

2012

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 were paid a per diem and you MUST deduct it from what you are allowed to claim on Form 2106.

The following steps indicate where to list your non taxable per diem amounts from your W-2:

The screenshot shows the 'Your 2011 Income Summary' page. At the top, there are tabs for 'Personal Info', 'Federal Taxes', 'State Taxes', 'Wrap-Up', and 'Print & File'. Below these are sub-tabs for 'Wages & Income', 'Deductions & Credits', 'Other Tax Situations', 'Federal Review', and 'Error Check'. The main heading is 'Your 2011 Income Summary'. Below this, a note states: 'You can enter new information for a specific topic by choosing **Start**, or make changes by choosing **Update**, or see a whole section by choosing **Visit All**.' The page is divided into sections for 'Import Summary' and 'Wages and Salaries'. The 'Wages and Salaries' section is highlighted with a blue icon of a document. It shows 'Form W-2' and 'Wages and Salaries' with a 'Learn More' link. A hand-drawn circle highlights the '\$0.' value next to the 'Update' button, with an arrow pointing to it from the left.

2011	
	Import Summary
History of Imported Documents Learn More 0 Item(s) View	
	Wages and Salaries Form W-2
Wages and Salaries Learn More	
<div><div>\$0.</div><div>Update</div></div>	

Personal Info	Federal Taxes	State Taxes	Wrap-Up	Print & File
Wages & Income	Deductions & Credits	Other Tax Situations	Federal Review	Error Check

Let's Work on Your W-2

We'll walk you through entering your **W-2s** one at a time. If you have any **1099s**, we'll work on those later.

- ☒ Work on **my** W-2 now
- ☐ I **don't** have any W-2s
- ☐ Skip W-2s for now

Learn more about these situations:

- My employer sent me [another W-2](#)
- I should have received a W-2 [but didn't](#)
- I have a [W-2G \(gambling\)](#)



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Personal Info	Federal Taxes	State Taxes	Wrap-Up	Print & File
Wages & Income	Deductions & Credits	Other Tax Situations	Federal Review	Error Check

Let's Start With a Bit of Info from Your W-2

Enter the Employer Identification Number (EIN), which is usually in **box b** on your W-2. [Explain This](#)

Don't have the EIN? Just select **Continue**, and you can start filling in the rest of your W-2.

Employer Identification Number (EIN)

W-2 Wage and Tax Statement

Form 1040-SS (12-15-10)

Department of the Treasury—Internal Revenue Service

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------	----------

Enter Your W-2

Fill in all of your W-2 information, making sure it matches exactly what's on the paper version. If you have a 1099, we'll work on that later.

[I have more than one W-2](#)

from **W-2** Wage and Tax Statement

Employer Information

Box b Employer's Federal ID Number

EIN [Explain This](#)

Box c Employer's Name and Address

Location ☒ U.S. Address

☐ Other

Employer's Name

Name, cont'd

Address

City

State

ZIP Code

Box d Employee's Social Security Number

SSN

Federal Wage Information (we'll work on W-2s one at a time)

Boxes 1-11 - If none leave blank.

1 - Wages

3 - Soc Sec Wages

5 - Medicare Wages

7 - Soc Sec Tips

10 - Dependent Care Benefits

2 - Federal Tax With

4 - Soc Sec Tax With

6 - Medicare Tax With

8 - Allocated Tips

11 - Nonqual Plans

Box 12a-d - If none leave blank.

Box 12 Letter Code

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 code from list - If none leave blank

Amount

**SCROLL DOWN
AND VIEW
BOX 12,**

**Select code "L"
from the drop
down list and
enter the non
taxable per diem
you were paid
here!**

Box 12a-d - If none leave blank.

Box 12 Letter Code

Select code from list - if none leave blank

Select code from list - if none leave blank

No code

A - Uncollected social security or RRTA tax on tips

B - Uncollected Medicare tax on tips

C - Group term life insurance over \$50,000

D - Elective deferrals to 401(k)

E - Elective deferrals to 403(b) salary reduction agreement

F - Elective deferrals to 408(k)(6)SEP

G - Elective deferrals to 457(b) plan

H - Elective deferrals to 501(c)(18)(D) plan

J - Nontaxable sick pay

K - 20% excise tax - golden parachute

L - Substantiated employee business expense reimbursement

M - Uncollected Soc Sec or RRTA tax on group term life ins

N - Uncollected Medicare tax on group term life insurance

P - Excludable reimbursed moving expenses

Q - Nontaxable combat pay

R - Contributions to Medical Savings Account

S - Contributions to 408(p) SIMPLE plan

T - Employer provided adoption benefits

U - Nontaxable check options

Box 12a-d - If none leave blank.

