2016

With the IRS increasingly scrutinizing Employee Business Expenses, we encourage the use of a tax professional for the completion of your taxes. For those of you still doing it on your own, we offer this only as a form of helpful tips.

Turbo Tax placement of numbers on your 2106:

****It is illegal for you to use Form 2106EZ if you were reimbursed a per diem by your airline! You must use Form 2106. If TurboTax places your per diem amount on a Form 2106EZ you have done something wrong!

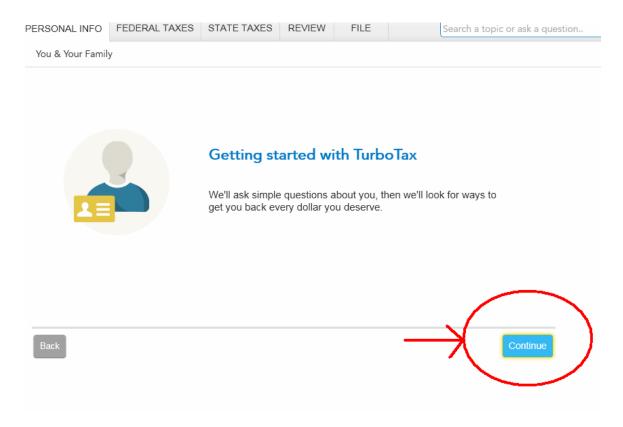
Here are some tips to get you through Turbo Tax. These are intended as tips only and by no means is Pro-Diem, Inc. responsible for any omissions or errors on your tax forms. This is intended only as a guide; please consult Turbo Tax is you have any questions or problems!

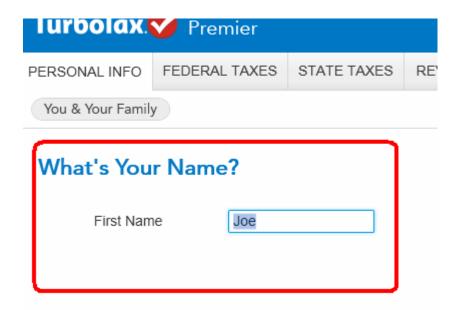
Let's start here:



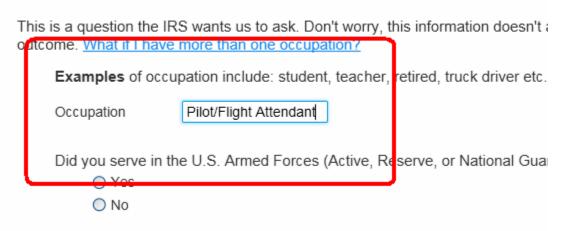


Of Course we can't help you do your taxes, but let's take a look at where the non taxable per diem you are paid will go on Form 2106. You will first try to find it on your W-2. If it isn't listed there in Box C - under code "L", see if your company listed it as "per diem" or "pdiem" at the bottom of your W-2. If you don't see it anywhere on the W-2, look on your final paycheck stub for the year to find it. If you still don't see it - CALL YOUR PAYROLL DEPARTMENT! You know you where paid a per diem and you MUST deduct it from what you are allowed to claim on Form 2106.





Joe, What Do You Do for a Living?



Continue entering all of your personal data to fill in Summary.

Your Personal Info Summary

This is what we've gathered so far. Next, we'll ask you about your income.

Joe Pilot

Edit

111-11-1111 01/01/1970

Pilot/Flight Attendant
Marital Status: Single
State of Residence: Texas

Dependents:

Edit

No dependents

Your Filing Status:

Edi

Single

Mailing Address & Phone Number:

Edit

123 Main St Somewhere, TX 12345 (555) 222-1212

Other State Income:

