity is required.
4. Click the  to continue adding line items to the invoice. To delete a line item, select the item and click the  icon.
5. Click **Save** once invoice entry has been completed, or continue to the **Sold To/Shipping Information Tab** if any shipping or billing information needs editing for this invoice.
- 6.

Sold To/Shipping Information Tab

The information on this tab flows from the **Customer Setup** (Shipping Address tab) and should not normally need editing.

1. Complete the following fields:
 - **Sold To**
 - Edit any of the customer billing information as needed for this invoice. If the information previously set up is appropriate for this invoice, no edits are required.
 - **Ship To**
 - Edit the customer shipping information as needed for this invoice. If the information previously set up is appropriate for this invoice, no edits are required.

- **Ship Date**
 - Select the date the order is scheduled to ship to the customer. The current date is the default shipping date.
 - **Ship Via (Optional)**
 - The shipping method flows from the Ship Via field in the customer's setup (**Receivables > Customer Setup > Customer Information**). Change the shipping method as needed for this invoice.
 - **Order Taken By (Optional)**
 - Use the drop list to select the person that took this order.
2. Edit any of the "Sold To" and "Ship To" contact information as needed.
 3. Upon entering all items for this invoice, you can print the current invoice by clicking Print (optional), then click Save.
 4. To view invoices on your computer screen before printing, select the Print/Preview Invoice on Save check box. Once selected, the option remains in effect until clearing the check box.

Emailing Receivables Invoices



Once the Receivables module is completely set up, the customer has been created, and the invoices have been generated, to email invoices from within Drake Accounting to customers:

1. Be sure you have a working email set up under **Firm > Email Setup**.
 - See "Email Setup" for more information.
2. Go to **Receivables > Customer Setup** and make sure:
 - The customer has a valid email in the **Email** field.
 - **Email Invoices** is checked on the right.
3. Go to **Receivables > Invoices**.
4. Click on the customer (left) and the invoice (right).
5. Click the **Email** button on the right.
6. Enter a subject, an optional message, and click **Send**.
 - To view the invoice before sending it, click **View**.
7. With the email successfully sent, you will see a dialog box that says the message was successfully sent to the email provided.

Updating Invoices

Update invoices to change any of the information on a saved invoice. To update a saved invoice, complete the following:

1. Go to **Receivables > Invoices**.
2. Select the customer for the invoice from the customer list.
3. Select the invoice to edit. Details of the selected invoice are displayed.
4. Edit the information as needed.

5. To edit a line item, on the **Invoice Line Items** tab, select the field to edit in the grid at the bottom of the window and make changes as needed. All field values can be edited except the **Extended Price** (product invoice), and **Tax** (product invoice).
6. Invoice line items can also be added and deleted. To add a line item, click the  icon and enter the item information. To delete a line item, select the item to delete and click the  icon.
7. Click **Save**.

Deleting Invoices

See "Processing Credits" if a payment has been made on the invoice to be deleted. An invoice cannot be deleted if a payment for that invoice has already been processed.

NOTE

It is not possible to keep record of a payment when deleting an invoice.

If the bookkeeping feature is being used when deleting an invoice, Drake Accounting makes a reversing entry for the entire invoice in the journal.

To delete a saved invoice, complete the following:

1. Go to **Receivables > Invoices**.
2. Select the customer for the invoice you wish to delete.
3. Select the Invoice to delete.
4. Click **Delete**. Click **OK** to confirm the deletion.

Batch Printing Invoices

To batch print invoices, go to **Receivables > Reports**. From the **Receivables Report Group**, select **List of Invoices**. Choose an **Invoice Type** and select the invoice(s) you wish to print by checking the box next to the invoice.

Taking Returns

Before taking a return on an invoice that a payment has been made on, you should refund *all* money paid on the invoice. See "Processing Credits" for information on giving refunds. Deleting the returned invoice item from the invoice is optional.

Do not process a return on an invoice if a partial refund has been processed.

NOTE

A reversal of the invoice transaction is automatically made to the journal (provided the **Generate Accounting Transactions** option is enabled. (See "Receivables Options" for more information.)

To take a return, complete the following:

1. Go to **Receivables > Invoices**.
2. Select the customer for return.
3. Select the invoice with the item to return.
4. Select the **Return Transaction Type**. You must take a return for an entire invoice rather than line items from an invoice. Click **<New Account>** to bring up the **General Ledger Account** window to create an applicable account. (See "Receivables GL Account Setup" for more information.)
5. Enter the **Return Date**. When the invoice is saved, Drake Accounting makes a reversing entry in the journal.
6. Click **Save**.

Applying Receivables Payments

Apply Accounts Receivable payments to a single outstanding invoice or multiple invoices. Payments are applied toward a specified invoice and not as a general payment to count toward the customer's outstanding balance.


NOTE

To assist in locating the invoice to pay, select either the **All Invoices**, **Open Invoices**, or **Date Range** (and enter the invoice date range) option to filter the invoices that are displayed for the selected customer.

The amount in the **Invoice Total** column is the full amount of the invoice. The amount in the **Balance** column is equal to the **Invoice Total** less any payments and credits, plus service charges and penalties.

To apply payments and credits, complete the following:

1. Go to **Receivables > Payments > Invoice Payments** to make a single payment, or go to **Batch Payments** to pay off multiple invoices with one payment.
2. Select the customer from the customer list.
3. Click on the invoice that the payment should be applied toward.

4. Click the  in the **Payments** section (bottom left).
5. Enter the payment date using the **Transaction Date** drop menu.
6. Enter the amount of the payment in the **Payment Received** field.
7. Select the payment method from the **Payment Type** drop menu. If the **Payment Type** is **Check**, enter the **Check Number** (if known).
8. Use the **Payment** drop menu to select the **Transaction Type** for the payment (required). Click **<New Account>** to bring up the **General Ledger Account** window to create an applicable account. See "Receivables GL Account Setup" for more information.
9. Click **Save**.

NOTE

A transaction type of CS – Sale (Cash) will not post to the journal when the invoice is created, regardless of the accounting method chosen. It will only post when a payment is made.

Receivables Batch Payments

Pay off multiple Receivables invoice balances with one payment. This will pay off the remaining invoice balances versus paying a little off on each one. You must select at least one invoice to be included in the batch payment.


To pay off multiple invoices with one payment:

1. Go to **Receivables > Payments > Batch Payments**.
2. Click on the **Customer**.
3. If you wish to look for specific invoices for a particular date range, check **Use Date Range** and enter the **Start Date** and **End Date**.
4. Select the invoices you wish to pay off.
5. Select the **Payment Type** from the drop down.
6. Enter the **Payment Date**.
7. If using a check, enter the **Check Number**.
8. Select the applicable **Transactions Type** from the drop down.
 - a. Select **<New Account>** if you need to make a new one. This will bring up the **Receivables General Ledger Account Setup** screen.
9. Select the applicable **Sales Tax Transaction**.
 - a. Select **<New Account>** if you need to make a new one. This will bring up the **Receivables General Ledger Account Setup** screen.
10. Click **Save**.

Making an Adjustment


Adjusting entries can be made to correct an incorrectly entered payment, credit, or just about anything else regarding an invoice. This option will not work with bad debts.

To make an adjusting entry, complete the following:

1. Go to **Receivables > Payments > Invoice Payments**.
2. Select the customer from the customer list.
3. Click on the invoice that the adjustment should be applied to.
4. Click the  in the **Payments** section (bottom left).
5. Enter the refund date using the **Transaction Date** drop menu.
6. Enter the amount in the **Credit** field.
7. Select the transaction code from the **Credit** drop menu.
8. Enter a note regarding the credit (optional).
9. Click **Save**.

Processing Credits

To process a credit for a payment made on a receivables invoice, complete the following:

1. Go to **Receivables > Payments > Invoice Payments**.
2. Select the customer from the customer list.
3. Click on the invoice that the refund or credit should be applied on.
4. Click the  in the **Payments** section (bottom left).
5. Enter the refund date using the **Transaction Date** drop menu.
6. Enter the amount in the **Credit** field.
7. Select the transaction code from the **Credit** drop menu.
8. Enter a note regarding the credit (optional).
9. Click **Save**.


Writing off Bad Debt

There may be times when all of the unpaid portion of an outstanding invoice may need to be written off.

NOTE

Drake Accounting assumes the write off amount is the full amount of the selected invoice's outstanding balance.

To make a write-off entry, complete the following:


1. Go to **Receivables > Payments**.
2. Select the customer from the **Customer** list.
3. Select the invoice to write off.
4. Click the  in the **Payments** section (bottom left).
5. Select the **Write Off** check box. The invoice total and the amount of the write off are displayed.
6. Select the transaction type from the **Transaction** drop menu. Click **<New Account>** to bring up the **General Ledger Account** window to create an applicable account. See "[Receivables GL Account Setup](#)" for more information.
7. Enter the date of the write-off using the **Transaction Date** field.

8. Click **Save**.
 - The amount of the write-off is deducted from the **Invoice Balance** and the customer's **Total Amount Owed**.

Reversing and Correcting a Payment

How you go about correcting a payment depends on if you are using the bookkeeping option (the **General Accounting Transactions** option is select under **Receivables > Options > General Options**). Correcting a payment when the bookkeeping option is being used requires two separate transactions: one to reverse a prior payment and one to enter the corrected payment amount.

To correct a payment amount, complete the following:

1. Go to **Receivables > Payments > Invoice Payments**.
2. Select the customer from the **Customer** list.
3. Select the invoice with the payment to reverse or correct.
4. Click the  in the **Payments** section.
5. Enter the **Transaction Date**.
6. Enter the amount of the payment to reverse in the **Payment Received** field.
7. Select the appropriate reversing transaction type from the **Payment** drop menu to the right of the **Payment Received** field. See "[Receivables GL Account Setup](#)" for more information.
8. Select the **Payment Type**.
9. Click **Save**.
 - The amount of the reversed payment is added back to the **Invoice Balance** and the customer's **Total Amount Owed**.
10. Next, enter the correct payment information. See "[Applying Receivables Payments](#)"


Entering Service Charges and Penalties

Add and remove service charges and penalties to individual customer invoices.

NOTE

Service Charge and Penalty transactions write automatically to the journal when the Drake Accounting bookkeeping is used.

To enter service charges and penalties, complete the following:


1. Go to **Receivables > Payments > Invoice Payments**.
2. Select the customer from the **Customer** list.
3. Select the invoice with the service charge or penalty to be reversed.
4. Click the  in the **Payments** section.

5. Enter the date of the service charge or penalty using the **Transaction Date** field.
6. Enter the amount of the service charge in the **Service Charge** field and select the transaction code from the **Service Charge** drop menu.
7. Enter the amount of the penalty in the **Penalty** field and select the transaction code from the **Penalty** drop menu.
8. Enter a note for informational purposes (optional).
9. Click **Save**.

Reversing Service Charges and Penalties

Reverse service charges and penalties line items from individual customer invoices.

To reverse a service charge or penalty from an invoice, complete the following:

1. Go to **Receivables > Payments > Invoice Payments**.
2. Select the customer from the **Customer** list.
3. Select the invoice with the service charge or penalty to be reversed.
4. Click the  in the **Payments** section.
5. Enter the date of the reversal using the **Transaction Date** field.
6. Enter the amount of the service charge to reverse in the **Service Charge** field and select the reversing transaction code from the **Service Charge** drop menu.
7. Enter the amount of the penalty to reverse in the **Penalty** field and select the reversing transaction code from the **Penalty** drop menu.
8. Select the appropriate transaction type from the **Credit** drop menu.
9. Click **Save**.

Receivables Bank Deposit Screen

Go to **Receivables > Bank Deposit** to create a bank deposit slip based on payments made in the **Receivables** module. You will be able to print a report that shows total amounts for cash and checks. Creating a bank deposit slip from this screen does not generate any accounting transactions.

Receivables Reports

NOTE

To run these reports, go to **Receivables > Reports** and choose the report you wish to run.

The following reports have fake data and are for demonstration purposes only.

To see the other reports offered in Drake Accounting, go to "[Report Groups](#)" (under Reports Overview before the Appendix) and click on the applicable group.

Receivables reports provide information about the client's customers, allow for batch printing of invoices and customer statements, past due reports, aging reports, and sales tax reports. See "[Reports Options](#)" for more information about setting up specific options for these reports

1. Customer List
2. List of Invoices
3. Customer Statements
4. Past Due Invoices
5. Aged Receivables
6. Sales Tax Record List
7. Sales Tax Summary
8. Transaction Record

[Customer List](#)

The report displays detailed information about each customer or for an individual customer of the current client. This includes their status, billing and shipping addresses, discount rate, credit limit, debit and credit year-to-date amounts, and their current balance. Select an **End Date** or to **Only show customers with invoices through the end date**.

[List of Invoices](#)

Use this report to batch print invoices. Select to display either **Product Invoices, Service Invoices, or Professional Invoices**. Next, select the invoices to print. Click the box to the left of the **Number** column header to print all invoices of the selected invoice type or click the individual boxes to the left of each invoice number to print specific invoices.

[Customer Statements](#)

Use this report to batch print customer statements. To run the report, go to **Receivables > Reports > Customer Statements**. Select the customer(s) you wish to print statements for and the date range to be covered by the printed statement.

[Past Due Invoices](#)

This is a past due aging report for all customers with an outstanding balance. Select the cutoff date for the report. The amount past due for each client 1-30 days, 31-60 days, 61-90 days, 91-120 days, and over 120 days as well as the total for all clients for these aging periods displays. To run the report, go to **Receivables > Reports > Past Due Invoices** and select the cutoff date for the report.

Aged Receivables

This report lists every invoice with a balance due by customer and includes the amount current and overdue. The number of invoices past due are counted and totaled by aging periods. Totals of all invoices past due by aging period are included.

<div style="border: 1px solid black; width: 150px; height: 25px; margin: 0 auto;"></div> Aged Receivables 09/13/2021 8:30:34 AM										
Customer Code	Customer Name									
213	test biz									Days Overdue
Invoice No.	Invoice Date	Invoice Due Date	Current Amount	Amount Overdue	1-30	31-60	61-90	91-120	121+	
1	07/16/2021	07/16/2021	4,800.00	0.00						
Totals:			4,800.00	0.00						
4										Days Overdue
Invoice No.	Invoice Date	Invoice Due Date	Current Amount	Amount Overdue	1-30	31-60	61-90	91-120	121+	
132	07/16/2021	07/16/2021	0.00	2,000.00		x				
Totals:			0.00	2,000.00						
				1 Invoice(s) Past Due 31 - 60 Days						2,000.00
Final Total Summary										
										2 Invoice(s) Past Due 31 - 60 Days
										2,000.00
			Total Current Amount	\$4,800.00						
			Total Past Due Amount	\$2,000.00						

Sales Tax Record List

The report displays detailed information about each sales tax record set up at **Receivables > Sales Tax Setup**.

Sales Tax Summary

This report displays detailed information about the amount of sales tax charged customers during a specified date range. This report is useful in determining the amount of sales tax to pay each state, county, and city. Totals for each column and total sales tax are included. Include information about selected tax codes or all tax codes. To run the report, go to **Receivables > Reports > Sales Tax Summary**.

Transaction Record

This report lists invoice numbers and dates, along with payment date, transaction types, and payment methods. It also shows the current balance due, invoice totals, and amounts paid. You can filter the

report to show **All Invoices** or **Open Invoices**, or you can filter by the **Invoice Date**. You can also have reports with no payments show on the report.

Tools Menu

This section reviews the various tools and utilities offered in Drake Accounting.

Program Updates

Drake Accounting looks for "patches" each time the program is started. These patches are updates for your Drake Accounting program. If updates are found, they are downloaded and installed. Use **Tools > Program Updates** to manually update the Drake Accounting program files on your computer.

Please note the important information below if you are on a "NWClient.exe" setup or a peer-to-peer setup.

IMPORTANT

An Internet connection is required for update installation.

If you are on a network with a "NWClient.exe" setup, everyone on the network must be out of the program to install an update, and updates must be installed from the original computer that Drake Accounting was installed on. Any station that is using the "NWClient.exe" does not patch.

If you are on a peer-to-peer network, any computer on the network is able to get updates, but everyone must be out of the program to install the updates.

To review the details about a particular update, see "[Patch Notes](#)" for more information.

Complete the following steps to download and install updates:

1. Go to **Tools > Program Updates**.
 - If the program is up-to-date, you will receive a message indicating that the latest updates have been installed.
2. If there are updates available, click **Update**.
 - Updates are downloaded and installed into your Drake Accounting program.
 - If no updates were found, click **Exit**.

