

NH Tax-Aide

NH Form DP-10 Reference 2017 Returns

This document provides general information about NH state taxes and preparing state returns on TaxSlayer (“TSO”), and specific instructions for preparing the NH DP-10 using TSO and forms on the NH DRA site. A NH Tax-Aide “NH DP-10 Quick Reference” is also available. See your LC or Instructor regarding other state returns.

TSO software updates are expected during training and tax season; please escalate any need for updates to this document via your LC or instructor.

NH STATE TAX OVERVIEW

NH taxes interest and dividends: Residents (including part year residents) earning more than \$2,400 (\$4,800 MFJ) in interest and dividends are subject to a 5% tax. The NH Interest and Dividends return is called Form DP-10. This one form is used for resident and part-year resident returns. There is no filing requirement for nonresidents. See www.revenue.nh.gov for instructions, the Interest and Dividends “Quick Checklist”(what is/isn’t taxable by NH) and tax forms.

Self-employed individuals may have additional filing requirements. There is a BT-Summary and either a BET return or BPT return to file depending on gross business receipts. These forms are not addressed here (they rarely apply to our clients), but the forms are in TSO and you can obtain instructions on the NH DRA website. Your LC or instructor will tell you if these forms are in scope for you.

For assistance with NH tax returns contact Central Taxpayer Services at 603-230-5920.

What income is taxed by NH: Interest and dividends, except those earned from NH state/municipal securities or “certain” direct US obligations, are taxed by NH. Capital gains are not taxed, but may be reported with dividends. 1099-R code “D” distributions (considered pension on the federal return) are considered dividend income and taxed by NH. More information is provided below; for details see the NH DP-10 form instructions or “Quick Checklist”.

Who must file: DP-10 must be filed if gross interest and dividends from all sources (lines 8a, 8b and 9a from Form 1040 plus anything added at DP-10 Line 2) exceed the \$2,400 single/\$4,800 MFJ exemption.

An additional exemption of 1,200 applies to individuals who are blind and 65 and older or disabled. For example, if a married couple is (both) over 65 they could earn up to \$7,200 (4800 + 1200 + 1200) in NH taxable interest and dividends before taxes would be incurred. Note that they meet the filing requirement, but do not incur taxes. Additionally, taxpayers may meet DP-10 filing requirements but fall below federal filing requirements.

E-Filing and software: 2016 and 2017 DP-10s can be prepared and e-filed with TSO. Earlier returns cannot be prepared at all using TSO; instead use the fillable/printable pdfs on the NH DRA site at www.revenue.nh.gov to prepare a paper return.

NH Tax-Aide

NH Form DP-10 Reference 2017 Returns

GENERAL INFORMATION ABOUT STATE RETURNS ON TSO

- For some states TSO made significant changes to the entries and processing of state tax returns for 2017. The DP-10 is *generally* unchanged.
- TaxSlayer provides little state tax return guidance. In addition to Tax-Aide materials (e.g., the NTTC 4012 and documents like this), use state websites/form instructions when preparing state returns.
- The modified NTTC Pub 4012 has state tax return content on pages D-8, D-9 and D-11 (add a note that the state fields referenced do not work for the DP-10); D-35 & D-42 (add a note that code “D” in box 7 indicates NH taxable income); H-32; K-2 (add a note that there is no direct deposit for NH); K-5 (add note that n/a for NH); K-13, M-2 and M-4, M-8 (add a note that NH extensions are filed with form DP-59-A, which cannot be e-filed); M-9. Recommended: Add a note referring to **this document** (or the NH Quick Reference) for NH DP-10 information somewhere relevant to you (e.g. Tab-O if you use the federal navigation information).
- Generally TSO will start preparing a **resident** state return based on state entries you make in the Federal Section. But the DP-10 is different: Only state estimated tax payments/amount applied from prior year refund are entered in the Federal Section.
- TSO also carries some taxpayer data (name, address, etc.) from the Federal Section to state returns.

PREPARING THE DP-10 ON TSO

- 1) **During the interview** identify income that is taxed/not taxed by NH, determine if there is a NH (or other state) filing requirement, ensure the client has all necessary documents and that the return is in scope. You may need to make taxpayers aware of the NH interest and dividends tax.
 - a) Use the NH “Quick Checklist” for guidance, noting income treated differently on the DP-10 vs the 1040 so you can determine the necessary TSO entries. Note that not all US income can be excluded.
 - b) Be careful with Form 1099-R with Box 7 coded “D”, see the “Quick Checklist”: Unqualified or non-ERISA annuity distributions are treated as pension income on the federal return, but as taxable dividend income in NH. **IMPORTANT:** This income is out-of-scope if AGI is too high (Pub 4012, D-42) or if Box 2a is blank (because the out-of-scope General Method is required).
 - c) Be careful with 1099-DIVs from mutual funds, see the “Quick Checklist”: Any portion of the dividends that is from NH tax-exempt securities, US obligations or capital gains is not taxed by NH. Year-end statements often break out income and provide the level of detail needed to identify the non-taxable amounts.