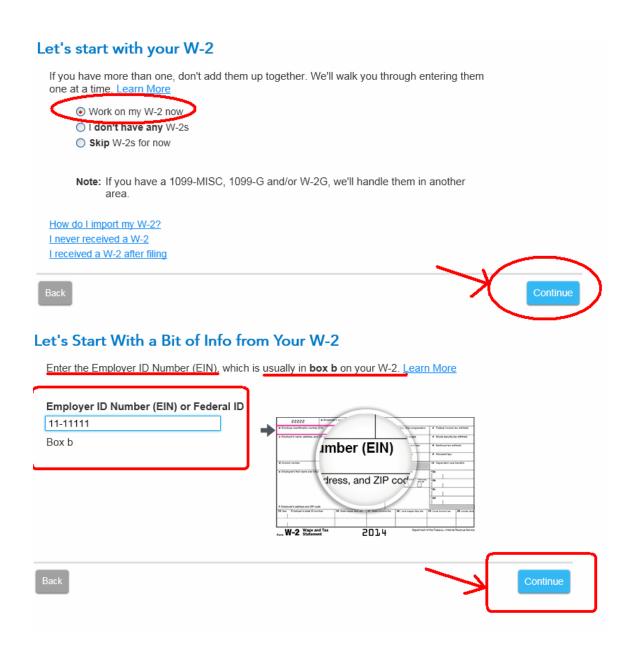
Select "Continue", then:



Let's get your biggest possible refund

First, we'll ask you about the income you earned last year. Then we'll search for money-saving deductions and credits to help you get back every dollar you deserve.





You may see this screen:

Instead of filling up to 20 boxes yourself, let us import your W-2 into your return. You'll save time and finish your toxes raster. ** VERY IMPORTANT!! ** Social Security Number Just becasue TurboTax can import your W-2, it does not mean that the per diem paid to you was actually reported correctly on the W-2, or for that matter even on it! You must locate this amount of non-taxable perdiem to deduct!!! Not reporting it WILL get you an audit!

Then:

| Wages & Income Dec | ductions & Credits I |
|-------------------------------------|--------------------------------|
| /er Informat | ion |
| 7 | \ |
| Box Employer's Feder | al ID Number |
| EIN <u>Learn More</u> | 11-1111111 |
| Eox c Employer's Name | and Address |
| Location | U.S. Address |
| 1 | Other |
| Employer Name (Line 1) | |
| Employer Name (Line 2, optional) | |
| Address | |
| City | |
| State | |
| ZIP Code | |
| Box a Employee's Socia | l Security Number |
| SSN | |
| ox f Employee's Addre | ss |
| Location | U.S. Address |
| \ | Other |
| Address | 123 Main St |
| city | Somewhere |
| State | TX |
| ZIP Code | 12345 |

Federal Wage Information (we'll work on W-2s one at a time) Boxes 1-11 - If none leave blank. 2 - Federal Tax W/H 1 - Wages 3 - Soc Sec Wages 4 - Soc Sec Tax W/H 5 - Medicare Wages 6 - Medicare Tax W/H 7 - Soc Sec Tips 8 - Allocated Tips 10 - Dependent Care Benefits 11 - Nongual Plans BOX 12a-d - IT none leave blank. Box 12 Letter Code Amount L Substantiated employee business expense reimbursement 🔻 Select code from list - if none leave blank Select code from list - if none leave blank Select code from list - if none leave blank Box 13 - If none leave blank. Statutory Employee Box 12a-d - If none leave blank. Box 12 Letter Code Amount Sample \$ 4830.00 L - Substantiated employee business expense reimbursement • Select code from list - if none leave blank Select code from list - if none leave blank Select code from list - if none leave blank

Select "Federal Taxes"

Okay, Let's look at how to make Form 2106 work correctly!

We will do it this way:

How do you want to enter your deductions and credits?