Printing Blank Forms

Many blank federal and state forms can be viewed and printed in Drake Accounting. Some forms are supplied for informational purposes only. Not all forms available for viewing and printing are approved for filing purposes.

To view or print blank forms:

1. Go to **Tools > Blank Forms**.
2. Select the type of form to print, either **State** or **Federal** forms.
 - For **State** forms, select the state from the drop menu, and then choose the specific form
 - For **Federal** forms, select the form type from the drop menu, and then choose the specific form.
3. To print the form, click **Print**.

Drake Documents

Drake Documents is installed with the Drake Tax program. Once the current version of Drake Tax is installed, the Drake Documents tab in **Client Setup** becomes available. See "[Creating a New Client](#)" for more details.

NOTE

Drake Accounting is compatible with the **Archive Cabinet**, not the **Working Cabinet**. It is recommended that you also set Drake Tax to use the Archive Cabinet. This ensures the Drake Documents desktop icon will open the Archive Cabinet, as the icon will open the default Cabinet selected in Drake Tax.

If you are using Drake Accounting and Drake Tax, this ensures that documents from both programs are stored in the same location. If you change Drake Documents settings, the change is effective for both Drake Accounting and Drake Tax.

Visit Drake Accounting's [Knowledge Base](#) for more information about Drake Documents.

Use Drake Documents to create an organizational file structure for storing electronic documents such as PDF copies of reports and tax returns generated in Drake Accounting. Drake Documents is organized as a three-level system. Think of it as a virtual filing cabinet with drawers and folders in the drawers: Level 1 is the cabinet; Level 2 is the drawer; Level 3 is the folder. Folders may also have subfolders. The actual documents reside in the folders and subfolders.

To access Drake Documents from Drake Accounting go to **Tools > Drake Documents**.

Documentation for Drake Documents can be found in the *Drake Software User's Manual*. To access the *Drake Software User's Manual*, go to the Drake Support website (Support.DrakeSoftware.com), and under **Support**, select **Documents**. In addition, you can visit Drake Accounting's Knowledge Base for more information about Drake Documents.

Activating Drake Documents in Drake Accounting

To set up Drake Documents in Drake Accounting:

1. In Drake Accounting, go to **Client > Edit**.
2. Go to the **Drake Documents Options** tab.
3. Click **Use Drake Documents**.
4. Select the Drake Documents location and confirm that it is displayed in blue in the selection window.
 - If a location is not displayed, setup cannot be completed.
 - Your choices are limited to installed locations of Drake.
 - Selection is necessary to link Drake Accounting to the Archive Cabinet executable files in the Drake folder.
5. Choose how files will be saved to the Drake Documents:
 - **Automatically save documents to the Document Manager** allows Drake Accounting to save files to the client's Drake Documents folder without prompting you.
 - **Manually select documents to save to the Document Manager** requires you to respond to a yes/no prompt before Drake Accounting will save files to the client's Drake Documents folder.
6. Confirm that you can open Drake Documents from Drake Accounting by going to **Tools > Drake Document Manager**.
7. Respond to the login prompt (if you have set an ADMIN password in Drake Tax, enter the password; otherwise, leave the **Password** field blank).
8. Your documents are correctly saved in Drake Documents.

Archive Manager Options

1. In Drake Accounting, go to **Tools > Drake Documents**.
2. Select **Setup > Options** to review the **Drake Document Options** dialog box.
 - In the example here, the Archive Cabinet was previously selected in Drake Tax as the default Cabinet.
 - **Use Archive Cabinet** must be selected for the **Archive Cabinet Data Path** to be displayed.

Printing Mailing Labels

Print batch or single mailing labels using either label sheets or a strip label printer. The mailing label option is designed to print to a dedicated label maker using 3 1/2 X 1 1/8 inch labels on rolls. This function will not work with label sheets used in an ordinary printer.



Batch print mailing labels for clients, employees, vendors, or customers. You can print single mailing labels by typing an address not already entered in Drake Accounting. You can also customize labels before printing them.

NOTE

Printing labels with the “Dymo Turbo 450” Label Type will cause each (employee, vendor, or customer) label to print on a separate page.

Blank spaces in the **Label Preview** will not display when clicking **Print**.

To print mailing labels, complete the following steps:

1. Go to **Tools > Mailing Labels**.
2. Choose a category: **Employees, Vendors, Customers, or Clients**. Based on selection, applicable individuals will show under the **Label List** section.
3. To have the **Label Preview** (on the right) fill in with information, click the applicable individual.
4. You can do a one-time edit on the **Label Preview**, such as changing an address, but the change will not flow to the applicable setup (employee, vendor, customer, or client).
 - To make permanent changes, go to the applicable setup and make the changes, saving when finished.
5. Select the number of labels to print on one page with **Number of copies**.
 - This allows you to print multiple copies of a label on a page.
 - If you are satisfied with the information on the all of the labels, click the empty box to the left of **Code** to select all individuals.
6. On the right, select the **Label Type** from the drop menu.
7. Clicking **Print** will bring up the labels in a Report, which can be printed or exported.
 - To print, click  and to export, click  to save the labels to your computer.

Review Reports

This option displays the reports that have been generated by Drake Accounting and enables you to reprint a previously produced report. To review a previously produced Drake Accounting report, complete the following steps:

1. Go to **Tools > Review Reports**.
2. From the drop menu at the top left, filter reports by general report subject area:
 - Firm Level Reports
 - Client Level Reports
 - Report Sets
 - State Reports
 - Federal Reports
 - Charts

3. To sort the list in ascending or descending order by **Report** or **Date Time** stamp, click a column header.
4. Click the empty box to the left of the report you wish to view.
5. Click **View** to review the report on your monitor.
6. To delete any saved reports, select the report and click **Delete**.

To help save disk space, it may be helpful to delete any old, unneeded reports, such as federal and state reports. In addition, if you have the current version of Drake Tax installed, using Drake Documents is a great way to help store reports.

NOTE

You can also limit the size of backups by limiting the number of both state and federal forms stored by using the **Automatically Overwrite Forms Per Period** option in **Client > Add** or **Edit > Federal Form Setup**. This option is available at both client- and firm-levels. The **Client Setup** settings will override any settings established under **Firm > Firm Information Setup**.

Exempt from Overwrite

This option works in conjunction with the settings established for the **Automatically Overwrite Forms** option and essentially protects the file from being deleted. This option removes selected state and federal forms from consideration when Drake Accounting detects the need to get rid of older forms that are no longer in use. See "Creating a New Client" for more information about this feature.

Unless you delete the file manually, copies of the form will remain on the computer. Files not selected for exemption are open to being overwritten by the automatic process that occurs when forms save. When a form saves, Drake Accounting checks the user's **Firm > Firm Information Setup > Automatically Overwrite Forms** setting for other saved files for that form and period, and then deletes the oldest files if they are over the user's numerical settings.

Spreadsheets

Use this utility to import and export employee, vendor, customer, sales tax, journal entries, and more to and from Drake Accounting.


IMPORTANT

The information exports to a .CSV file type.
The import file must also be a .CSV file type.

Spreadsheet Exports

Use this function to export the setup information of the active client's employees, vendors, and customers. You can also export data from the **Sales Tax** module (within **Receivables**) as well as information from the chart of accounts and journal entries. The information exports to a .CSV file, which can be opened in a spreadsheet program and imported into many database programs.


To export from Drake Accounting:

1. Make the client whose information you wish to export the active client.
2. Go to **Tools > Spreadsheets > Export**.
3. On the left, choose which information you would like to export.
4. On the right, select the individual **Properties to Export**. To select all of the fields, select the check box beside **Properties To Export**.
5. Click the  to define the file name and location where you wish to export the information.
6. Once the file name and folder have been specified, click **Save**.
7. Click **Export**.
8. When the export has been successful, **Export Complete** will display in the bottom left corner of the Spreadsheets window.

Exporting a Blank Template

Use this function to export a blank template data based on employee, vendor, and customer setup, as well as sales tax, chart of accounts information, and journal entries. Select all properties or click in the box next to the fields you wish to export.

To export field names:

1. Go to **Tools > Spreadsheets > Export**.
2. Select to export setup information for **Employees, Vendors, or Customers**, or data from **Sales Tax, Chart of Accounts, or Journal Entries**.
3. Select **Export Blank Template** located below the list of field names.
 - Default fields are selected to be exported.
 - Select more fields and clear the check boxes of fields you do not wish to export.
 - Click the check box beside **Properties To Export** to export all field names.
4. Click the  to define the file name and location where you wish to export the information.
5. Once the file name and folder have been specified, click **Save**.
6. Click **Export**.
7. When the export has been successful, **Export Complete** will display in the bottom left corner of the Spreadsheets window.

Spreadsheet Imports


Use this function to import the setup information of the active client's employees, vendors, and customers. You can also import data for the **Sales Tax** module (within **Receivables**) as well as information from the chart of accounts and journal entries. The import file must be a .CSV file type.

To ensure fields properly import into Drake Accounting, it is recommended you export a blank template (see "[Spreadsheet Exports](#)" for more information), fill in data as needed, and import this template using **Tools > Spreadsheets > Import**.

NOTE

There are fields that are required to be imported. There will be a note below the field list to let you know if a required field has not been selected. Use the **Check all required fields** button located below the list of field names to select all the required fields, then you can select as many other fields as you wish to import. Alternatively, select the box beside **Properties Detected** to select all fields in the import file.

To import in to Drake Accounting:

1. Make the client who you wish to import information into the active client.
2. Go to **Tools > Spreadsheets > Import**.
3. Select to import **Employees, Vendors, or Customers** setup information.
4. Select the  and navigate to the .CSV file containing the information you wish to import.
5. Select the individual field information to import or select the check box beside **Properties Detected** to import all field information available in the import file.
6. Click **Import**. The **Spreadsheet Data Preview** window is displayed.
7. Edit the import information as needed making sure the data being imported is correct, then select the specific employees, vendors, or customers to import.
 - Select the check box at the top left of the window to import all records.
8. Click **Import**.

Client Transfer Utility

Use the **Client Transfer Utility** when a Drake Accounting Support Agent requests for you to send a file to Drake in order to troubleshoot an issue you are having with Drake Accounting. The Support Agent will walk you through the necessary steps to upload the file to Drake.

Uploading Files to Drake Using the Client Transfer Utility

To upload a client file to Drake using the Client Transfer Utility:

1. Go to **Tools > Client Transfer**.
2. The **Client Transfer** window displays with all clients found in the location selected in the lower portion of the window and client files residing on the Drake Server in the upper portion of the screen.
3. To upload a client file to Drake, select a client from the lower portion of the **Client Transfer** window and click **Upload**.
4. Once uploaded, the list at the upper portion of the screen is updated to include the newly uploaded file.

Downloading Client Files Using the Client Transfer Utility

IMPORTANT

Drake Accounting Support strongly recommends that once you upload a file to be investigated, you do not continue working in it until Drake Accounting Support informs you the issue has been resolved and a repaired client file is ready to be downloaded.

If you begin to work on the file after uploading it and then download the file Drake Accounting Support has repaired, it will overwrite the data you entered. Downloading the new repaired client file will not merge with the updates you have done!

In cases where Drake Accounting Support has repaired a client file, use the **Client Transfer Utility** to download the repaired file directly into Drake Accounting.

To download a client file from Drake using the Client Transfer Utility:

1. Go to **Tools > Client Transfer**.
2. Select a client from the upper portion of the **Client Transfer** window.
3. Click **Download**.
 - If the client already exists in your current Drake Accounting installation, a warning message displays asking if you would like to overwrite the existing client data, replacing it with the updated information from the Drake Server.
 - Click **Yes** to overwrite the existing client data.
4. Once a client file has been downloaded, you can delete the file from the Drake Server by selecting the client file from the upper portion of the **Client Transfer** window and clicking **Delete**.

e-Filings Menu

Forms 940, 940-PR, 941, 941-PR, 941-SS, 943, 943-PR, 944, 945, W-2, W-3, 1099, 1096, 1098, and W-2G can be filed electronically using Drake Accounting.

When you go to **e-Filings > Manage e-Files**, all your applicable clients (not just active clients) with at least one e-file created in Drake Accounting for the current year will display here. In this screen, you can copy these files to your local drive, delete old files, and view files. This screen also displays relevant information about the file, such as its current status and which form the file was created from.

NOTE

The procedure for e-filing forms created on the fly is the same as for forms not created on the fly.

Drake Accounting offers unlimited print and e-file (where applicable) capabilities for federal and state forms. There are no per form or per e-file charges.

The Three Basic Steps to e-Filing Forms 94x in Drake Accounting:

To e-file 94x tax returns, there are three basic steps:

1. Preparation
2. Electronically filing (e-filing)
3. Viewing the results

94x Returns

Before e-Filing 94x Returns

NOTE

An Electronic Filer Identification Number (EFIN) application must be filed or amended to allow the e-filing of the 94x forms. A five- or 10-digit PIN and password are required to e-file these forms. To apply for a 5-digit Reporting Agent's e-filing PIN, see "[Appendix F - Reporting Agent's PIN Application](#)".

E-filing 94x returns allows you to track the status of returns through acknowledgements (or "acks"), which can be viewed in Drake Accounting or Drake Software's Online EF Database in the support website (Support.DrakeSoftware.com and then go to **Account > EF Database**). See "[94x Acknowledgements](#)" for more information about this feature.

Once the 94x form(s) has been completed and you have verified the content and accuracy, the steps for e-filing 94x forms is:

1. Transmitting 94x Returns

2. 94x Acknowledgements

Before you e-file 94x tax returns, complete the following procedure:

NOTE

If you plan on sending an online payment through a client's bank account, please review the **Online Payment tab** before attempting to e-file 94x forms the first time. See "[Creating a New Client](#)" for more information.

1. Ensure **e-File 94x** is checked under **Firm > Firm Information Setup**. Ensure applicable information is completed in the **e-File Setup** section of the **Firm Information Setup** screen. See "[Types of 94x Series e-Filers](#)" for more information.
2. Ensure the applicable client is designated to e-file 94x **under Client > Edit > e-File Options** tab. Complete the applicable e-filing information for the client.
3. Run payroll (live payroll with printed checks or ATF payroll). (See "[Processing Payroll](#)")
4. Create tax deposits (**Employees > Tax Deposit > 94x**). (See "[Tax Deposit](#)")

NOTE

It is not required to enter tax deposit information in **Employees > Tax Deposit > 94x** in order to e-file the 94x tax return. If you wish to include 94x tax deposit information when calculating a 94x tax return, make sure the **Frequency** is set to "Tax Deposits" and the tax deposit to include is selected from the **Tax Deposit Selector** drop menu.

5. Go to **Employees > Federal Forms** and select the desired 94x form.
6. Once the file is generated, verify the content and accuracy of the form and click **Save**. This generates the electronic transmission file and places an entry on **e-Filings > 94x > Transmit 94x Forms**.

[Types of 94x Series e-Filers](#)

Regardless of the type of 94x e-filer you will be for a particular client (Business Taxpayer, ERO, or Reporting Agent), a PIN (Personal Identification Number) is used to electronically sign the 94x tax return. See below for a description of the three types of 94x e-filers.

Type	Description	PIN Used to Electronically Sign 94x Return	Responsible for Contents of Return
ERO	<ul style="list-style-type: none"> Electronically files 94x returns for their customer The ERO is providing the e-filing service 	<ul style="list-style-type: none"> Uses an 11-digit PIN made up of the ERO's EFIN and a 5-digit self-selected PIN that identifies the ERO. The same 11-digit PIN is used for each 94x return the ERO e-files. An additional 5-digit self-selected PIN for the ERO's customer is used to identify each individual customer to the IRS. 	The ERO's customer
Reporting Agent	Electronically signs and e-files on behalf of the client	Uses same 5-digit PIN for all clients	Reporting Agent
Business Taxpayer	E-files 94x returns for his or her own company	10-digit PIN assigned by the IRS	Business Taxpayer

Transmitting 94x Returns

It may be helpful to review this entire section before transmitting for the first time. To e-file 94x forms, complete the following steps:

NOTE

The IRS will reject any early 94x e-filings. If you attempt to transmit these returns prior to the end of the period for which the return is reporting, Drake Accounting will not allow the transmission and a message will be displayed stating the earliest date the return can be e-filed.