NH Tax-Aide

NH Form DP-10 Reference 2017 Returns

2) On TSO, in the **Federal Section**:

a) TSO carries some data from the Federal Section (e.g., name, address, date of birth to determine if the age exemption applies, etc.) to the DP-10 and carries 1040 lines 8(a), 9(a) and 8(b) to DP-10 line 1. You will see this once you 'Begin' the DP-10 in the State Section.

b) **Enter NH refund applied from last year and estimated tax payments** at Payments and Estimates>State Estimated Payments. Enter amounts to the appropriate fields and select "New Hampshire" for the state. These amounts will carry to DP-10 line 11.

Note: If you erroneously enter state estimates do not use the delete/trash can icon function to correct; TSO may not update line 11. Instead, use the edit function and enter 0's to update line 11.

c) **Ignore other 'state' screens in the Federal Section**

i) As you enter interest and dividend income in the Federal Section you will see fields where state return entries can be made. None of these fields carry to the DP-10; ignore them.

ii) When you enter a Form 1099-R coded "D" in the Federal Section you will not see any entry field regarding taxation of this income by NH. TSO will also not recognize a "D" code as taxable income in NH, nor will TSO carry the amount to DP-10 line 2. You must make the necessary entries in the State Section.

iii) Neither state income nor state withholding amount fields at the bottom of the 1099R entry screen on TSO carry to the DP-10, and these boxes should be blank on a client's 1099R as there is no withholding by NH.

3) Other DP-10 content is entered to TSO in the **State Section** after completion of the Federal Section.

Note: Ignore the comment here that indicates there are no NH forms on TSO.

a) First "Add State Return(s)", then at "Choose State" select "New Hampshire", then choose return type (Resident or Part Year; Nonresidents is an option on TSO that is never applicable to the DP-10), then "Enter Myself". Select "Interest and Dividends Tax Return (DP-10)" and you will see the screen on the following page.

Note that the "Proprietor Business Profits Tax Return" = the business forms mentioned above that may apply to some self-employed clients

NH Tax-Aide

NH Form DP-10 Reference 2017 Returns

Practice Lab 2017 Help & Support

« Collapse Menu

Q Enter the Form Number...

- Basic Information
- Federal Section
- Health Insurance
- State Section
- Summary/Print
- e-File
- 2017 Amended Return
- Save & Exit Return
- Help & Support
- Save & Exit Return

New Hampshire Return

Interest And Dividends Tax Return (DP-10)

Do you wish to complete NH Form DP-10 - Interest and Dividends Tax return?

--Select--

Basic Information	BEGIN
Taxable Distributions	BEGIN
Non-Taxable Interest and Dividends	BEGIN
Payments	BEGIN
Additions to Tax	BEGIN
Miscellaneous Forms	BEGIN

CANCEL SAVE

- b) **Select “Yes” for the first question**; TSO will generate the DP-10 and carry some data from the Federal Section to the form.
- c) “Begin” and complete each section if applicable:
- Basic Information** – Only answer questions that are applicable; they cause a box on the DP-10 to be checked. TSO assumes the answer is “no” unless you answer “yes”.
For part-year returns note that TSO does **not** use dates entered here to calculate income for the period when not a NH resident; you must calculate this manually (see below).
 - Taxable Distributions** – Click “Begin” to enter NH-taxable income not reported on 1040 lines 8a, 8b or 9 that you need to add at DP-10, line 2. The only in-scope entry here = distributions reported in box 2a of a 1099-R coded “D” (as long as AGI is not too high, see above).
 - Non-Taxable Interest and Dividends** – Click “Begin” to enter income carried to the DP-10 from the 1040 that you need to subtract at DP-10, line 4. Examples = interest from NH and certain US obligations, capital gains reported as dividends, portion of income earned when not a NH resident for part-year returns (see the form instructions for the manual calculation of this amount).

NH Tax-Aide NH Form DP-10 Reference 2017 Returns

- iv) **Payments** - You already entered any prior year refund applied from last year and estimated tax payments in the Federal Section. Click "Begin" here and enter any "Tax paid with Application for Extension" for DP-10 line 11(a), "Credit carryover from prior tax period for DP-10 line 11(c), "Amount of refund to apply to 2017 estimated tax" for DP-10 line 17(a).