Guide me

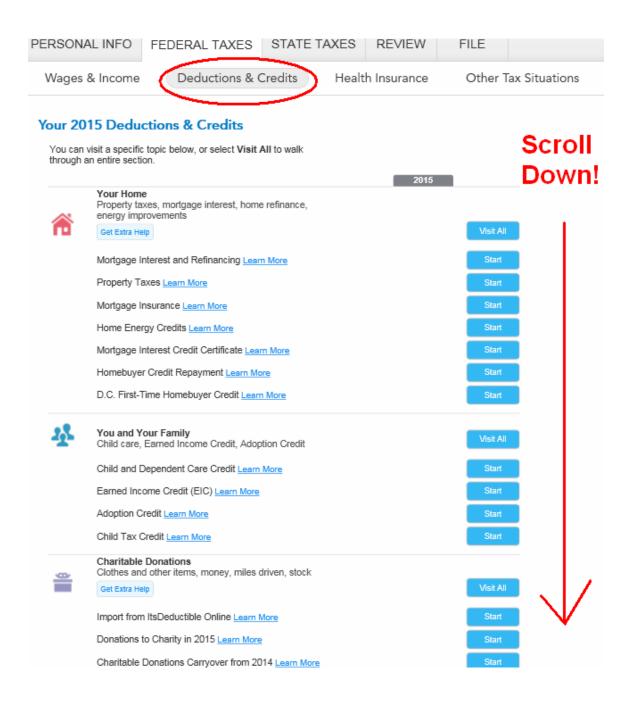
- Walks you through all deductions and credits, one at a time
- Best if you want us to take you through all situations

Walk me through everything

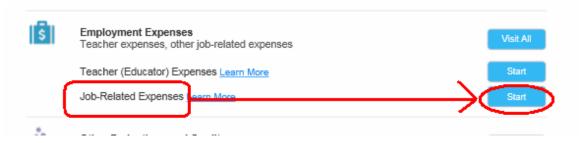
I'll explore on my own

- Choose specific deductions and credits you want to work on
- Best if you know which situations apply to you____

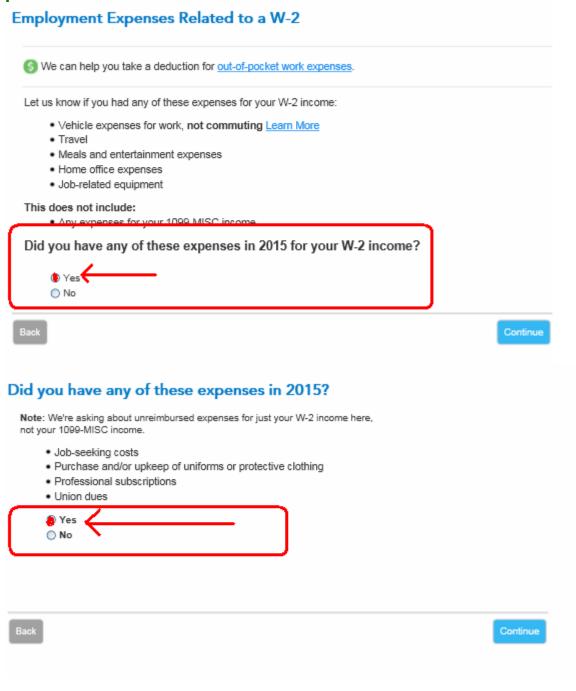
I'll choose what I work on



Look for this!



**** You will have to work your way through a few screens at this point.....



| Enter in the name of your occupation for the job you have expenses for. If you have expense job, we'll help you enter those later Occupation Pilot/Flight Attendant | es for more than one |
|--|----------------------|
| Back | Continue |
| Do Any of These Uncommon Situations Apply to Your Job? Let us know if any of these situations apply to your job. (These are not common.) Too worked on a fee-basis for a state or local government. Learn More You are in the transportation industry. Learn More Your job is located in a Qualified Disaster Area. Learn More The assets you used in this job are Indian reservation property. Learn More The assets associated with this job that were acquired after May 4, 2007 are qualified Kansas Disaster Zone property. Learn More The assets associated with this job that were acquired after August 27, 2005 are qualified GO (Gulf Opportunity) Zone property. Learn More You are employed by a company to run a daycare out of your home. Learn More None of the above | mportant! |