1. Go to **e-Filings > 94x > Transmit 94x Forms** and select the desired form to e-file. The **94x e-Filing** dialog box is opened with that form selected.
2. Use the **Select Quarter** drop menu to filter the 94x upload files that are displayed.
3. Click the checkbox on the left of the file to select it. You can select more than one file. To select all of the shown files to be transmitted, click the box to the left of the **Client Code** column header.
4. Click **View Details** or double click a row to see the contents of the transmission file.
5. Click **Transmit**. While the returns are transmitting, a progress bar is displayed at the bottom. If an Internet connection is not established, the software places the files back on this dialog box, indicating the connection must be established and the transmission attempted again.

NOTE

When the **Online Payment tab** (under **Client Setup**) has been completed with bank account information, Drake Accounting will automatically include this information in the 94x tax return e-filed to the IRS. The IRS will use this bank account information to debit the account for the balance due amount. See "Online Payment Tab" under "Creating a New Client" for information on setting up this feature.

All transmissions of 94x series tax returns to and from the IRS flow through Drake's servers.

Forms 940 and 943 are annual reports, and although they are available all year, they are filed only once at the end of the year or 4th quarter.

94x Acknowledgements

In Drake Accounting, to view acks and transmission results:

1. Go to **e-Filings > 94x > View Results**. Status information for all tax returns (940, 941, 941-SS, 943, 944, and 945) and PIN applications with the date and time transmitted displays.
2. To filter the information displayed, select:
 - The type of 94x return acknowledgement to view.
 - A specific quarter or **ALL**.
 - A **Status Type** of **All, Accepted, Rejected, or Pending**.
 - **Accepted** shows only the accepted returns.
 - **Rejected** shows only the rejected returns.
 - **Pending** indicates that Drake has received the transmission, but there is not yet an IRS acknowledgement.
 - Click **Drake Status** to get the results of transmissions to Drake.
 - Click **IRS Status** to get the results of transmissions to the IRS.
3. Click **Get Acks**.
4. Click a column header to sort the transmission list.
5. To look at a specific acknowledgement, double-click a specific line or click the line and select **View Details**.
 - When you view a **REJ** acknowledgement, the system shows the rejections report with an explanation of the rejection.
 - To delete acknowledgements, select the ack and click **Delete**.

Alternate Method to View 94x Acks

Another way to get status information for 94x transmissions is to use Drake's Online EF database. This feature provides "real time" information that can be more accurate and reliable than the information provided when using Drake Accounting's **View Results** option.

To view this information on Drake's Support website:

1. In Drake Accounting, go to **Help > Web Links > Drake Support**.
2. Log in using your EFIN and Drake password.
3. Go to **Account > EF Database**.
4. Go to **Tools > 94x Report**.
5. Select the appropriate **Return Type** and **Date Range**. This uses the acknowledgement date and not the return date.
6. Select the **Status** to display or select "All" to include all statuses.
7. Click **Create Report**.

Forms W-2/W-3

Uploading Forms W-2 and W-3 to the Social Security Administration is a three-step process:

1. Creating the W-2/W-3 upload file
2. Reviewing the upload file with AccuWage Online
3. Transmitting the upload file

Before you e-file Forms W-2/W-3, the Social Security Administration (SSA) recommends using AccuWage Online to test your wage files for compliance with EFW2/EFW2C specifications before submitting them. Before uploading W-2 and W-3 information to the SSA, you must register to use the SSA's Business Services Online (BSO) website. Visit their website (<https://www.ssa.gov/employer/accuwage/>) for more information about using AccuWage.

If you will be submitting your Forms W-2 through Drake Accounting, you do not need a BSO account for that transmission. However, if you are not using Drake Accounting to e-file Forms W-2 or if you are transmitting a state W-2 e-file, a BSO account will be required.

NOTE

As of 2017, AccuWage Downloadable is no longer available.

Registering with the Social Security Administration

When you register to use the SSA's website, you will get a login ID and password. You will also need to establish which of the SSA's services you will be using.

1. In Drake Accounting, go to **e-Filings > W-2 > Transmit File**.
2. Select the **W-2 files have been tested using AccuWage** option (bottom in the middle).
3. Click **Go to the Social Security Website** (bottom left) to open the SSA's BSO website (<https://www.ssa.gov/bsowelcome.htm>).
4. Click **Register** and enter your registration information. Once you've entered your information, you will be prompted to select the services you will be using.
5. From the **Main Menu** on the left side of the screen, go to **Manage Services**.

6. Select **Request New Services**.
7. Select **SSA Services Suite for Employers**.

Creating the W-2/W-3 Upload File

Prior to creating the W-2/W-3 upload file, the W-2 must first be saved. Saving Forms W-2 generates both the W-2 and W-3 simultaneously.

To save Forms W-2 created under the Employees module, go to **Employees > Federal Forms** and select **Forms W-2/W-3** as the **Form Type**. Complete the forms as needed and then **Save** or **Save/Print**.

To save Forms W-2 created under the On the Fly module, go to **On the Fly > Federal Forms** and select **Forms W-2/W-3** as the **Form Type**. Complete the forms as needed and then **Save** or **Save/Print**.

NOTE

It is not required to have Forms W-2 created under both Employees and On the Fly to create the e-file. Only one type is needed.

If on the **W-2 > Create File** screen a message displays stating that no Forms W-2 have been created for the year while attempting to create the upload file, go to **Employees > Federal Forms** to process the W-2s.

Multiple employees of a particular client will be created into the file that lists the Client Name under **W-2 > Transmit File**. It will not list individual employees.

Creating the W-2/W-3 Upload File

Use **Create File (e-Filings > W-2 > Create File)** to generate the file containing W-2 and W-3 information that is transmitted to the SSA.

To create the transmission file, complete the following steps:

1. Go to **e-Filings > W-2 > Create File**. Most of this window will fill depending on the information entered on the **Client Setup > e-File Options tab**.
2. Complete the **Employer Record Information** section.
 - **Agent Indicator Code**
 - Select the appropriate agent indicator code. An “agent” is someone other than the employer used to pay the employer’s taxes.

- **2678 Agent (Approved by IRS)**
 - Select this option if you use an IRS-approved section 2678 agent to file returns and make deposits or payments of employment or other withholding taxes.
 - Access the Form 2678 from the IRS website.
 - When this option is selected, you must enter the Agent EIN.
 - **Common Paymaster**
 - A corporation that pays an employee for two or more related corporations at the same time is a common paymaster.
 - When this option is selected, you must enter the Agent EIN.
 - **3504 Agent**
 - Select this option if using an employer-designated section 3504 agent.
 - For information on this agent type, go the IRS website.
 - When this option is selected, you must enter the Agent EIN.
 - **Other**
 - Select this option if none of the others apply.
 - Verify the Employer EIN is correct.
3. If this is the last year that Forms W-2 are being filed under this EIN, select **Terminating Business**.
 4. Enter the Employer EIN and/or Agent EIN, as applicable.
 5. Under the **Selected Forms W-2** section, select whether you are preparing to e-File an **Employee W-2** or **On the Fly W-2**.
 - **Employee W-2** indicates that payroll has been entered either live or ATF. The W-2 is accessible under **Employees > Federal Forms**.
 - **On the Fly W-2** indicates you are uploading W-2 information for clients that you've not entered their payroll into Drake Accounting, either live or ATF. The W-2 has been created under **On the Fly > Federal Forms**.
 6. The **State 1** and **State 2** columns indicate the states entered in Box 15 of the W-2 for that employee.
 - If the **State Employer ID Number** box has not been completed on the W-2 or applicable e-filing information has not been completed on the **State tab** of **Client Setup**, a blue validator icon will be listed next to the state missing this information. Not completing this information could result in a rejected e-file for the applicable state W-2 e-file.
 - However, this number is not used in the federal Forms W-2 e-file.

NOTE

If an invalid SSN is used for Forms W-2, a blue validator will display to indicate that the Federal ID field will be filled with zeroes in the federal e-file and any applicable state e-files.

7. Once the type of W-2 has been selected (step 5), applicable employees will be listed.
8. Select which employee(s) you want to e-file by either selecting the box to the left of the employee, or select the checkbox next to the **First Name** column header to select all of the employees.

NOTE

By default, the most recently saved forms will be checked.

9. Complete the **General Information** section:
 - **BSO User ID Number**
 - Enter the 8-character user ID assigned to the employee who is attesting to the accuracy of the file.
 - This user ID is assigned by the SSA when the employee registers to use the SSA's BSO site.
 - To register, go to <http://www.ssa.gov/bsowelcome.htm>.
10. **File is being resubmitted**
 - Select this option if the W-2 file is being resubmitted after being notified by the SSA that there was a problem with a previous upload file.
 - When this field is selected, the **Resubmit Wage File Identifier** field becomes active.
 - Enter the wage file identifier displayed on the notice received from the SSA.
11. **Firm-Level Iowa BEN**
 - The **Iowa BEN** on the **W-2 > Create File** screen is different than the **Business E-File Number** on the **State tab** in **Client Setup**.
 - The **Iowa BEN** on the **W-2 > Create File** screen is a firm-level number, so it is saved between all clients and is used as part of the e-file name.
 - This is issued via mail by the Iowa Department of Revenue to sign in and use eFile & Pay.
 - For more information, visit the Iowa Department of Revenue's website.
 - The **Business e-File Number** on the **State Tab** (Client Setup) is for that specific client and is used for Iowa's RV record.
 - The **Iowa BEN** on the **W-2 > Create File** screen is required if it is applicable, but it is recommended that the **Business E-File Number** in **Client Setup > State tab** also be completed. However, if one of the selected W-2s has Iowa in the **State 1** or **State 2** column, both the **Iowa BEN** and the **Business E-File Number** need to be filled out.
12. **Received Reconciliation Letter**
 - If you received a letter from the SSA, check this box.
 - See <https://www.ssa.gov/employer/recon/recon.htm> for more information.
13. Select the **Preparer Code** that best describes the preparer of this client transmission file.
14. Once you have verified all information is correct, click **Create File**. The upload file name and location is displayed at the bottom.
 - Make note of the location where the transmission file is created.
 - This information is needed to transmit the file to the SSA.

NOTE

To easily access all of your e-files created in Drake Accounting, refer to the "[Manage e-Files](#)" screen. On this screen, after expanding the applicable client and finding the W2REPORT_Client.txt file, simply click

Open Location to open the exact location of the file for easy retrieval when uploading to the SSA.

15. Once the transmission file has been created, proceed to [“Reviewing the W-2/W-3 Upload File with AccuWage Online”](#) to identify possible errors in the file.
16. Once you have used AccuWage to review the file and are ready to transmit, go to **e-Filings > W-2 > Transmit File** to upload the information to the SSA.

The following states will have a blue validator icon if the following fields are not filled out in the **State tab (Client Setup)** for that state:

IA: Business E-File Number (8 digits)
ID: State Employer Account Number
PA: Account Number (8 digits)
MD: State File section of the State tab
MO and WV: State ID
IN: Employer Taxpayer ID (without Location Code) and Employer TID Location (3-digit Location Code)

NOTE

States that would not have a blue validator icon include AK, CA, FL, NV, NH, SD, TN, TX, WA, and WY because these states currently do not e-file the W-2.

Additionally, a blue validator will appear on any e-fileable state W-2 if the employer’s State ID field is blank in Client Setup and if the State ID number in box 15 of the W-2 is blank.

Creating the State W-2 Upload File

When the W-2 upload file is created, some state W-2 e-files are created automatically in the background. The state W-2 e-file that is created is determined by the state entered on the **Client > Edit > Contact Information** screen.

Drake Accounting does **NOT** create state Forms W-2 for the following states: Alaska, California, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming.

NOTE

These states either only allow paper filing or they do not have any state income tax. Please note that this list is subject to change, depending on if/when states update their specifications.

State W-2 upload files are created in the d:\DrakeAccounting2023\Clients\Client Code\EFile\st folder, where

- “**d**” is the drive where Drake Accounting is installed
- “**client code**” is the code used to identify the client when the client was created
- “**st**” is the two-letter state abbreviation.

Reviewing the W-2/W-3 Upload File with AccuWage

Use the SSA's AccuWage Online to identify most of the common format errors in wage submissions. This program will help to reduce submission rejections. Even if no errors are identified by AccuWage, a submission could still be rejected due to other errors. AccuWage Downloadable is no longer available as of 2017.

For AccuWage Online, it requires that an up-to-date version of Java be installed on your computer. Go to <http://www.java.com> for the latest Java download. See [AccuWage Online Help Guide](#) for instructions on using the online version of AccuWage.

For more information about AccuWage Online, go to www.ssa.gov/employer/accuwage/index.html.

Transmitting the W-2/W-3

An Internet connection is required to transmit W-2 and W-3 information to the SSA.

NOTE

Multiple employees of a particular client will be created into the file that lists the Client Name under **W-2 > Transmit File**. It will not list individual employees.

Before you can transmit the W-2 file, it needs to be created. See "[Creating the W-2/W-3 Upload File](#)" for more information about this process.

If you will be submitting your Forms W-2 through Drake Accounting, you do not need a BSO account for that transmission. However, if you are not using Drake Accounting to e-file Forms W-2 or if you are transmitting a state W-2 e-file, a BSO account will be required.

The W-2 Transmit screen will look different based on whether you have opted to transmit Forms W-2 through Drake Accounting or not.

1. Once the file has been created, go to **e-Filings > W-2 > Transmit File**.

2. All eligible files will be listed under **Client Code**.
 - Click the header to sort in ascending or descending order.
3. **WFID** stands for "Wage File Identifier" and it is used for resubmissions.
4. **Year** is the year of the W-2 you are transmitting.
5. **Date/Time** is the date and time that the W-2 e-file was created.
6. **Reconciliation Letter**
 - If you received a letter from the SSA, check this option.
 - See <https://www.ssa.gov/employer/recon/recon.htm> for more information.
7. If the W-2/W-3 file has been tested with AccuWage, select **W-2 files have been tested using AccuWage**.
 - If the W-2/W-3 file has not been tested with AccuWage:
 - If the option to designate that the **W-2 files have been tested using AccuWage** has not been selected and you attempt to click the link for the SSA website:
 - A prompt is displayed stating the importance of testing W-2 files with AccuWage and presenting the chance to go to the SSA website to test AccuWage.
 - Clicking **Yes** brings you to the AccuWage page to log in and continue the process.
 - Clicking **No** brings you to the SSA's BSO website to log in and continue the process.
 - If the upload file has not been tested with AccuWage Online and you wish to do so:
 - Click **Go to the AccuWage Website**.
 - Once the BSO website is displayed, enter your User ID and Password to log in.
 - Once logged in, follow the prompts.
8. Click **Transmit** or **Transmit W-2 e-Files through your BSO Account**.

Batch Filing Forms W-2

You will be able to bulk e-file the federal e-file Forms W-2/W-3 to the Social Security Administration via Drake Software. The process is essentially the same as e-filing a single file, but with bulk, you are able to transmit more than one at a time to the SSA using Drake Accounting.

IMPORTANT

The **e-Filings > W-2 > Transmit File** screen will appear differently based on whether or not the checkbox **Transmit W-2 e-Files through Drake Accounting (Firm > Firm Information Setup)** has been checked.

To e-file Forms W-2/W-3 for year 2022, you need to be in the 2022 software.

Transmission Status

The SSA and Overall statuses appear on the acknowledgments screen. There are 4 SSA statuses:

1. **Received** means the SSA has received the e-file.
2. **In Process** means the SSA is processing the file.
3. **Complete** means the file was accepted.
4. **Return** means there was a problem with the file and it was rejected.

There are 4 overall statuses:

1. **Transmitting to SSA-Drake** means the e-file is pending and is still going through the SSA.
2. **Pending-SSA** means Drake is waiting on the SSA.
3. **Accepted-SSA** means the SSA has accepted the file.
4. **Rejected-SSA** means the SSA has rejected the file.

There are 2 Drake statuses that appear on the transmission screen:

1. **Ready for Transmission** means the file is ready to be e-filed.
2. **Rejected-Drake** means the file is not formatted correctly.

[Bulk e-Filing Forms W-2/W-3](#)

To utilize this feature:

1. Go to **Firm > Firm Information Setup**.
2. Under **e-File Setup**, select the option to **Transmit W-2 e-Files through Drake Accounting**.

IMPORTANT

This option must be selected in order to transmit Forms W-2/W-3 through Drake Software and to view results.