Box 12 Letter Code	Amount
L - Substantiated employee business expense reimbursement	4830.00
Select code from list - if none leave blank	
Select code from list - if none leave blank	
Select code from list - if none leave blank	

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

Personal Info	Federal Taxes	State Taxes	Wrap-Up	Print & File
Wages & Income	Deductions & Credits	Other Tax Situations	Federal Review	Error Check

Before we look into your deductions...

You may be able to deduct up to \$5,000 now with an IRA

We make it quick and easy:

1. Save on taxes now or earn money tax-free, depending on the Individual Retirement Account (IRA) you choose.
2. Contribute as little as \$100 or as much as \$5,000 (\$6,000 if you're 50 or older)
3. Lower your tax bill and watch your money grow.



Our free Mint.com IRA Advisor guides you through opening an IRA. It's fast and easy.

[Start saving now](#)

Don't worry, our IRA Advisor will open in a new window. We'll be right here to help you finish your taxes when you're done.

No Thanks

Personal Info	Federal Taxes	State Taxes	Wrap-Up	Print & File
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How Do You Want to Go Through Deductions & Credits?

Guide Me

Recommended if you're new to TurboTax

We'll lead the way so you don't miss a thing

EasyGuide

- OR -

Explore on My Own

Best for tax experts and TurboTax buffs
Choose deductions and credits from a list

[Explore on My Own](#)

Personal Info Federal Taxes State Taxes Wrap-Up Print & File

Wages & Income Deductions & Credits Other Tax Situations Federal Review Error Check



Your 2010 Deductions & Credits

Here's what we've covered so far.

You can revisit a specific topic in a section, or select **Visit All** to walk through an entire section again.

SCROLL DOWN TO EMPLOYMENT EXPENSES

2010

	Your Home Property taxes, mortgage interest, energy improvements	Visit All
	Mortgage Interest Learn More	\$0. Update
	Property Taxes Learn More	\$0. Update
	Mortgage Insurance Learn More	\$0. Update
	Home Energy Credits Learn More	\$0. Update
	Mortgage Interest Credit Certificate Learn More	Start
	Homebuyer Credit Learn More	Start
	D.C. First-Time Homebuyer Credit Learn More	Start
	Employment Expenses Teacher expenses, other job-related expenses	Visit All
	Teacher (Educator) Expenses Learn More	\$0. Update
	Job-Related Expenses Learn More	Start

***** On a side note: You may wish to "Learn More" about your other expenses before proceeding and clicking the "Start" button.

Personal Info Federal Taxes State Taxes Wrap-Up Print & File


Wages & Income Deductions & Credits Other Tax Situations Federal Review Error Check

Traditional and Roth IRA Contributions [Learn More](#)

Retirement Savings Contribution Credit [Learn More](#)


Investment Interest Expenses [Learn More](#)

Other Investment Expenses [Learn More](#)

 **Employment Expenses**
Teacher expenses, other job-related expenses

Teacher (Educator) Expenses [Learn More](#)

Job-Related Expenses [Learn More](#)

 **Other Deductions and Credits**
Tax prep fees, moving expenses, theft, all

Tax Preparation Fees [Learn More](#)

Moving Expenses [Learn More](#)

Casualties and Thefts [Learn More](#)

Elderly or Disabled Credit [Learn More](#)

Alimony Paid [Learn More](#)

On Demand Tax Guidance

[Back](#) [Print](#) [A](#) [A](#) 100%

[What is the job-related expenses deduction?](#)
[Do I qualify?](#)
[What paperwork do I need?](#)
[Related deductions and credits](#)
[More information](#)

What is the job-related expenses deduction?

You might be able to deduct **expenses related to your job** if they are **required** by your employer or **necessary** to perform your job. You might also be able to deduct your expenses when looking for a job.

Some of the **most common eligible expenses** are listed here. If you have expenses not listed here, or if you need more information, see [IRS Publication 529](#), Miscellaneous Deductions.

- **Meals, entertainment, travel, and phone expenses** directly related to your job
- **Note:** You **can't** include the cost of commuting to and from your office or work site.
- **Tuition and books** required to perform your job, improve your skills, or maintain your current salary or status

[See More Help >>](#)

Unreimbursed Work and Job-Seeking Expenses

We'll help you take every possible job-related deduction, whether you had out-of-pocket work expenses, or spent money looking for a new job. [Explain This](#)

This includes:

- Your home office
- Union dues and professional subscriptions
- Uniforms and related maintenance costs
- Travel, vehicles and entertainment
- Job-seeking costs like travel, resumes, career website registration fees, etc.
- Continuing education

Did you have any of these expenses in 2010?