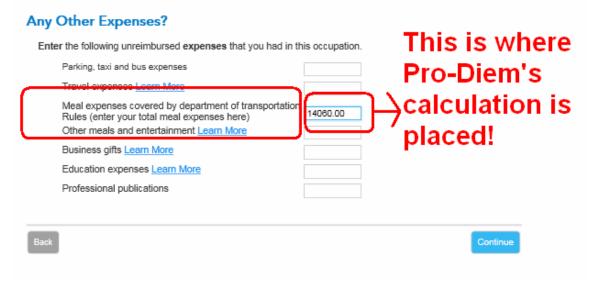
~and

Home Office Expenses Let us know if you had any expenses for a home office you had to keep as a condition of your employment, or that you had to keep for the **convenience of your employer.** <u>Learn More</u> Did you have any home office expenses because you had to work at home? Yes, I have home office expenses. No, I don't have any home office expenses. ~and Any Vehicle Expenses or Sales? You can use either the standard mileage rate or actual vehicle expenses, but not both. Learn More Examples of actual vehicle expenses include: Gas and oil Car repairs Depreciation Section 179 deduction <u>Learn More</u> · Auto lease payments Did you have any vehicle mileage or expenses for your occupation?

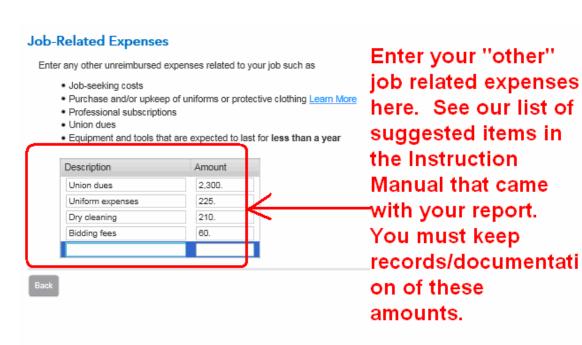
~and

Did You Buy or Own Any Items for Use on Your Job? Let us know if you bought or owned any items or equipment for use on your job? Select Yes only for job-related items (other than vehicles) that are expected to last longer than a year. Examples of items that are expected to last for longer than a year include: Computers Office machinery Furniture I want to know more about writing off assets Yes, I bought or owned items in 2015 that I used for my job. No, I didn't buy or own any items in 2015 that I used for my job.

Until you get to this screen:



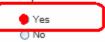
And...





Reimbursements for Meals and Entertainment Expenses

Did your employer keep meal and entertainment reimbursements separate from your other job-related expenses?



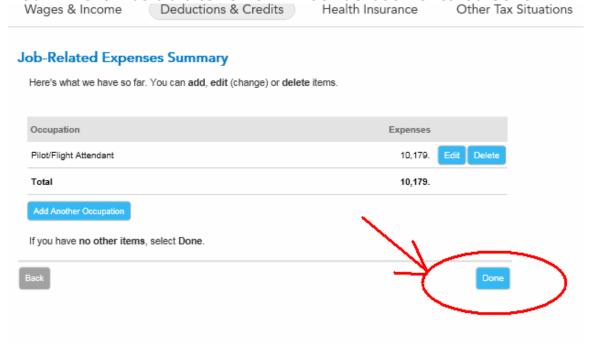
| Tell Us About Reimbursements | |
|--|--|
| Enter any reimbursements you received while working in this occupation. Inclu- under code 'L' in box 12 on your W-2. Note: Do not include reimbursements that were added to your wages in Box 1 on your W-2. | If this does not |
| Reimbursements for DOT Meals and Entertainment 4830.00 | auto-populate from your W-2 info, you must enter |
| Reimbursements for Other Expenses | what you were paid in |
| | NON TAXABLE |
| | PERDIEM. |
| Back | *Leaving this blank |
| OSCA | WILL get you an audit! |

Any Special Situations?