- This option has Drake Accounting check to see if you've already signed the contract and clicked on the link in the confirmation email that gets sent out to the email on file with Drake Software after it's accepted.
 - If you have not signed the contract and/or clicked on the link in the confirmation email:
 - The checkbox in the W-2 Contract dialog box will be enabled and will be unchecked, and the **Accept Contract** button will become enabled, once the checkbox has been checked.
 - If the confirmation email has not been confirmed before closing out of the W-2 Contract dialog box:
 - The **Transmit W-2 e-Files through Drake Accounting** checkbox will become unchecked. Otherwise, the checkbox will stay checked.
 - If the contract has been already been signed:

- The checkbox in the W-2 Contract dialog box will be checked and disabled, indicating that you are eligible for transmitting W-2 e-files through DAS.

I understand that the Social Security Administration (SSA) will validate the information I provide against the information in SSA's files. I further understand that Drake Software will validate information I provide against information contained in Drake Software files and databases. I do understand that Drake Software is assisting me with additional accuracy support to the information I submit to Drake Software, and that I am ultimately responsible for any information that is not accurate.

I certify that:

- Under the penalty of perjury, to the best of my knowledge and belief, the file(s) I have submitted to Drake, for submission to the IRS is true, correct and complete.
- I understand that I may be subject to penalties if I submit fraudulent information.
- I understand that Social Security Administration (SSA) and / or Drake Software may prevent me from using these services if either organization determines or suspects there has been misuse of the services.
- I am aware that any person who knowingly and willingly makes any representation to falsely obtain information from Social Security records and/or intends to deceive the Social Security Administration as to the true identity of an individual could be punished by a fine or imprisonment, or both.
- I am authorized to do business under my Social Security Administration User ID.
- I am authorized to electronically transmit under my Drake Software Account Number and e-File Password, and IRS provided EFIN.

By checking this box you certify that you have read, understand and agree to the user certification of Drake Software. A confirmation email will be sent to the primary account holder's email address once this contract has been accepted.

Accept Contract Exit

An example of settings based on a W-2 Contract that has not yet been signed

3. Go to **e-Filings > W-2 > Create File** to create the e-file for each client that will be transmitted.
 - See "[Creating the W-2/W-3 Upload File](#)" for more information.
4. Go to **e-Filings > W-2 > Transmit File** to select the files to be transmitted and click **Transmit**.
 - This lists the clients that are eligible to be transmitted, not the individual employees.
 - See "[Transmitting the W-2/W-3](#)" for more information.
5. **Go to e-Filings > W-2 > View Results** to see which files have been transmitted and their current status.

NOTE

Click into the grid that lists the transmission files, and simultaneously press **CRTL + P** on your keyboard to print a copy of the information in the grid for your records.

Forms 1099/1096/1098

IMPORTANT

In DAS 21 onwards, Drake Accounting will support one-transaction corrected 1099/1098 e-Filing.

Before uploading 1099 and 1096 information to the IRS, you must:

1. Get a Transmitter Control Code (TCC)
2. Register on the IRS's FIRE web site.

NOTE

See "[Appendix B](#)" for additional information about e-filing 1099-MISC.

Getting a Transmitter Control Code

1. Go to <http://www.irs.gov/pub/irs-pdf/f4419.pdf>
2. Complete Form 4419.
 - Select only the first box below line 7 unless the others are absolutely necessary.
 - If you select more than the first box, the IRS will call you to verify your selection.
 - This will cause your application to be delayed.
3. Fax the completed form to 877-477-0572.
4. Check on the status of the 4419 application (and receive the 5-character TCC over the phone, call toll free: 866-455-7438 (option 4). You will also receive a letter from the IRS with your TCC.
5. Once you receive your TCC, in Drake Accounting, go to **Firm > Firm Information Setup** and enter the TCC.
6. Click **Save**.

NOTE

Only one TCC is required to e-file all of your clients' Forms 1099.

Register to use the IRS's "FIRE" Website

1. Go to <https://fire.irs.gov/firev1r/default.aspx>.
2. Click **Create New Account** on the left side of the screen.

3. Complete and submit the application.
4. Create a User ID and Password.
5. Create a 10-digit Personal Identification Number (PIN).

IMPORTANT

Beginning tax year 2018, Form 1099-MISC reporting NEC in Box 7 can only request a non-automatic extension of time and must be paper-filed on Form 8809. Please see Pub. 1220 (pg. 147, Section 1.01) for more details.

Creating the 1099/1096/1098 Upload File

Use the **1099/1098 > Create File** function under the **e-Filings** menu to generate the file containing the 1099, 1096, 1098 information that is uploaded to the IRS. To create the upload file, complete the following steps:

1. Go to **e-Filings > 1099/1098 > Create File** to enter information necessary to create the upload file.

IMPORTANT

All Forms 1099 must be processed prior to creating the 1099 upload file. See [“Processing 1099-MISC”](#) for information on processing and printing Forms 1099 and 1096.

2. On the right side of the window, select one of the following under **File Type**:
 - To create an upload file for a **Vendor 1099-MISC** (created under **Payables > 1099-MISC** based on payments throughout the year) or
 - To create an upload file for Forms 1099 and 1098 created **On the Fly** (created from **On the Fly > Federal Forms**).
3. Enter the correct **Payment Year** (upper left). This indicates that the information entered on the 1099 form is for that tax year.
4. If you need to mark a payment as prior-year, select **Prior Year Payment**.
 - The year entered in the **Payment Year** field indicates that the information entered on the Form 1099 is for that tax year.
 - There are two situations when this option would be used:
 1. If the **Payment Year** field on the **1099/1098 Create File** screen is set to a year before the release year of the program, the **Prior Year Payment** box will be checked and grayed out.
 2. If the release year of the program is behind the current filing year.
5. Enter the correct **Transmitter Control Code (TCC)** that you received from the IRS.

This field is required. You cannot transmit until after you have received the TCC from the IRS.

IMPORTANT

Before uploading 1099 and 1096 information to the IRS, you must get a TCC and register on the IRS's FIRE web site. See "[Forms 1099/1096/1098](#)" for more information about this process.

6. Under the **File Indicator** section, select if the 1099 file is an **Original File, Replacement File,** or a **Test File**.
 - Select **Original File** if the information entered for the 1099 is the original data.
 - Select **Replacement File** if the file is to replace a file that the IRS has informed you in writing cannot be processed or the IRS FIRE system indicated a file status of "Bad."
 - Select **Test File** if you plan to use the option to file the Combined Federal & State 1099-MISC, first select the **Test File** option. This transmits the test file required by the IRS after you receive the TCC.
 - Use the **Test File** option between November 1 and February 15 only.
 - Once the test file is received and approved, the IRS mails an acceptance letter. Once the IRS approves the form, you can transmit the 1099-MISC. After a test file is approved by the IRS, return to **e-Filings > 1099/1098 > Create File** before transmitting an actual 1099. Click **Original File** in the **File Indicator** section.
7. Under the **Payer Information** section, select any of the following options that are applicable:
 - **Last Year Filing the 1099/1098**
 - Select this option if this is the last year this payer will file returns electronically, magnetically, or on paper.
 - **Combined Federal/State Program**
 - Select this box when you receive approval.
 - If your state participates in the federal/state 1099 program but accepts modified instead of standard Forms 1099, Drake Accounting e-files the federal 1099 only and not the state 1099. In this case, do not transmit a test file and do not check the Combined Federal/State Program box.
 - If your state does not participate in the federal/state 1099 program, you do not need to transmit a test file. Do not check the **Combined Federal/State Program** box.
 - Refer to Sec. 12 of Pub. 1220, p. 25 to see if your state participates.
 - **Transfer Agent Indicator**
 - **Check this option only if you are a trust company, bank, or similar financial institution assigned by a corporation to maintain records of investors, account balances and transactions, to cancel and issue certificates, to process investor mailings and to deal with any associated problems (i.e., lost or stolen certificates).**
 - When the **Transfer Agent Indicator** option is selected, the **Transfer Agent Name** and **Address** fields are activated and require entry.

8. In the **Selected Forms 1099** section, the applicable 1099s that are eligible for e-files to be created are displayed, based on the **File Type** selected on the right (step 2).
 - The **State 1 Column** fills based on the state selected on the 1099:

Form	Box on Form
1099-B	Box 14
1099-DIV	Box 13
1099-INT	Box 15
1099-MISC	Box 17
1099-OID	Box 12
1099-R	Box 13
W-2G	Box 13

- The forms that are not listed in the table above do not have a state box.
9. Complete the **Payer Account Number** section:
 - **Indicates Sales of \$5000 or more for all 1099s being reported**
 - Select this box to indicate sales of \$5,000 or more of consumer products to a person on a buy-sell, deposit-commission, or any other commission basis for resale anywhere other than a permanent retail establishment.
 - **Payer Account Number for Payee** (required)
 - Enter any number assigned by the payer to the payee that can be used by the IRS to distinguish between information returns.
 - This information was entered on the **Client > Edit > e-File Options** tab and may be automatically filled. If not, enter an account number.
 10. Once the information on the window has been reviewed and is correct, click **Create File**.
 11. The upload file name and locations displays. This information is needed to transmit the file to the IRS's FIRE site.
 - If a message displays that no Forms 1099 have been processed for the year, go to **Payables > 1099-MISC**.
 - Select the applicable vendor(s) on the left and click **Process**.
 12. **Exit** the screen when finished.

[Creating the 1099 Extension](#)

The 1099 extension file must be created before it can be filed (when filing on paper or e-filing). To create an upload file for an extension of time to file a 1099, complete the following steps:

1. Go to **e-Filings > 1099/1098 > Create Extension File**.
2. Enter the **Control Code**. This is a five-character alphanumeric Transmitter Control Code (TCC) assigned by the IRS/ECC-MTB.
 - A Transmitter Control Code must be obtained to file data with this program.
 - Submit Form 4419 to the IRS to obtain a TCC.
 - Refer to "[Forms 1099/1096/1098](#)" for information on applying for a TCC.
3. Complete the **Payer Information** section:
 - **TIN** — Enter a nine-digit Taxpayer Identification Number assigned to the taxpayer. A number that is all zeros, ones, twos, etc., results in an invalid TIN.
 - **Name** — Enter the name of the payer whose TIN has been entered. If additional room is need for the name, use the **Name-Cont** field.
 - **Second Name** – If there is a second name needed, enter it here.
 - **Address** — Enter the address of the payer. The street address should include number, street, apartment or suite number, or PO Box if mail is not delivered to a street address.
 - **City** — Enter the city, town, or post office of the payer.
 - **State** — Enter the two-character state code.
 - **Zip** — Enter the nine-digit ZIP code assigned by the U.S. Postal Service. If only the first five digits are known, then use the five-digit ZIP code.
4. Click **Create File**.
5. Note the **File Creation Information** section. It will display the file name for the extension, as well as the file location.
 - The format of the file name will be similar to this: **ExtofTime846513213.2023**.
 - The location of the file will be similar to this, depending on where Drake Accounting has been installed: **./DAS2023Data\Clients\123\EFile\Federal**.

[Transmitting Forms 1099 or an Extension](#)

To transmit Forms 1099 and 1099 extension requests:

1. Go to **e-Filings > 1099/1098 > Transmit File**.
2. Click the **IRS Fire** link to access the IRS FIRE website and upload Forms 1099 and 1099 extension requests.
3. Click the **IRS Test** link to access the IRS FIRE test website. Use this to send a test file for a state that you have not previously uploaded to the IRS.
4. Once connected to the FIRE website, click **Log On**.
5. Enter your **User ID** and **Password** (the password is case sensitive).
6. Click **Click here to continue**.
7. Click **Send Information Returns**.
8. Enter your **TCC** and **TIN**.
9. Click **Submit**.
10. Click **Accept**.
11. Click either **Original File** or **Correction File**
12. **Click Submit**.
13. Enter your 10-digit PIN and click **Submit**.
14. Click **Browse** to locate the file and open it.

15. Click **Upload**.

NOTE

Refer to "[Appendix D](#)" for tips on connecting to the IRS's FIRE website.

Manage e-Files

When you go to **e-Filings > Manage e-Files**, all your applicable clients (not just active clients) with at least one e-file created in Drake Accounting for the current year will display here. In this screen, you can copy these files to your local drive, delete old files, and view files. This screen also displays relevant information about the file, such as its current status and which form the file was created from.

Click the plus sign (+) to expand your client to see e-files. When you click on the file, you can open it by clicking **View** on the right. This will open the actual file that was created and show its contents.

Open Location of File

If you wish to locate the e-file that was created, click on it and then click **Open Location** on the right. A window will display and show you the file and its data path so that you can easily drag it to your Desktop (or another convenient location) when getting ready to upload the file to the respective agency.

Copy a Folder or File

To move all of the files under a selected node (such as 94x) to a specified folder, click **Copy Folder**. Select a location to save the files. To copy an individual file, select the specific file and click **Copy File**. You will be asked to pick a location, name the file, and save.

Delete a Folder or File

This option is similar to copying a file or folder as mentioned above. However, this will delete the original copy of the file or folder, not the one that would be saved from using the Copy File/Folder option. Use with caution.

Uncategorized Section

This section is used as a "catch-all" for files that do not fit into a normal category, but it allows you to still be able to interact with it.

NOTE

See "[Appendix K](#)" for more information on state forms that can be e-filed and the e-file formats Drake Accounting creates for the applicable state forms.

On the Fly Menu

Create, save, process, print, and e-file Forms W-2/W-3, W-2c/W-3c, 1099, 1098, and 94x series tax returns “on the fly” (OTF), eliminating nearly all of the employee and vendor setup and without having to enter specific transactional information. Most state forms can be created and printed OTF as well. None of the information entered OTF is reflected in bookkeeping.

It may be helpful to review the following information:

1. [Preparing to Create OTF Forms](#)
2. [State Forms](#)
3. [Federal Forms](#)
 - [Forms W-2/W-3 OTF](#)
 - [Forms 1099 and 1098 OTF](#)
 - [94x Returns OTF](#)
4. [Creating an OTF Client](#)
5. [Update Prior-Year OTF](#)

IMPORTANT

Before entering information OTF, make sure the appropriate client is selected as the active client.

Preparing to Create OTF Forms

It is important that you are creating OTF forms under the correct client or employer. Creating Forms W-2 and 1099 OTF under the wrong client results in an incorrect W-3 and 1096 for that client. If you don't have the correct client already set up in Drake Accounting, you need to create the client. See "[Creating an OTF Client](#)" for more information.


If you created OTF forms in Drake Accounting 2022, you can bring forward your OTF clients into Drake Accounting 2023. Once the desired client exists in Drake Accounting 2023, make that client the active client and then continue with the process. See "[Update Prior Year OTF](#)" for more information.

State Forms OTF

Drake Accounting offers forms from many states to be completed OTF. To enter information for states OTF:

1. Make the appropriate client the active client. If the client doesn't exist in Drake Accounting 2023, either create a new client (see "[Creating an OTF Client](#)") or bring the 2022 OTF client forward (see "[Update Prior Year OTF](#)").

2. Go to **On the Fly > State Tax & Wage Forms**.
3. Select the desired state from the **State** drop menu.
4. Select the desired form from the **Form** drop menu.
5. Select the frequency from the **Frequency** drop menu.
6. Select the applicable **Quarter** from the drop menu.
7. Enter all appropriate information directly on the form.
8. Once all information has been entered, click **Save/Print** or **Save**.
9. If the state form is eligible for e-filing, Drake Accounting will create the applicable e-file.

Required information is indicated by the  icon, and the form will not be able to be saved or have an e-file created (if applicable) without this information filled out.

NOTE


Refer to "[Manage e-Files](#)" to learn about an easy and convenient way to access all of your e-files created using Drake Accounting.

Refer to "[Appendix K](#)" for a list of state forms in Drake Accounting that can be e-filed, regardless if they are created based on transactions or from OTF data entry, as well as the e-file format for a specific state form.

Creating an OTF Employee for Applicable Forms

If a state form requires information regarding employees, the form will have the option to create an OTF employee. Not all forms have this option, as not all forms require information regarding employees. If there is an option to create an OTF Employee, on the left side of the screen, there will be a **New** button. To create an OTF employee:

NOTE

Required information is indicated by the  icon and must be completed in order to save the OTF employee.

1. Click **New**.
2. Click **New** (upper right).
3. Enter all required and applicable information on the **Personal Information** and **State Info** tabs.
 - Information on these tabs vary from state to state.
4. When finished, click **Save**.

The **Multi-State** option in **OTF Employee Setup** differs from the **Multi-Location** option in **Employees > Employee Setup**.

NOTE

For **OTF Employee Setup**, the **Multi-State** option tells Drake Accounting that the employee works in more than one state, since OTF does not distinguish between locations.