Back Yes No

Personal Info Federal Taxes State Taxes Wrap-Up Print & File

Wages & Income Deductions & Credits Other Tax Situations Federal Review Error Check

Did You Have Any of These Expenses?

These expenses are directly related to a job where you're employed by someone else and receive a W-2 from them.

- Vehicle [See Examples](#)
- Travel
- Meals
- Entertainment expenses
- Home office expenses
- Job-related equipment



Back Yes No

Tell Us Your Occupation

Enter the occupation for which you have expenses. If you have expenses for more than one job, we'll help you enter the expenses for the additional job(s) later.

Occupation

Back

Continue

Tell Us More About This Job

Check **any** of the following that describe this job. (These are not common.)

- ☐ You worked on a **fee-basis** for a state or local government. [Explain This](#)
- ☒ You are in the transportation industry. [Explain This](#)
- ☐ Your job is located in a **Qualified Disaster Area**. [Explain This](#)
- ☐ The assets you used in this job are **Indian reservation property**. [Explain This](#)
- ☐ The assets associated with this job that were acquired after May 4, 2007 are qualified **Kansas Disaster Zone** property. [Explain This](#)
- ☐ The assets associated with this job that were acquired after August 27, 2005 are qualified **GO (Gulf Opportunity) Zone** property. [Explain This](#)

THIS IS VERY IMPORTANT!!!!!!

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Continue

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

Home Office Expenses

Very few people can deduct home office expenses. This is because in order to take this deduction, your home office must be a condition of your employment. [Explain This](#)

Did you have any home office expenses because you had to work at home?

And...

Did You Have Any Vehicle Expenses?

You can use **either** the [standard mileage rate](#) or actual vehicle expenses, but **not both**.

Examples of **actual** vehicle expenses include:

- Gas and oil

And...

Any Equipment Expenses?

Did you buy or own **equipment** that you **used on your job**?

Select **Yes** only for job-related equipment (other than vehicles) that is useful for **longer than a year**. We'll ask you about equipment that's useful for less than a year later.

Examples of equipment that is useful for longer than a year include:

- Computers
- Office machinery
- Furniture

Until you get to this screen:

Any Other Expenses?

Enter the following **expenses** that you had in this occupation.

Parking, Taxi and Bus Expenses

Travel Expenses [Explain This](#)

Meal Expenses Covered by Department of Transportation Rules

Other Meals and Entertainment [Explain This](#)

This is where
Pro-Diem's calculation
goes!

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Continue

Then work through the following screens:

Basic

Personal Info Federal Taxes State Taxes Wrap-Up Print & File

Wages & Income Deductions & Credits Other Tax Situations Federal Review Error Check

Tell Us About Other Expenses

Enter the following **expenses** related to your occupation.

Business Gifts [Explain This](#)

Education Expenses [Explain This](#)

Professional Publications

And...

Personal Info Federal Taxes State Taxes Wrap-Up Print & File

Wages & Income Deductions & Credits Other Tax Situations Federal Review Error Check

Enter Other Job-Related Expenses

Enter any **other expenses** related to your job that you haven't yet reported, such as expenses for:

- Equipment and tools that are useful for **less than a year**
- Union dues
- Uniforms and their upkeep
- ~~Job-search expenses~~

Description	Amount
Union Dues	2,300.
Uniform Expenses	225.
etc.	

Enter your "other" job related expenses here. See our list of suggestions and make sure you document these.

Back Continue

Tell Us About Any Reimbursements

Did any of your employers **reimburse** you for your expenses?

YES! They are referring to the non-taxable per diem paid to you by your employer. This is usually listed in Box 12 coded "L" on your W-2. If your company does not put it there, you MUST FIND IT!!!! Look on your final paycheck stubs or call your payroll office.

Leaving this blank will get you an audit!

Back	Yes	No
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Tell Us About Any Reimbursements

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

Back	Yes	No
----------------------	---------------------	--------------------

Tell Us About Reimbursements

Enter **any reimbursements** you received while working in this occupation. Include any reimbursements reported 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.

Reimbursements for DOT Meals and Entertainment

Reimbursements for Other Meals and Entertainment

Reimbursements for Other Expenses

This is where the non taxable per diem number (Box 12, code L) goes

[Back](#)

[Continue](#)

Get through the next screen:

Personal Info	Federal Taxes	State Taxes	Wrap-Up	Print & File
Wages & Income	Deductions & Credits	Other Tax Situations	Federal Review	Error Check

Any Special Situations?