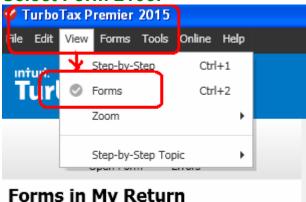
Did you have any expenses because you were any of these:

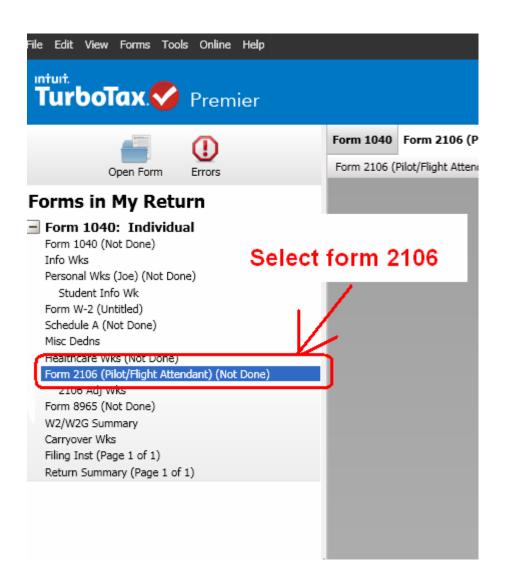
- Disabled Learn More
- A Qualified Performing Artist <u>Learn More</u>
- An Armed Forces Reservist <u>Learn More</u>

You will then be able to review what has been entered so far:



Then go to the "Forms" page in Turbo Tax: Select Form 2106:





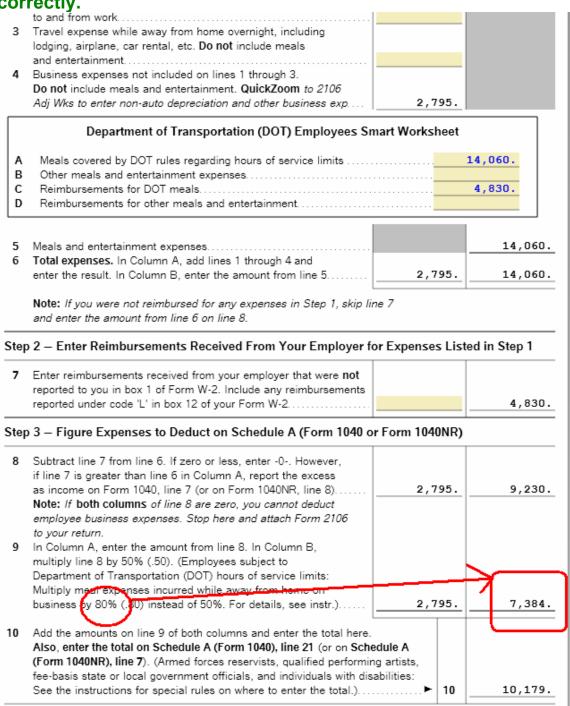
YES! Form 2106 NO! Do Not Use Form 2106*EZ*

Make sure the DOT check Box is checked on the Smart worksheet.

Occupation in Which You Incurred Expenses
Pilot/Flight Attendant

| | Form 2106, Part I Smart Worksheet |
|-------------|---|
| Α | Check this box to use this form for spouse's employee expenses. |
| В | If blank, taxpayer assumed |
| С | impairment-related work expenses, QuickZoom to Form 2106 Adjustments Wks QuickZoom Check this box to file Form 2106 even if you qualify to file Form 2106-EZ |
| D F | QuickZoom to Form 2106-EZ for these employee business expenses |
| F | Check this box if subject to Department of Transportation (DOT) hours of service limits |
| G H I | Treat all MACRS assets for activity as qualified Indian reservation property? Yes X No- Treat all assets acquired after Aug 27, 2005 as qualified GO Zone property? |
| J | Treat all assets acquired after May 4, 2007 as qualified Kansas Disaster Zone property? |
| K L | Was this activity located in a Qualified Disaster Area? |

Last but not least Verify that Turbo Tax calculated your difference from Line 8 Column B at 80% and that math was done correctly.



That's it! We hope that helped!

Pro-Diem, Inc.