Under **Employees**, the **Multi-Location** option tells Drake Accounting that the employee works at different locations (more than one location).

Federal Forms OTF

Federal Forms Available OTF	Title
1096	Annual Summary and Transmittal of U.S. Information Returns
Forms 1098 and W-2G	1098-C, MORT, T, W-2G
Forms 1099	1099-A, B, C, DIV, INT, MISC, NEC, OID, PATR, R, S
94x Series	940, 940-PR, 941, 941-PR, 941-SS, 941-X, 943, 943-PR, 943-X, 944, 944-SP, 944-X, 945, 945-X
7200	Advance Payment of Employer Credits Due to COVID-19
8655	Reporting Agent Authorization
W-2/W-3	Wage & Tax Statement/ Transmittal of Wage and Tax Statements
W-2c/W-3c	Corrected Wage and Tax Statement/Transmittal of Corrected Wage and Tax Statements
8809	Application for Extension of Time To File Information Returns
W-4	Employee's Withholding Allowance Certificate


Forms W-2/W-3 OTF

This feature enables you to create and print Forms W-2 and W-3 for clients who keep their own books and for those you've not entered their payroll into Drake Accounting, either live or ATF. Use Drake Accounting to print these forms or upload them to the SSA. See "[Forms W-2/W-3](#)" for upload instructions.

IMPORTANT

Ensure you are in the correct client. Creating Forms W-2 OTF under the wrong client results in an incorrect W-3 for that client. A W-3 is automatically created

when completing a W-2, regardless if it is OTF or under the **Employees** module.

Required information is indicated by the  icon.

Do not use dashes (-) or slashes (/) when entering phone numbers, ZIP codes, or ID numbers. These fields are formatted after information is entered.

Producing and Completing Forms W-2 OTF

Follow these steps to produce Forms W-2 OTF:

1. Make the appropriate client the active client. If the client doesn't exist in Drake Accounting 2023, either create a new client (see "[Creating an OTF Client](#)") or bring the 2022 OTF client forward (see "[Update Prior Year OTF](#)").
2. Go to **On the Fly > Federal Forms >** and select **Forms W-2/W-3** for **Form Type**.
3. Select the W-2 in the **Form** drop menu.
4. Click **Create**.
5. Enter information onto the W-2 data entry screen.

IMPORTANT

If applicable, be sure to enter the appropriate state and ID number for Box 15, as not doing so and e-filing it could lead to a rejection.

6. If you wish to also print the W-3, select **Print W-3** on the left.
7. Select any other desired options on the left.
 - If you wish to apply a signature to the form, select the appropriate signature in the **Electronic Signature** drop menu. See "[Electronic Signatures](#)" for more information.
8. Once completed, verify that the data you have entered is correct.
9. Once the data has been verified, click **Save/Print** if you wish to save and print the W-2/W-3 or **Save** to save the form without printing it.
10. If you wish to upload the W-2/W-3 information to the SSA, refer to "[Forms W-2/W-3](#)" under the **e-Filings** menu for more information.
 - It may also be helpful to review "[Appendix G](#)" for more information on preparing to e-file Forms W-2/W-3.

Additional Forms W-2 OTF Features

Here are additional features available when creating Forms W-2 OTF:

1. **Delete** — To delete a W-2 employee that was entered OTF, select the employee to delete from the **Name** and **Code** list. Click **Delete**.
2. **Void** — Mark the W-2 as voided when printed or e-filed.
3. **Corrected** — Mark the W-2 as corrected when printed or e-filed.

4. **Use Foreign Address** — This changes the lower portion of the address section to accommodate a foreign address.
5. **Creating additional Forms W-2 for same employee** — Click the "+" to the right of the Page 1 tab at the upper left corner of the form.

Editing Forms W-2 Created OTF

To edit an OTF W-2, complete the following steps:


1. Make the appropriate client the active client.
2. Go to **On the Fly > Federal Forms** and select **Forms W-2/W-3** for **Form Type**.
3. For **Form**, select **W-2**.
4. Select an employee on the left to edit.
5. Make necessary changes directly in the appropriate fields.
6. Click **Save** or **Save/Print** when finished.

Forms 1099 and 1098 OTF

This feature enables you to create and print Forms 1099, 1098, and 1096 for clients who keep their own books and for those who have not entered their vendor checks into Drake Accounting, either live or ATF. Use Drake Accounting to print these forms or upload them to the IRS. See [“Forms 1099/1096/1098”](#) for upload instructions.

Creating Forms 1099 OTF under the wrong client results in an incorrect 1096 for that client.

IMPORTANT

Required information is indicated by the  icon.

Do not use dashes (-) or slashes (/) when entering phone numbers, ZIP codes, or ID numbers. These fields are formatted after information is entered.

The term “Name Code” in Drake Accounting is equivalent to what the IRS refers to as the “Name Control”.

Producing and Completing Forms 1099 OTF

To enter 1099 information OTF:

1. Make the appropriate client the active client.
2. Go to **On the Fly > Federal Forms** and select Forms 1099 for the **Form Type**.
3. From the **Form** drop menu, select the specific 1099.
4. Click **Create** on the left.
5. Complete the screen and verify the accuracy of your data entry.

- For more detail on completing the form, click on **Form Instructions** at the top to the right of the **Save** button.
 - If you wish to apply a signature to the form, select the appropriate signature in the **Electronic Signature** drop menu. See "[Electronic Signatures](#)" for more information.
6. Once you have verified the accuracy of the form, click **Save** or **Save/Print**.
 - If you find the alignment is off when printing a 1099, click the **Adjust Tax Form Printing** link on the left side under the **Print Type**.
 - A prompt will ask you if you wish to save the form before continuing. Click **Yes** or **No**.
 - The **Tax Form Printing Alignment** screen displays to allow you to adjust margins for forms as needed. See "[Adjust Tax Form Printing](#)" for more information.
 7. If you wish to e-file the 1099 you just created, go to **e-Filings > 1099/1098 > Create File**.

IMPORTANT

Corrected Form 1099 cannot be e-filed through Drake Accounting at this time.

- Be sure to select the applicable 1099 on the right under the **On The Fly** category.
- See "[Forms 1099/1096/1098](#)" for more information about this process.
 - It may also be helpful to review "[Appendix H](#)" for more information about preparing to e-file Forms 1099 and "[Appendix B](#)" for FAQs regarding e-filing Forms 1099.

Additional Forms 1099 OTF Features

1. **Delete** — To delete a 1099 that was entered OTF, click the box to the left of the **Name** column and then click **Delete**.
2. **Void** — Mark the 1099 as voided when printed or e-filed.
3. **Corrected** — Mark the 1099 as corrected when printed or e-filed.
4. **Use Foreign Address** — This changes the lower portion of the address section to accommodate a foreign address.
5. **Creating additional Forms 1099 for same individual** — Click the "+" to the right of the Page 1 tab at the upper left corner of the form.

Editing Forms 1099 Created OTF

To edit an OTF 1099, complete the following steps:

1. Make the appropriate client the active client.
2. Go to **On the Fly > Federal Forms** and select **Forms 1099** for **Form Type**.
3. For **Form**, select the applicable 1099.
4. Select an individual on the left to edit.
5. Make necessary changes directly in the appropriate fields.

6. Click **Save** or **Save/Print** when finished.

94x Returns OTF

This feature enables you to create, save, and print 94x series tax returns OTF, eliminating employee setup and entry of payroll information. Use this module to create 94x tax returns when you have not entered payroll information into Drake Accounting. Once created and saved, use Drake Accounting to print and e-file these forms to the IRS, if you desire.

Producing and Completing Forms 94x OTF

Follow these steps to produce Forms 94x tax returns OTF:

1. Make the appropriate client the active client. If the client doesn't exist in Drake Accounting 2022, create a new client (see "[Creating an OTF Client](#)").

IMPORTANT

94x OTF information does not get brought over when doing the Update Prior Year process under On the Fly.

2. Go to **On the Fly > Federal Forms** and select Forms 94x for the **Form Type**.
3. From the **Form** drop menu, select the specific 94x.
4. Select the appropriate **Frequency** and **Quarter** from the drop menus.
5. Complete the screen and verify the accuracy of your data entry.
 - For more detail on completing the form, click on **Form Instructions** at the top to the right of the **Save** button.
 - If you have not set up an electronic signature, it may be helpful to review "[Electronic Signatures](#)" for more information.

The IRS uses the amount on the **Balance Due** line of 94x tax returns when debiting the bank accounts specified for making electronic payments for these returns.

IMPORTANT

If using Drake Accounting's online payment feature, it is very important to verify the **Balance Due** amount on the 94x tax return prior to e-filing the return. See "[Creating a New Client](#)" and then click the link for the **Online Payment** tab for information on setting up this feature.

6. On the left, select **Print Options** as applicable.
7. If you have completed the **e-File Options** tab in **Client Setup (Client > Edit > e-File Options** tab), the information will flow to the **Client 94x File** section on the left.




- If you have not completed this tab in **Client Setup** but you wish to e-file the 94x you have created, this information will need to be completed in the **Client 94x File** section.
 - See "[Creating a New Client](#)" for more information about the **e-File Options** tab.
8. If you have completed the **e-File Setup** section in **Firm Information Setup (Firm > Firm Information Setup)**, the information will flow to the **Firm e-File Setup** section on the left.
 - If you have not completed this section in **Firm Information Setup** but you wish to e-file the 94x you have created, this information will need to be completed in the **Firm e-File Setup** section.
 - See "[Firm Information Setup](#)" for more information about the **e-File Setup** section.
 9. Once you have verified the accuracy of the form, click **Save** or **Save/Print**.
 10. If you wish to e-file the 94x you just created, go to **e-Filings > 94x > Transmit 94x Forms** and select the applicable 94x
 - See "[94x Returns](#)" for more information about this process.

To enter 94x tax return information OTF, complete the following steps:

1. Make the appropriate client the active client. If the client doesn't exist in the current Drake Accounting program, either:
 - Create a new client by going to **Client > Add** and completing the **Contact Information** tab, **Business Information** tab, and **Federal Form Setup** tab, or
 - Bring the prior year OTF client forward from the prior year program (see "[Update Prior Year Clients](#)").

NOTE

If the 94x series tax return created OTF is going to be e-filed, the client must be set up in Drake Accounting for e-filing before creating the 94x series tax return. Set up the client for 94x e-filing by going to **Client > Edit > e-File Options**.

2. Go to **On the Fly > 94x Forms**.
3. Select the desired 94x tax return from the **Form** drop menu.
4. Use the **Frequency** and **Quarter** drop menus to select the quarter that the 94x tax return is for, if applicable.
5. Complete the 94x tax return by entering the appropriate information. There are calculated fields that may not be available for editing.
6. Select the preparer of the return from the **Preparer's Name** drop menu of the **Paid preparer's use only** section of the return (if appropriate). Preparers display in the list once they've been entered in **Firm > Preparer Setup**.
7. Use the page tabs at the top left of the displayed form to navigate to the various pages of the return. Use the   buttons to zoom in and out.
8. Click **Save/Print** to save and display the return in PDF format. Then click the  to print the return. If you do not wish to print the return at this time, click **Save** instead. If you wish to print the return at a later date, see "[Review Reports](#)".
9. Once the tax return is saved, it can be transmitted to the IRS by going to **e-Filings > 94x > Transmit 94x Forms**, selecting the type of 94x tax return to transmit, then

selecting the specific return. Only the 94x tax returns that are approved for e-Filing are listed. See [“Transmitting 94x Returns”](#) for instructions on transmitting 94x tax returns to the IRS.

Creating an OTF Client

The minimum set up for creating an OTF client is:

1. Go to **Client > Add**.
2. Complete the **Contact Information**, the **Business Information**, and the **Federal Form Setup** tabs. For information on entering information on these tabs, see [“Creating a New Client”](#) and then click on the applicable tab for more information.
3. Click **Save**.
4. When the **Chart of Accounts Setup** displays, click **Cancel**.

IMPORTANT

The client must exist in the current software before bringing the OTF information forward. If the client does not exist in the current Drake Accounting program but does exist in last year’s Drake Accounting, go to **Client > Update Prior Year** to bring the client forward into this year’s program. See [“Update Prior Year Clients”](#) for information on bringing the client forward.

Once the client has been brought into Drake Accounting 2022, go to **On the Fly > Update Prior Year** to bring the OTF information forward.

Update Prior-Year OTF

Use this feature to bring forward all client setup, employee, vendor information, and forms information that was entered OTF in last year’s Drake Accounting.

IMPORTANT

The client must exist in the current Drake Accounting program before bringing the OTF information forward. If the client exists in last year’s Drake Accounting software, go to **Client > Update Prior Year** ([“Update Prior Year Clients”](#)) to bring the client forward into this year’s program.

To update OTF Drake Accounting clients from last year's Drake Accounting program, complete the following steps:

1. Once the OTF client has been brought into Drake Accounting 2023, go to **On the Fly > Update Prior Year**.
2. Use the **Browse** button to locate Drake Accounting 2022 installations that are not on a root drive.
3. Select the location of the client files to convert to the 2023 program by clicking the location under **Existing Data Paths**.
4. The client files entered OTF in the selected location are displayed at the bottom of the dialog box. Select individual client files by clicking the box to the left of the **Client Code** column, or click the box to the left of the **Client Code** column header to select all clients in the selected location.
5. On the right side of the window, select the forms to bring into the current program or click the **Select All** button to bring all forms for the selected clients forward.
6. Click **Update**.

Setup Menu

Use the **Setup** module to establish settings within Drake Accounting applicable to Reports and creating electronic signatures to apply to forms, checks, and assign to preparers.

Reports Options

You can generate reports throughout the software. Go to **Setup > Report Options** to edit settings for each report of each **Report Group** (such as Firm Reports, Employee Reports, etc.). Simply select the **Report Group** (left), select the **Report** (right), and choose options as desired. Make necessary edits on the **Report Specific Options tab**, **Custom Labels tab**, and **Headers and Footnotes tab**. You can elect to have specific options for specific reports or to have the options apply to all the reports within a specific group. **Save** when finished.

NOTE

See the "[Report Groups](#)" section of this manual for more information about the specific reports offered in Drake Accounting.

Electronic Signatures

Within Drake Accounting, you have the option to use your own signature on different documents. Your signature can be uploaded from a separate file or you can select to use a signature pad to capture your signature. Signatures created under **Setup** can then be assigned to users in **User Setup (Firm > User Setup > Preparer Information tab)**. Set up as many signatures as needed.

Use Wacom, Scriptel, or Topaz signature pads when setting up electronic signatures in Drake Accounting.

NOTE



The signature pad must be connected to your computer before Drake Accounting will recognize it.

If no signature pad is connected to your computer, you can upload a saved signature image. The signature file must be either a ".png", a ".bmp", or a ".jpg" file type to be available to upload as a signature image.

Creating an Electronic Signature

To set up Drake Accounting to use an electronic signature:

1. Go to **Setup > Electronic Signatures**.

2. Click **New** and enter the name of the signer in the **Written Name** field.
3. Select the applicable options in the **Use For:** section for using the electronic signature in Drake Accounting (**Payroll, AP, Tax Forms, and Preparer**).
 - **Payroll** applies the signature to payroll checks.
 - **AP** applies the signature to payables checks.
 - **Tax Forms** applies the signature to applicable federal and state forms.
 - **Preparer** instructs the system to make the signature available to assign to users in **User Setup > Preparer Information** tab.
 - **Print test of check face on save using:**
 - Select a check design in the drop down to bring up a print preview of the check face upon saving.
4. Select to either upload the signature from a file or to use the signature from a signature pad.
 - To upload the signature from a file:
 - Select **From File**.
 - To upload a file, click the folder icon  and browse for the signature file. Only images with a solid or nearly solid white background should be used.
 - If the chosen file needs to be cropped, use the cropping tool  to open the signature file in a graphics program and crop the image, saving the image in the program you used to crop the image.
 - In Drake Accounting, click **Save**. A preview of the signature will display in the grid.
 - To use the signature from a signature pad:
 - Ensure the applicable signature pad is plugged into your computer.
 - Click **Signature Pad**. Do not select **From File**.
 - Select the appropriate tab for your pad (**Topaz, Scriptel, or Wacom**).
 - For **Topaz** signature pads:
 - Once the Topaz device has been plugged in, click **Connect**.
 - A message will appear indicating if the connection was successful. If successful, your signature should appear on the screen as you write it. If connection is not successful, a message in red will display that **No Topaz device was detected** under the white signature box field.
 - Select the **Device Input** from the drop menu.
 - Write the signature.
 - If you need to clear it and try again, click **Clear**.
 - Once satisfied, click **Save** (upper right).
 - For **Scriptel** signature pads:
 - Once the Scriptel device has been plugged in, click **Connect**.
 - From the **Device** drop menu, select the applicable Scriptel model.
 - Write the signature.
 - If you need to clear it and try again, click **Clear**.
 - Once satisfied, click **Save** (upper right).
 - For **Wacom** signature pads:

- Once the Wacom device has been plugged in, click **Connect**. If connection is not successful, a message in red will display that **No Wacom device was detected** under the white signature box field.
 - A new window will open for you to write your signature.
 - Write the signature.
 - If you need to clear it and try again, click **Clear**.
 - Once satisfied, click **OK**.
 - The signature will be displayed in Drake Accounting under the **Wacom** tab.
 - Once satisfied, click **Save** (upper right).
5. When printing checks and applicable federal and state forms, select the appropriate signature in the drop menu.