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

- Disabled [Explain This](#)
- A Qualified Performing Artist [Explain This](#)
- An Armed Forces Reservist [Explain This](#)

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

Basic

Personal Info Federal Taxes State Taxes Wrap-Up Print & File

Wages & Income Deductions & Credits Other Tax Situations Federal Review Error Check

Job-Related Expenses Summary

Here's what we have so far. You can **add**, **edit** (change) or **delete** items.

Occupation	Expenses	
Pilot	9,909.	Edit Delete
Total	9,909.	

[Add an Expense](#)

If you have no other items, select Done.

[Done](#)

far:

Then go to the "Forms" page in Turbo Tax:

✓ Turbo Tax Basic 2010

File Edit View Tools Online Help

Turbo Basic

Personal Wages

Step-by-Step Ctrl+1

Forms Ctrl+2

Zoom

Step-by-Step Topic

Smart Worksheets

Live Community Ctrl+4

Flags Ctrl+5

Select Form 2106:

Open Form Errors

Forms in My Return

Form 1040: Individual

Form 1040

Info Wks

Schedule A

Misc Dedns

Form 2106 (Pilot)

2106 Adj Wks

Carryover Wks

Thank You

Filing Inst (Page 1 of 1)

Return Summary (Page 1 of 1)

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

Form 2106	Employee Business Expenses	2011 DO NOT FILE
Your Name		Social Security Number
Occupation in Which You Incurred Expenses		

Form 2106, Part I Smart Worksheet	
A	Check this box to use this form for spouse's employee expenses. If blank, taxpayer assumed. <input type="checkbox"/>
B	For entry of business expenses (incl non-auto depreciation), employer reimbursement information and qualified performing artist, Armed Forces reserve-related travel, or impairment-related work expenses, QuickZoom to Form 2106 Adjustments Wks... <input type="button" value="QuickZoom"/>
C	Check this box to file Form 2106 even if you qualify to file Form 2106-EZ <input type="checkbox"/>
D	QuickZoom to Form 2106-EZ for these employee business expenses <input type="button" value="QuickZoom"/>
E	Check this box if a fee basis state or local government official. <input type="checkbox"/>
F	Check this box if subject to Department of Transportation (DOT) hours of service limits <input checked="" type="checkbox"/>
G	QuickZoom to another copy of Form 2106 <input type="button" value="QuickZoom"/>
H	Treat all MACRS assets for activity as qualified Indian reservation property? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
I	Treat all assets acquired after Aug 27, 2005 as qualified GO Zone property? <input type="checkbox"/> Regular <input type="checkbox"/> Extension <input checked="" type="checkbox"/> No
J	Treat all assets acquired after May 4, 2007 as qualified Kansas Disaster Zone property? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
K	Was this activity located in a Qualified Disaster Area? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Part I Employee Business Expenses and Reimbursements

Verify numbers were placed in correct column and that math % was done correctly.

2	Parking fees, tolls, and transportation, including train, bus, etc., that did not involve overnight travel or commuting to and		
3	Travel lodging and en		
4	Busine		
	Do not Adj Wk	2,525.	

Department of Transportation (DOT) Employees Smart Worksheet			
A	Meals covered by DOT rules regarding hours of service limits	Total	14,060.
B	Other meals and entertainment expenses		
C	Reimbursements for DOT meals		
D	Reimbursements for other meals and ente		

5	Meals and entertainment expenses		14,060.
6	Total expenses. In Column A, add lines 1 through 4 and enter the result. In Column B, enter the amount from line 5	2,525.	14,060.

Note: If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

Step 2 – Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1

7	Enter reimbursements received from your employer that were not reported to you in box 1 of Form W-2. Include any reimbursements reported under code 'L' in box 12 of your Form W-2		4,830.
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Step 3 – Figure Expenses to Deduct on Schedule A (Form 1040 or Form 1040NR)

8	Subtract line 7 from line 6. If zero or less, enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on Form 1040, line 7 (or on Form 1040NR, line 8)	2,525.	9,230.
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Note: If both columns of line 8 are zero you cannot deduct

Last but not least Verify that Turbo Tax calculated your difference from Line 8 Column be at 80% for 2010.

9	In Column A, enter the amount from line 8. In Column B, multiply line 8 by 80% (.80). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 80% (.80) instead of 80% (For details, see instr.)	2,525.	7,384.
10	Add the amounts on line 9 of both columns and enter the total here. Also, enter the total on Schedule A (Form 1040), line 21 (or on Schedule A (Form 1040NR), line 7). (Armed forces reservists, qualified performing artists, fee-basis state or local government officials, and individuals with disabilities: See the instructions for special rules on where to enter the total.)	10	9,909.

**That's it! We hope that helped!
Pro-Diem, Inc.**