Deleting an Electronic Signature

If the signature is currently assigned to a user (preparer) in **User Setup**, it must be unassigned before it can be deleted. Go to **Firm > User Setup**. Click on the applicable user and go to the **Preparer Information** tab. In the **Signature** drop menu, select the blank space. Click **Save**. After the signature has been unassigned:

1. Go to **Setup > Electronic Signatures**.
2. Click on the applicable signature in the grid.
3. Click **Delete**.
4. Click **Yes**.

Other Electronic Signature Options

1. **Do Not Update Image** — This option is automatically selected once an electronic signature image has been saved. You can edit the **Use For** and **Written Name** options, but not the image itself.
2. **Reconnect Pad** — If your signature pad is not recognized when you go to **Setup > Electronic Signatures**, verify that it is properly connected and click **Reconnect Pad**. This feature prevents you from having to close and reopen the **Electronic Signatures** screen.
3. **Reset** — Click **Reset** to exit the current signature setup without saving and without exiting the **Electronic Signatures** screen.
4. **Save Signature** — Clicking on it will open a new dialog that will allow you to save the signature as a file. By default, it will prompt to save to the **Pictures** directory, but the file can be saved in another convenient location. The **File name** will default to what has been entered in the **Written Name** field (at the top) when first creating the signature. Once the file is saved, the **From File** field (below **Do Not Update Image**) will be updated with the file name and location.
5. **Clear** — This option erases the signature displayed in Drake Accounting and, if applicable, the signature on the device's signature pad screen.

Help Menu

The **Help Menu** provides links to useful resources such as Drake Software's Knowledge Base, contact information for Drake Accounting Support, and more.

Patch Notes

To see what changes have been made to Drake Accounting via a software update, go to **Help > Patch Notes**.

A "patch" is an update that needs to be installed to keep Drake Accounting running as effectively and efficiently as possible. Fixes for software issues, new features, and improvements are released via downloadable patches.

Choose the **Patch Version** to see the details about the update. The **Release Date** is the date the update was released to Drake Accounting users for download.

NOTE

To have patch notes display automatically after receiving an update, select **Show Patch Notes After Updating** in **User Setup (Firm > User Setup)**.

You can also see the patch notes on Drake Accounting's Knowledge Base (KB).

The URL for the KB is <https://kb.drakesoftware.com/>

Knowledge Base

To access Drake Software's Knowledge Base, go to **Help > Online Help**. Your default web browser will open.

After the Knowledge Base loads, to search the Knowledge Base for Drake Accounting articles, you can either:

1. Use the **Quick Search** at the top to search for articles relating to Drake Accounting or
2. Click **Browse > Drake Accounting** and then select a topic of interest.

NOTE

The Knowledge Base can be accessed anytime throughout the software by hitting **F1** or clicking the icon in the upper right corner.

Reports Overview

Drake Accounting can generate reports throughout the software.

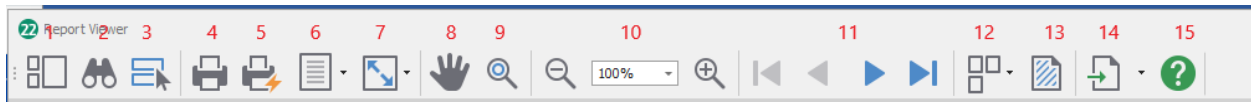
It may be helpful to review the following information:







1. [Running Reports](#)
2. [Report Groups](#)
3. [Reports Customization](#)




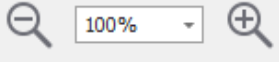




The Reports Window

Use the **Reports** window icons and features to take maximum advantage of this very powerful report generator. The following icons can be found in the top left of Drake Accounting report windows:




Reports Window Icons



Icon Number	Icon	Description
1	 Thumbnails	Shows the pages of the report in thumbnails to the left of the active page.
2	 Search Report	Allows you to search the report for key words.
3	 Highlight Editing Fields	Highlights areas on the report that you can edit.
4	 Print	Print the active report.
5	 Quick Print	Send the report to the printer without going through print preview or printer setup.
6	 Page Orientation	Use the drop down arrow to set your page up as portrait or landscape.


7	 Scale	Scales the report size.
8	 Hand tool	Allows you to grab the report and move it up or down, side to side when magnified.
9	 Magnifier	Magnifies the report for easier viewing, if necessary.
10	 Zoom	Adjust the size of the report.
11	 Page	Allows you to navigate from page to page or to the beginning or end of the report.
12	 Multiple Pages	Allows you to view multiple pages on the screen at the same time.
13	 Watermark	Allows you to add a watermark to your reports.
14	 Export Report	Exports the report to a location you choose in a format you choose. Use the dropdown arrow to choose the format.

Additional Report Window Features

1. **Sorting** — Some reports provide the ability to change the sort options for one or more columns after the report has been run. Click the  to sort the report on that column in ascending order. Click the  to sort the report on that column in descending order.
2. **View individual details on applicable reports in separate tabs** — Double-click the sort field in the report and a new tab (under the Reports icons) is created to display just the information about that sort field. For instance, in an Employee report, double-click the name *Smith, John* or his *Federal ID number* and a separate tab displays the part of the report about John Smith.
3. **Closing separate tabs** — Click the small  box to the right of the report in the upper right corner to close tabs.
4. **Main Report** — If additional tabs have been created as mentioned above, click **Main Report** to return to the full report.
5. **Subtotal** — An "S" on a report indicates a subtotal.
6. **Account Type Total** — A single line indicates the total of an account type; a double line indicates the total of multiple account types (such as Total Assets or Total Liabilities).

7. **A number within parenthesis ()** — This indicates a negative number.

Running Reports

To access the Reports window from anywhere in the software, click the  icon in the upper right.

To run Drake Accounting reports from the Tree View menu:

1. Select **Reports** from the Tree View menu under the desired subject category (**Employees, Accounting, Payables**, etc.). A list of available reports specific to the report group selected displays.
2. Use the **Report Group** drop menu to select a different report group.
3. Select a report from the **Reports for Selected Group** list.
4. You may be presented with report options regarding the report sort method, report type, month, division, date range, etc. Make the desired selections.
5. Once you've made your selections, click **Run Report**, and the report displays on your computer monitor.

NOTE

You can also run report sets under **Firm > Report Sets > Create** to avoid having to go into each module to print off reports. This includes reports, letters, and both federal and state forms. See "[Report Sets](#)" for more information.

Report Groups

The following report groups are available in Drake Accounting. If using a print version of this manual, refer to the end of the appropriate menu for a detailed summary of reports. For example, if you wish to read more about reports regarding employees, refer to the end of the **Employees** section for more information.

Report Type	Description
<u>Firm Reports</u>	Summarizes each client's contact and business information.
<u>Employees Reports</u>	Generates a variety of reports pertaining to employees and payroll.
<u>General Ledger Report</u>	Produces a statement that displays the balances of all accounts.
<u>Profit & Loss (P&L) Reports</u>	Produce reports of the company's profits and losses. The reports can be customized by division, month, period, or time, and formatted in multi- or single-column. These reports can be printed in the normal

	Drake Accounting report format or to an Excel worksheet.
<u>Payables Reports</u>	Generates reports based on information from the Payables module, including vendors, outstanding balances, due dates, and amounts for outstanding invoices.
<u>Balance Sheet Reports</u>	Produces statements listing the debit and credit balances of the current client. From the Reports dialog box, select which type of balance sheet to create. These reports can be printed in the normal Drake Accounting report format or to an Excel worksheet.
<u>Receivables Reports</u>	Summarizes information from the Receivables module, including customers, invoices, customer statements, aging reports, and sales tax records.
<u>Interim Reports</u>	Displays information that was entered for the current month or period. Use these reports to review the calculations and verify accuracy of the entries. Once the month or period has been posted, corrections to that journal cannot be made. Review all interim information before running the post transactions process. Even if the Enter Transactions dialog box (Accounting > Transactions) shows a 0.00 balance, there could still be data entry errors that cause reports to be incorrect. Use the interim reports to locate data entry errors.
<u>Budget Reports</u>	Shows accounts that have been set up in the chart of accounts with an annual budget amount entered and are used to report budget versus actual amounts.
<u>Chart of Accounts Reports</u>	Lists the account name, type, level, and number. The Trial Balance report offered in this group lists the Account Number, Account Name, and corresponding debits and credits.
<u>Transaction Listings Reports</u>	Lists transactions and can be created based on journal code or actual order where transactions took place.
<u>Year to Date Reports</u>	Generates information regarding the general ledger and journal transactions since the last post. The YTD Transaction Listing report can be displayed based on a single journal code or by the entirety of the journal.
<u>Cash Flow Reports</u>	Shows a company's cash flow on a cash basis.
<u>Expense Reports</u>	Shows transactions from expense accounts. This report also includes a pie chart.
<u>Revenue Reports</u>	Lists transactions from revenue income and can include a line graph or a pie chart.

<u>Owner's Capital Report</u>	Generates a report for changes to owner's capital and included the beginning balance of the retained earnings account, any net loss adjustments, and the total balance in capital.
--------------------------------------	--

Reports Customization

In order to customize your report, hover the mouse over the green arrow and a box will display telling you how to customize letters and reports (where applicable) to your liking. For reports, each template is specific to the report that the template was created in (i.e., a template created for the Monthly Prior Year Compare report will not appear for selection when you run the Prior Month Compare report because the formatting is different). However, letters use the same format, so you can create one template and apply it to all your letters.

These **Reports Print Preview** options are available to all Reports in the program except when viewing a report under **Tools > Review Reports**. There are limited options available when previewing a check from the **Check Print** screen to not create issues with the check designs. If you change some options when previewing a check, you will not be able to save a template for it.

Specific Hotkeys for Reports Print Preview

Desired Action	Hot Key/Combinations
Print	Ctrl + P or Ctrl + PrtScn (key)
Go to the first page	Home (key)
Go to the last page	End (key)
Moves to the next or previous page	PgUp (key)
Moves to the next or previous page	PgDn (key)
Refresh	Ctrl + R
Undo	Ctrl + Z
Redo	Ctrl + Y
Select multiple fields	Ctrl key + left-click fields you want to select
To bold when one or more fields are selected and fonts can be changed	Ctrl + B
To italicize when one or more fields are selected and fonts can be changed	Ctrl + I
To underline when one or more fields are selected and fonts can be changed	Ctrl + U
To open a browser to the User's Manual online	F1

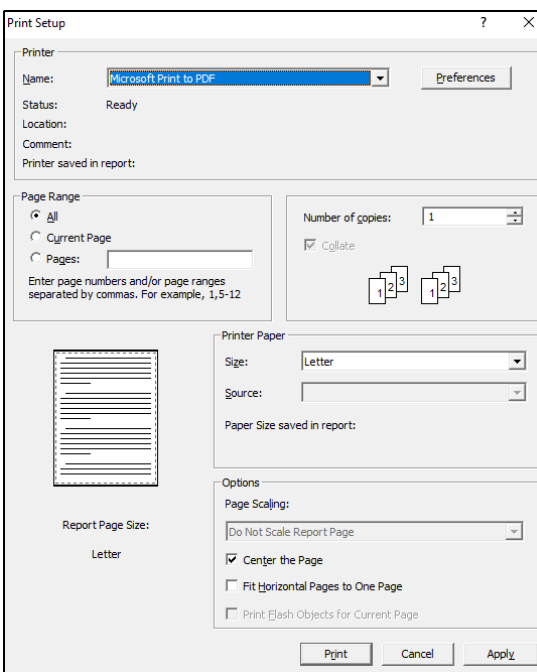
NOTE

The report will need to be refreshed (Refresh button  or Ctrl + R) in order to see changes.

Print Options

Use Advanced Print Dialog Dissociate Page Size and Printer Paper Size Paper Size DefaultPaperSize ▼ Landscape Portrait

- **Use Advanced Print Dialog**
 - By default, the **Use Advanced Print Dialog** checkbox will be checked.
 - One of the main benefits of the advanced print dialog is that you have the option to choose which pages to print.



Advanced Print Dialog

- **Dissociate Page Size and Printer Paper Size**
 - When unchecked, the **Dissociate Page Size and Printer Paper Size** checkbox will enable the **Paper Size** dropdown and page orientation controls (**Landscape** and **Portrait**).

Margin and Display Options

Adjust margins by clicking on the margin lines on the report and dragging to the desired margins. This also works for adjusting the height and width of the report.

NOTE

When you click on a subreport object (such as the Expense report pie chart), the report will automatically drill down into its subreport. Unless you click on the content in the subreport, the subreport object will still be selected.


Appendix

Appendix A: Logging out of Drake Accounting

Drake Accounting will automatically log out any user after 15 minutes of inactivity. This will not affect any data entry. Once logged back in, the user can continue where they left off.

If a user has any unfinished changes while working in Drake Accounting (e.g., began filling out a screen, didn't finish and save, and was automatically logged out), a notification of this will display if another user tries to log on. That user (with unfinished work) must sign on, complete and save their work, and log back out for another user to log in.

An Owner can log into Drake Accounting at any time.

You can press **CTRL + L** or the Lock Button  in the upper right part of the screen to manually log out of Drake Accounting.

Appendix B: e-Filing 1099-MISC FAQ

IMPORTANT

Beginning tax year 2018, Form 1099-MISC reporting NEC in Box 7 can only request a non-automatic extension of time and must be paper-filed on Form 8809. Please see Pub. 1220 (pg. 147, Section 1.01) for more details.

Q. Do I need anything other than Drake Accounting to upload 1099-MISC files?

A. Yes. Fill out Form 4419 and mail it to the IRS at least 45 days before the due date of the return.

Q. What do I receive from the IRS once I'm approved to electronically file the 1099-MISC?

A. The IRS sends you a TCC (Transmitter Control Code). If you don't receive a reply within 45 days, call the IRS's Martinsburg Computing Center toll free at (866) 455-7438 between 8:30 am and 4:30 pm ET.

Q. Can I transmit a 1099-MISC while I am waiting for the TCC?

A. No. You can't transmit until after you have received the TCC from the IRS.

Q. Can I submit Form 4419 without a signature?

A. No. The IRS does not issue the TCC without a valid signature.

Q. Are there other forms that I need that are associated with electronically filing the 1099-MISC?

A. Yes, Forms 8809 and 8508

- Form 8809 — This is the application to transmit an extension for the 1099-MISC filing. This form must be paper-filed by the due date of the 1099-MISC.
- Form 8508 — This requests a waiver from filing informational returns electronically. It must be filed at least 45 days prior to the due date of the returns for which you are requesting a waiver. If you do not file and do not have an approved waiver on record, a penalty of \$50 per return can be levied.

Appendix C: W-2/W-3 PIN Application FAQ

Q. Is a PIN required before submitting an electronic Form W-2 or W-3?

A. The Social Security Administration has recently changed the PIN requirement. PINs have been replaced with simply setting up a login ID and Password to their Business Services Online website. Go to <https://www.ssa.gov/bsa/bsowelcome.htm> and click **Register**. Follow the directions to complete the registration.

Appendix D: IRS "FIRE" Website

The **FIRE (Filing Information Returns Electronically)** system is set up for financial institutions and others to file Information Return Forms 1042-S, 1098, 1099, 5498, 8027, or W-2G. An Information Return is a tax document used to report certain types of payments made by financial institutions and others who make payments as a part of their trade or business as required by Internal Revenue Code regulations (From IRS Publication 1220, Sec 8, pages 186 - 189).

Connecting to the FIRE system

1. Go to <http://fire.irs.gov> to connect to the FIRE system.
2. Filers should turn off their popup-blocking software before transmitting their files.
3. Before connecting, have your Transmitter Control Code (TCC) and EIN available.
4. Your browser must support SSL 128-bit encryption.
5. Your browser must be set to receive "cookies." Cookies are used to preserve your User ID status.

First time connection to the FIRE system

(If you have logged on previously, skip to "**Subsequent connections to the FIRE system**".)

1. Click **Create New Account**.
2. Fill out the registration form and click **Submit**.
3. Enter your **User ID** (most users log on with their first and last name).
4. Enter and verify your **Password** (the password is user assigned and must be eight alphanumeric characters, containing at least one uppercase, one lowercase and one numeric character). FIRE may require you to change the password once a year.
5. Click **Create**.
6. If you receive the message, **Account Created**, click **OK**.

7. Enter and verify your 10-digit self-assigned **PIN** (Personal Identification Number).
8. Click **Submit**.
9. If you receive the message, **Your PIN has been successfully created!**, click **OK**.
10. Read the bulletins and click **Start the FIRE application**.

Subsequent connections to the FIRE system

1. Click **Log On**.
2. Enter your **User ID**. (Most users log on with their first and last name.)
3. Enter your **Password**. (The password is user-assigned and is case sensitive.)

Uploading your file to the FIRE system (complete these steps from Menu Options)

1. Click **Send Information Returns**.
2. Enter your **TCC**.
3. Enter your **EIN**.
4. Click **Submit**.
5. The system displays the company name, address, city, state, ZIP code, phone number, contact, and e-mail address. This information is used to contact or send correspondence (if necessary) regarding this transmission. Update as appropriate and click **Accept**.
6. Click one of the following:
 - **Original File**
 - **Correction File**
 - **Test File**
 - **Replacement File** (if you select this option, select one of the following):
 - **New FIRE Replacement** (file was originally transmitted on this system). Click the file to be replaced.
 - **Magnetic Media Replacement**. Enter the alphabetic character from Form 9267, Media Tracking Slip, that was sent with the request for replacement file. Click **Submit**.
7. Enter your 10-digit **PIN**.
8. Click **Submit**.
9. Click **Browse** to locate the file and open it.
10. Click **Upload**.

When the upload is complete, the name of the file uploaded and total bytes received is displayed.

- If you have more files to upload for that TCC, click **File Another**.
- If you have no more files to upload, click **Main Menu**.

NOTE

It is your responsibility to check the acceptability of your file. Check back into the system in 1-2 business days using the **Check File Status** option.

Checking the file status

1. At the main menu, click **Check File Status**.
 - Enter your **TCC**.
 - Enter your **EIN**.
 - Click **Search**.
2. If **Results** indicate:
 - **Good, Not Released** and you agree with the **Count of Payees**, you are finished with this file. The file will automatically be released after 10 calendar days unless you contact the IRS within this time frame.
 - **Good, Released** — File has been released to our mainline processing.
 - **Bad** — Correct the errors and timely resubmit the file as a “replacement.”
 - **Not yet processed** — File has been received but the IRS does not have results available yet. Please check back in a few days.
3. Click the desired file for a detailed report of your transmission.
4. When you are finished, click on **Main Menu**.
 - Click **Log Out**.
 - Close your Web browser.

Common Problems and Questions Associated with e-Filing

.01 Refer to Part A, Sec. 16, for common format errors associated with electronic/magnetic files.

.02 The following are the major errors associated with electronic filing.

Non-format Errors

- Transmitter does not check the FIRE system to determine file acceptability. The results of your file transfer are posted to the FIRE system within two business days. It is your responsibility to verify file acceptability and, if the file contains errors, get an online listing of the errors. Date received and number of payee records are also displayed. If the file is good but you do not want the file processed, you must contact IRS/ECC-MTB within 10 calendar days from the transmission of your file.
- Incorrect file is not replaced timely. If your file is bad, correct the file and resubmit as a replacement.
- Transmitter compresses several files into one. Compress only one file at a time. For example, if you have 10 uncompressed files to send, compress each file separately and send 10 separate compressed files.
- Transmitter sends a file and **CHECK FILE STATUS** indicates that the file is good, but the transmitter wants to send a replacement or correction file to replace the original/correction/replacement file. Once a file has been transmitted, you cannot send a replacement file unless Check File Status indicates the file is bad (1-2 business days after file was transmitted). If you do not want the IRS to process the file, you must first contact the IRS toll-free (866) 455-7438 to see if this is possible.
- Transmitter sends an original file that is good, and then sends a correction file for the entire file even though there are only a few changes. The correction file, containing the proper coding, should contain only the records needing correction, not the entire file.

- File is formatted as EBCDIC. All files submitted electronically must be in standard ASCII code.
- Transmitter has one TCC number, but is filing for multiple companies. When sending the file electronically, enter the EIN of the company assigned to the TCC. When you upload the file, it contains the EINs for the other companies that you are filing for. This is the information that is passed forward.

If the transmitter sent the wrong file, call the IRS as soon as possible toll free at (866) 455-7438. The IRS may be able to stop the file before it has been processed. Please do not send a replacement for a file that is marked as a good file.

Appendix E: Kotapay Contact and Holiday Processing Calendar

To view contact information for Kotapay, go to **Help > Contact Kotapay**. For more information about Kotapay's processing times and to view their most current processing times and holiday observances, please visit their website at www.kotapay.com.

Direct deposit transmissions on Friday, Saturday, or Sunday are processed by Kotapay the following Monday. Kotapay does not process any direct deposit transactions that fall on the following holidays:

Holiday Processing Calendar

ACH Processing (Holiday) Calendar

Date/Holiday	Hours of Operation	Processing Notes
Monday, January 16th <i>Birthday of Martin Luther King, Jr.</i>	8am - 10pm CT	ACH files can be uploaded but cannot be dated for January 16th. No returns or wires will be processed.
Monday, February 20th <i>Presidents' Day</i>	8am - 10pm CT	ACH files can be uploaded but cannot be dated for February 20th. No returns or wires will be processed.
Monday, May 29th <i>Memorial Day</i>	CLOSED	ACH transactions cannot be dated for May 29th.*
Monday, June 19th <i>Juneteenth</i>	8am - 10pm CT	ACH files can be uploaded but cannot be dated for June 19th. No returns or wires will be processed.
Tuesday, July 4th <i>Independence Day</i>	CLOSED	ACH transactions cannot be dated for July 4th
Monday, September 4th <i>Labor Day</i>	CLOSED	ACH transactions cannot be dated for September 4th.*
Monday, October 9th <i>Columbus Day</i>	8am - 10pm CT	ACH files can be uploaded but cannot be dated for October 9th. No returns or wires will be processed.
Saturday, November 11th <i>Veteran's Day</i>	CLOSED	ACH transactions cannot be dated for November 11th
Thursday, November 23rd <i>Thanksgiving Day</i>	CLOSED	ACH transactions cannot be dated for November 23rd
Monday, December 25th <i>Christmas Day</i>	CLOSED	ACH transactions cannot be dated for December 25th

**No returns or wires will be processed. Kotapay Operations is available 12-3pm CT.*

Appendix F: Reporting Agent's PIN Application

A reporting agent is an accounting service, franchiser, bank, or person who complies with IRS Revenue Procedures 96-17 and is authorized to electronically sign and file Form 940/941 on behalf of a taxpayer. This authorization begins with the submission of Form 8655, either by the client or the reporting agent. There must be a Form 8655 signed by the client for each of the reporting agent's clients. Reporting agents sign all the electronic returns they file with a single 5-digit PIN signature.

The reporting agent must have an EFIN before submitting Form 8655. If you already have an EFIN, you still must update the information to be able to e-file 94x series tax returns. Log on to your IRS e-Services account to update this information.

IMPORTANT

If a Reporting Agent gives tax advice, they must also have a PTIN (Preparer Tax Identification Number). If they do not offer tax advice, a PTIN is not required.

Refer to the IRS website for more information about PTIN requirements.

If you apply to be a Reporting Agent, you can complete and sign a Form 8655, include your company on the Reporting Agent's List, and use your 5-digit Reporting Agent's PIN to e-file 94x series tax returns for your own company.

To complete the 8655:

1. Download Form 8655 from the IRS website (<http://www.irs.gov/pub/irs-pdf/f8655.pdf>) or from the main menu of Drake Accounting, go to **Tools > Print Blank Forms**, select the **Federal 94x series**, and double-click **Form 8655**. Click the print icon. Print and fill out one Form 8655 for each client for whom the reporting agent will file.
 - This form is also available under the **On the Fly** module (**On the Fly > Federal Forms > Forms 94x > 8655**).
2. Have each client sign a Form 8655.
3. Create a **Reporting Agent's List**. This is required to accompany Forms 8655 and is a list of clients included in a batch being submitted for e-filing approval. See *"Reporting Agent's List"* below for a sample of this document.

REPORTING AGENT'S LIST		DATE OF LIST _____	
Reporting Agent's Name _____			
Reporting Agent's Street Address _____			
Reporting Agent's City, State, ZIP _____			
Reporting Agent's Employer Identification Number _____			
List Type (Additions or Deletions) _____			
Name of Reporting Agent's Contact Person _____			
Phone Number of Reporting Agent's Contact Person _____			
Client Account Number (optional)	Employer Identification Number	Name Control (IRS Supplied)	Taxpayer Name and Address
10035	*12-00000XX		Taxpayer One 1 First St Firsttown, NY 10001
10037	*32-0000XXX		Taxpayer Two 2 Second St Secondtown, NY 20002
12345	*52-000XXXX		Taxpayer Three 3 Third St
* Employer Identification Numbers must be listed in ascending numerical order.			
NOTE: The items listed under Client Account Number, Employer Identification Number, Name Control, and Taxpayer Name and Address are fictitious examples. The actual information for the taxpayer's Forms 8655 being submitted with the Reporting Agent's List should be entered. Only one copy of the Reporting Agent's List should be submitted, along with the Forms 8655, to:			
Internal Revenue Service Accounts Management Service Center MS 6748; RAF Team 1973 N. Rulon White Blvd. Ogden, UT 84404			
or fax Forms 8655 and paper Reporting Agent Lists to the RAF Team at (801) 620-4142.			
(from IRS Publication 1474)			

Reporting Agent's List

4. Fax (IRS preferred) or mail the signed Form 8655s and the Reporting Agent's List to the IRS. The fax number for the IRS has changed. The 8655 form has not been updated with the new fax number.
5. Call the IRS at (801) 620-3852 to check the status of Form 8655 applications and for any other questions regarding the Reporting Agent application process.
 - In approximately two weeks, reporting agents receive a mailed notification of acceptance from the IRS and, in a separate mailing, a five-digit signature PIN.

IRS Fax: (855) 214 -7523

Internal Revenue Service
Accounts Management Service Center
MS 6748 RAF Team
1973 North Rulon White Blvd.
Ogden, UT 84404

Completing the Reporting Agent Setup

To complete the 94x e-Filing setup for the client:

1. Make the appropriate client the active client.
2. Go to **Client > Edit > e-File Options**.
3. Select the **e-File 94x** check box.
4. Select the **Transmit as Reporting Agent** check box.

IMPORTANT

Do not select **Transmit as Reporting Agent** until you have received a letter from the IRS listing the client as approved for the 94x e-Filing program. The client's 94x tax return will be rejected if you e-file their return as a Reporting Agent before they are approved by the IRS.

5. Enter the client's **Name Control for e-File**. The IRS should fax the Reporting Agent's List back to you with the client's **Name Control for e-File** written beside each client listed.
6. Click **Save**.

NOTE

Do not make an entry in the **Taxpayer 5 Digit PIN for e-File**, **Ten Digit Signature PIN**, and **Signature Name** fields when **Transmit as Reporting Agent** is selected.

To complete the 94x e-filing setup for the firm:

1. Go to **Firm > Firm Information Setup**.
2. Make sure the **e-File 94x** check box is selected.
3. Enter the five-digit PIN you received from the IRS into the **Reporting Agent PIN** text box. You only need to enter this once.
4. Enter the firm's **Business Name Control** (if not previously entered). If you are unsure what to put here, have an officer of the firm contact the IRS EIN verification line at 800-829-4933. An incorrect Name Control will cause ALL of your e-Filed 94x returns to reject. You only need to enter this once.
5. Click **Save** and **Exit**.

Appendix G: Preparing to e-File Forms W-2

The Social Security Administration recommends using AccuWage Online to test your wage files for compliance with EFW2/EFW2C specifications before submitting them to the SSA. Before uploading W-2 and W-3 information to the SSA, you must register to use the SSA's Business Services Online (BSO) website.

Registering with the Social Security Administration

When you register to use the SSA's website, you will get a login ID and password. You will also need to establish which of the SSA's services you will be using.

1. In Drake Accounting, go to **e-Filings > W2 > Transmit File**.
2. Select the **W2 files have been tested using AccuWage** option.
3. Click **the link for the AccuWage Website**. The Social Security Administration's Business Services Online website (<http://www.socialsecurity.gov/bso/bsowelcome.htm>) displays.
4. Click **Register**. Enter your registration information. Once you've entered your information, you will be prompted to select the services you will be using.
5. From the **Main Menu** on the left side of the screen, go to **Manage Services**.
6. Select **Request New Services**.
7. Select **SSA Services Suite for Employers**.

NOTE

As of 2017, AccuWage Downloadable is no longer available.

Appendix H: Preparing to e-File Forms 1099

Before uploading 1099 and 1096 information to the IRS, you must:

1. Get a Transmitter Control Code (TCC), and
2. Register on the IRS's FIRE web site.

Getting a Transmitter Control Code

1. Go to <http://www.irs.gov/pub/irs-pdf/f4419.pdf>
2. Complete Form 4419.

NOTE

Select only the first box below line 7 unless the others are absolutely necessary. If you select more than the first box, the IRS will call you to verify your selection. This will cause your application to be delayed.

3. Fax the completed form to 877-477-0572.
4. Check on the status of the 4419 application (and receive the 5-character TCC over the phone, call toll free: 866-455-7438 (option 4). You will also receive a letter from the IRS with your TCC.
5. In Drake Accounting, go to **Firm > Firm Information Setup** and enter the TCC.
6. Click **Save**.

NOTE

Only one Transmitter Control Code is required to e-file all of your clients' Forms 1099.

Register to use the IRS's "FIRE" Website

1. Go to <https://fire.irs.gov/firev1r/default.aspx>.
2. Click **Create New Account** on the left side of the screen.
3. Complete and submit the application.
4. Create a **User ID** and **Password**.
5. Create a 10-digit Personal Identification Number (PIN).

IMPORTANT

Beginning tax year 2018, Form 1099-MISC reporting NEC in Box 7 can only request a non-automatic extension of time and must be paper-filed on Form 8809. Please see Pub. 1220 (pg. 147, Section 1.01) for more details.

Appendix I: Imported Data Fields

The following fields can be imported into Drake Accounting from **QuickBooks®**.

QuickBooks Import Fields

Employees	Customers	Chart of Accounts	Vendors
Employee Code	Customer Code	Account #	Vendor Code
First Name	Customer Name	Account Key (based on type)	Company Name
Middle Name (Initial)	Phone	Name	First Name
Last Name	Phone 2	Type	Last Name
Address 1	City	Current Balance	City
City	State	REA Flag (not visible)	State
State	Zip		Zip
Zip	Shipping City		Phone
State Tax Table	Shipping State		EIN/SSN Indicator
Phone	Shipping Zip		EIN/SSN
Status Code (Active or Terminated)	Email		Do Not Generate a 1099
	Shipping Contact		Email

	Account Type (Depends on QB Value)		
	Credit limit		
	User Defined 1		
	User Defined 2		
	User Defined 3		
	User Defined 4		
	Status Code (Active or Blank)		

The following fields can be imported into Drake Accounting from **Sage 50®**.

* Account # will have the “-” and everything past it removed and any non-unique Account #s will be given a unique account # slightly different from their original one.

Sage 50 Import Fields

Employees	Customers	Chart of Accounts	Vendors
Employee Code	Customer Code	*Account #	Vendor Code
First Name	Customer Name	Account Key (based on type)	Company Name
Middle Name (Initial)	Contact	Name	First Name
Last Name	Address 1	Type	Last Name
Status Code (Active or Terminated)	Address 2	Current Balance	Address 1
Address 1	City		Address 2
Address 2	State		City
City	Zip		State
State	Shipping Address 1		Zip
Zip	Shipping Address 2		Country
State Tax Table	Shipping City		Phone
EIN/SSN Indicator	Shipping State		EIN/SSN
EIN/SSN	Shipping Zip		Do Not Generate a 1099
Phone	Phone		Email
Email	Phone 2		
Federal Exemptions	Email		
Federal Additional W/H	Shipp Via		
State Exemptions	Discount Percent		
State Additional W/H	Credit limit		

Date Hired	Sales Person (as Employee Code)		
Date of Pay Raise	Web Address		
Date Terminated or Date of Suspension	Status Code (Active or Blank)		
Pay Rate 1			
Pay Rate 2			
Pay Rate 3			
Pay Rate 4			
Birth Date			

The following fields can be imported into Drake Accounting from **EasyACCT®**.

Intuit EasyACCT Import Fields

Employees	Chart of Accounts	Vendors
Employee Code	*Account #	Vendor Code
First Name	Account Key (based on type)	Company Name
Middle Name (Initial)	Name	Address 1
Last Name	Type	Address 2
Address 1	Sub Type (for some types)	City
Address 2	Starting Debit/Credit	State
City	Starting Budget	Zip
State		Phone
Zip		Email
State Tax Table		EIN/SSN Indicator
EIN/SSN Indicator		EIN/SSN
EIN/SSN		
Phone		
Birth Date		
Date Hired		
Date Terminated or Suspended		
Date of Pay Raise		
Pay Class (Hourly or Salary)		
Pay Period		
Pay Rate 1		
Pay Rate 2		
Pay Rate 3		
Federal Exemptions		

Federal Additional W/H		
State Exemptions		
State Additional W/H		
Direct Deposit Payroll Checks		
Checking Account Type		
Savings Account Type		
Bank Routing Number		
Checking Account Number		
Savings Account Number		
Over 65 (hidden)		
Under 18		

Appendix J: W-2 Box 12 Codes

W-2 Box 12 Codes

A	Uncollected Social Security or RRTA tax on tips
B	Uncollected Medicare tax on tips
C	Taxable cost of group term life insurance over \$50,000
D	Elective deferrals to a §401(k) cash or deferred arrangement (including a SIMPLE 401(k) arrangement)
E	Elective deferrals to a §403(b) salary reduction plan
F	Elective deferrals to a §408(k)(6) salary reduction SEP
G	Elective deferrals and employer contributions (including non-elective deferrals) to any governmental or nongovernmental §457(b) deferred compensation plan
H	Elective deferrals to a 501(c) (18) (D) tax-exempt organization plan
J	Nontaxable sick pay (not included in lines 1, 3, or 5)
K	20% excise tax on excess golden parachute payments
L	Substantiated employee business expense reimbursements
M	Uncollected Social Security or RRTA tax on the taxable cost of group term life insurance over \$50,000 (for former employees)
N	Uncollected Medicare tax on taxable cost of group term life insurance over \$50,000 (for former employees)

P	Excludable moving expense reimbursements paid directly to the employee
Q	Nontaxable combat pay
R	Employer contributions to an Archer medical savings account (MSA)
S	Employee salary reduction contributions under a §408(p) SIMPLE
T	Adoption benefits
V	Income from the exercise of nonstatutory stock option(s)
W	Employer contributions to an employee's Health Savings Account (HSA)
Y	Deferrals under a §409A nonqualified deferred compensation plan
Z	Income under §409A on a nonqualified deferred compensation plan
AA	Designated Roth contributions to a §401(k) plan
BB	Designated Roth contributions under a §403(b) salary reduction agreement
DD	Cost of employer-sponsored health coverage
EE	Designated Roth contributions under a governmental §457(b) plan
FF	Permitted benefits under a qualified small employer health reimbursement arrangement
GG	Income from qualified equity grants under section 83(i)
HH	Aggregate deferrals under section 83(i) elections as of the close of the calendar year

Appendix K: State Forms and e-File Formats

See Drake Accounting's Knowledge Base for a detailed [list of state forms that can be e-filed](#), as well as the e-file format created by Drake Accounting. You can access the Knowledge Base by pressing F1 on your keyboard or clicking the Help icon in the upper right.

Glossary

Account — A detailed record of a particular asset, liability, owners' equity, revenue, or expense.

Account Type—Designates an account in the chart of accounts as an asset account, a liability account, expense account, capital account, income account, etc.

AccuWage—This is free software from the Social Security Administration (SSA). The software checks W-2 (Wage and Tax Statement) and W-2c (Corrected Wage and Tax Statement) reports for errors before you send them to the SSA. To use the software, go to <http://www.ssa.gov/employer/accuwage/>.

ACK — IRS acknowledges each transmission of electronic return data. There are two types of ACK files, the Transmission ACK File and the Validation ACK File. Transmission ACK File is generated if there is a problem in the basic formatting of the entire file. Validation ACK File is generated when there is a problem within the return.

Acknowledgement — See ACK.

Additional Net Pay — Amounts added to an employee's paycheck not subject to withholdings.

Advance Earned Income Credit (AEIC) — An employee who expects to be eligible for the earned income credit (EIC) and expects to have a qualifying child is entitled to receive EIC payments with his or her pay during the year. To get these payments, the employee must provide to you a properly completed Form W-5, Earned Income Credit Advance Payment Certificate, using either the paper form or an approved electronic format. You are required to make advance EIC payments to employees who give you a completed and signed Form W-5.

After-the-Fact Payroll — Payroll information is entered for reporting purposes only and no checks are printed.

ATF Payroll — See After-the-Fact Payroll.

Balance — Either equality between the totals of the credit and debit sides of an account or the difference between the totals of the credit and debit sides of an account.

Balance Sheet — A summary of all the accounts of a business, it provides a snapshot of the business at a given point in time. A balance sheet is usually prepared at the end of each financial year. The term implies that the combined balance of assets equals the liabilities and equity.

Beginning Balance — The amount on hand at the start of an accounting period.

Benefits — Employer provided “non-cash” taxable compensation or fringe benefits.

Cash Account — The general ledger account that reports currency, coins, undeposited checks, and the checking accounts of a company.

Chart of Accounts — A listing of the accounts available in the accounting system in which to record entries. The Chart of Accounts consists of balance sheet accounts (assets, liabilities, stockholders' equity) and income statement accounts (revenues, expenses, gains, losses). It can be expanded and tailored to reflect the specific operations of a company.

Close — Refers to procedures at the end of an accounting period. Since an income statement reports the net income for a single accounting period and shows the expenses and revenues only for that period, closing clears current period balances but maintains year to date.

COA — See Chart of Accounts.

Common Paymaster — An entity that pays an employee for two or more related corporations at the same time.

Credit — To enter an amount on the right side of an account. Generally, these types of accounts are increased with a credit: Gains, Income, Revenues, Liabilities, and Stockholders' (Owner's) Equity.

Debit — To enter an amount on the left side of an account. Generally, these types of accounts are increased with a debit: Dividends (draws), Expenses, Assets, and Losses.

Deduction — An expense incurred by a taxpayer that is subtracted from gross income and results in a lower overall taxable income.

Double Entry System of Bookkeeping — Every business transaction is recorded into at least two accounts. For each debit there is an offsetting credit.

Earned Income Credit (EIC) — See EIC.

EFIN (Electronic Filing Identification Number) — Required to electronically file tax returns and other tax related documents, an EFIN is acquired by submitting an online application and mailing a signed and completed fingerprint card to the IRS.

EIC — A refundable credit for workers who meet certain requirements and file a tax return. Persons with or without a qualifying child may claim the EIC. To qualify for the credit, income must be earned.

EIN — Employer Identification Number. This is required to file the various employment tax returns. You may obtain an EIN by completing Form SS-4, Application for Employer Identification Number, and mail or fax it to the IRS for processing.

Electronic Filing Identification Number — See EFIN.

Electronic Return Originator — See ERO.

Employer Identification Number — See EIN.

Ending Balance — The amount in an account at the end of an accounting period as a result of operations during the period.

ERO — Individuals who have passed the suitability checks by the Internal Revenue Service and have subsequently been accepted into the electronic filing program. EROs are required to use their clients' 10-digit Personal Identification Numbers (PIN) when electronically filing the Form 940 series for the client. This PIN serves as an electronic signature for the return.

Exemption — A subtraction from income in computing taxable income. Also, the number used when calculating income tax withholding.

Expense Account — An expense represents an event in which an asset is used or a liability is incurred. Expenses decrease the owner's equity. Examples of expense accounts are wage expense, supply expense, rent expense, and advertising expense.

FICA — Federal Insurance Contribution Act. FICA indicates the payroll taxes for both Social Security and Medicare.

FIRE System — "FIRE" refers to the Filing Information Returns Electronically system at <http://fire.irs.gov>. The following information returns can be filed electronically: Forms 1042-S, 1098, 1099, 5498, 8027, W-2G, and QWF (Questionable Forms W-4). To participate in the FIRE system, submit Form 4419 to request authorization to file Information Returns with the IRS. Once you are approved, a five-character

alphanumeric Transmitter Control Code (TCC) is assigned. If you already have a TCC for magnetic media filing, you need not reapply.

Form 1096 — This form is used to transmit paper Form 1099-MISC to the IRS. Do not use Form 1096 to transmit electronically or magnetically.

Form 1099-MISC — File this form for each person to whom the employer has paid during the year: at least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest; at least \$600 in rents, services (including parts and materials), prizes and awards, other income payments, medical and health care payments, crop insurance proceeds, cash payments for fish (or other aquatic life) the employer purchases from anyone engaged in the trade or business of catching fish, or, generally, the cash paid from a notional principal contract to an individual, partnership, or estate; any fishing boat proceeds; or gross proceeds to an attorney. In addition, use this form to report direct sales of at least \$5,000 of consumer products to a buyer for resale anywhere other than a permanent retail establishment. You must also file this form for each person from whom the employer has withheld any federal income tax under the backup withholding rules regardless of the amount of the payment.

Form 940 — Use this form to report annual Federal Unemployment Tax Act (FUTA) tax.

Form 941 — Use this form to report: payroll taxes (withheld federal income tax and both employee and employer shares of Social Security and Medicare taxes) for the quarter; current quarter's adjustments to Social Security and Medicare taxes for fractions of cents, sick pay, tips, and group-term life insurance; and prior quarters' adjustments to payroll taxes (attach Form 941c).

Form 941C — Use Form 941C to provide background information and certifications supporting prior period adjustments to income, Social Security, and Medicare taxes reported on Forms 941, 941-M, 941-SS, 943, 944, 944(SP), 944-SS, or 945. File it with the tax return on which the adjustment is being claimed. Do not use Form 941C as a supporting statement for current period adjustments (for example, adjustment for uncollected employee share of Social Security and Medicare taxes on tips). No supporting statement is required for the fractions-of-cents, group term life insurance, and third-party sick pay adjustments.

Form 941-SS — Use this form to report the employer's quarterly federal Social Security and Medicare taxes for workers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

Form 943 — Use this form to report federal income tax withheld and employer and employee Social Security and Medicare taxes on wages paid to farm workers.

Form 944 — This form is designed so the small employers (those whose annual liability for Social Security, Medicare, and withheld federal income taxes is \$1,000 or less) will file and pay these taxes only once a year instead of every quarter. Use Form 944 to report: payroll taxes (withheld federal income tax and both employee and employer shares of Social Security and Medicare taxes) for the year; current year's adjustments to Social Security and Medicare taxes for fractions of cents, sick pay, tips, and group-term life insurance; and prior years' adjustments to payroll taxes (attach Form 941c). File this form if the IRS has notified you to file Form 944 to report: wages you have paid, tips your employees have received, both the employer's and the employee's share of Social Security and Medicare taxes; and Advance earned income tax credit (EIC) payments. You must file a Form 944 for each year even if you have no taxes to report unless the IRS notifies you that your filing requirement has been changed to Form 941 (or you filed a final return).

Form 944-SS — This form is designed so the small employers (those whose annual liability for Social Security and Medicare taxes is \$1,000 or less) in American Samoa, Guam, the Commonwealth of the

Northern Mariana Islands, and the U.S. Virgin Islands will have to file and pay these taxes only once a year instead of every quarter. File this form if the IRS has notified you to file Form 944-SS to report: wages you have paid, tips your employees have received, and both the employer's and the employee's share of Social Security and Medicare taxes. You must file a Form 944-SS for each year even if you have no taxes to report unless the IRS notifies you that your filing requirement has been changed to Form 941-SS (or you filed a final return).

FUTA — Federal Unemployment Tax. Together with state unemployment systems, FUTA tax provides payments of unemployment compensation to workers who have lost their jobs. Most employers pay both federal and state unemployment taxes. Only the employer pays FUTA tax.

GAAP (Generally Accepted Accounting Principles) — These are general rules and concepts that govern the field of accounting and form the groundwork on which more detailed, complicated, and legalistic accounting rules are based. GAAP enables us to assume that there is consistency from year to year in the methods used to prepare a company's financial statements. And although variations may exist, we can make reasonably confident conclusions when comparing one company to another.

General Ledger — The part of the accounting system containing the balance sheet and income statement accounts used for recording transactions.

Generally Accepted Accounting Principles — See GAAP.

Gross — The total amount of income or expense before deductions or adjustments. For example, gross pay is the amount before withholding deductions or gross purchases before discounts.

ITIN — An Individual Taxpayer Identification Number (ITIN) is a tax processing number issued by the Internal Revenue Service. The IRS issues ITINs to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain, a Social Security number (SSN) from the Social Security Administration (SSA). ITINs are issued regardless of immigration status because both resident and nonresident aliens may have U.S. tax return and payment responsibilities under the Internal Revenue Code.

Journal — Where transactions are recorded and appear in order by date.

Journal Entry — The entry made in a journal containing the date, the account name, amount to be debited, the account name and amount to be credited. Each journal entry must have the dollars of debits equal to the dollars of credits.

Live Payroll — Payroll information is entered and employee paychecks are printed.

MICR — Magnetic Ink Character Recognition. A character recognition system developed for the banking industry that gives banks a secure and faster method of processing checks. It uses special characters and magnetic ink or toner on blank check stock to print the numbers and characters found on the bottom of checks. A document printed with MICR ink is read by passing through a machine that will first magnetize the ink on the MICR line, and then read the magnetic signals. Each character gives off a magnetic signal unique and identifiable to that character.

MMREF — Magnetic Media Reporting and Electronic Filing. Electronic reporting specifications for Form W-2 set by the Social Security Administration.

Multi-Location Payroll — Payroll that has employee hours worked in more than one location.

Net Pay — Gross wages or gross salaries minus withholdings for payroll taxes and other items such as insurance, union dues, United Way, etc. Also referred to as “take home pay”.

Post — The transferring of entries from the journals to be summarized in the general ledger.

Postable Account — Level 0 accounts. Journal entries can only be made to postable accounts. Other level accounts are summary accounts.

Reporting Agent — An accounting service, franchiser, bank or other person who complies with IRS Revenue Procedures 96-17 and is authorized to electronically sign and file a Form 940/941 on behalf of a taxpayer. This authorization is granted through submission of Form 8655, either by the client or the reporting agent. There must be a Form 8655 signed by the client for each of the reporting agent's clients. Reporting agents sign all of the electronic returns they file with a single PIN signature.

Retained Earnings — An equity account that reports the net income of a business from its inception until the balance sheet date minus the dividends declared from its inception to the date of the balance sheet. The earnings have been “retained” for use in the business.

SSN — Social Security Number.

Taxpayer Identification Number (TIN) — An identification number used by the Internal Revenue Service. It can be a SSN (Social Security Number), EIN (Employer Identification Number), ITIN (Individual Identification Number), ATIN (taxpayer identification number for pending U.S. adoptions) or PTIN (Preparer Taxpayer Identification Number).

TIN — See Taxpayer Identification Number

Transfer Agent — The agent authorized by a corporation to maintain the official record of each registered shareholder's name, address, number of shares purchased or sold, and their balances.

Trial Balance — A listing of the accounts in the general ledger with the account balances listed in the appropriate debit or credit column as of a specified date. A trial balance is usually prepared at the end of an accounting period and is used to determine if additional adjustments are required to any of the balances. The total of the amounts in the debit column must equal the total of the amounts in the credit column.

W-2 — Employers must file Form W-2 for wages paid to each employee from whom income, Social Security, or Medicare tax was withheld or income tax would have been withheld if the employee had claimed no more than one withholding allowance or had not claimed exception from withholding on Form W-4.

W-3 — Anyone required to file Form W-2 must file Form W-3 to transmit Copy A of Forms W-2.

Withholding (W/H) — The term associated with payroll deductions from an employees' gross wages or gross salary.