Note that when you apply all/part of the refund to next year's estimated tax TSO reduces the refund monitor amount by the amount of this entry AND may cause an error in the DP-10-ES on TSO (see below for a workaround).

- v) **Additions to Tax** – Click "Begin" for entries to DP-10 line 13(a)-(d). TSO will not recognize that ANY interest or penalty applies; you need to determine if the client owes interest or penalties for late payment, late filing or underpayment. Note: Calculation of state penalties is not out-of-scope for Tax-Aide (as penalties are for federal returns), but your site might consider state penalty calculation out-of-scope (see your LC).

If out-of-scope: Do still review the return so you can advise the client that NH may assess a penalty. They may want to contact NH DRA about next steps. Skip the following content and go to **Miscellaneous Forms**.

If in-scope: Use the form instructions and review the DP-10 and client situation (i.e., date filing, date paying, estimated payment history) as described below to determine which additions to tax apply. TSO provides little guidance/does few calculations for you.

- (1) Interest: Use the formula provided in the instructions to MANUALLY calculate the amount, make a note of the calculation in client records, and enter to the 1st field on the "Additions to Tax" screen. TSO puts the amount on DP-10 line 13(a).
- (2) Failure to Pay: Use the instructions to MANUALLY calculate the amount, make a note of the calculation in client records, and enter to the 2nd field on the "Additions to Tax" screen. TSO puts the amount on DP-10 line 13(b).
- (3) Failure to File: Use the instructions to MANUALLY calculate the amount, make a note of the calculation in the client records, and enter to the 3rd field on the "Additions to Tax" screen. TSO puts the amount on DP-10 line 13(c).
- (4) Underpayment of Estimated Tax: Form DP-2210/2220 is required. See the instructions for this form and form itself (the instructions refer to form content). Note that TSO does not carry data previously entered (e.g., estimates, credits carried forward) to this form!
 - (a) "Begin" "Underpayment of Estimated Tax (DP-2210/2220)", say "Yes" to complete it, then "Begin" "Date of Payment" and enter the dates client actually paid (or WILL

NH Tax-Aide

NH Form DP-10 Reference 2017 Returns

PAY) estimates using MMDDYYYY format to all four fields. TSO will calculate the penalty in DP-2210/2220 Part 1 and carry it to DP-10 line 13(d).

(b) Review exceptions in the DP-2210/2220 Instructions to see if any might apply. Note that the next step is to “Begin” “Exceptions to Penalty” and complete the applicable fields to complete Part II of the form. Limited testing of these fields was done with Practice Lab. While they seem to work you may want to consider calling TaxSlayer Volunteer Support for assistance with this section.

vi) **Miscellaneous Forms** – Click “Begin” to generate DP-10 ES vouchers (i.e., if client wants for their 2018 estimated tax payments or if estimates are required because taxes due for 2017 exceed \$500) or if you are filing an extension for the DP-10 using form DP-59-A (note that DP-59-A *cannot be e-filed*).

(1) Note that if the taxes due exceed \$500 TSO will not automatically generate DP-10 ES; you must review the DP-10 and determine if estimates are required.

(2) Review DP-10-ES vouchers: TSO may not calculate estimates correctly AND may overapply any 2017 refund applied to 2018 estimates. Since vouchers are not e-filed with the return the fix is easy: Make corrections on printed TSO forms by hand or avoid the TSO forms entirely and use the fillable pdf forms on the NH DRA website.

4) In the **E-File Section, State Return(s)** you need to indicate the “Return Type”. Note that you will see direct deposit and debit options on TSO, but these options are *not available in NH*:
For refunds: Any amount the client does not apply to next year’s tax estimate (see “Payments” section above) is paid by check. Select “Efile: Paper Check”.
For taxes due: NH gives the client two options – They can either mail a check **or** go to the DRA site to pay electronically. But note that electronic payments are reported on DP-10 line 14(b), and there is no entry field for this on TSO. And if there are taxes due TSO generates a payment voucher. So select “Efile: Mail Payment” regardless of the client’s intentions. See the boxed comment on the printed payment voucher about saving a stamp: The client can STILL make an electronic payment even if line 14(b) is not completed.

NH Tax-Aide

NH Form DP-10 Reference 2017 Returns

PREPARING DP-10 USING THE NH DRA PDF

It is not possible to prepare a NH return with TSO for years prior to 2016. Or you might determine that preparing a DP-10 only for a client using of TSO to be inefficient. For these returns use the fillable pdf forms and instructions at www.revenue.nh.gov/forms to prepare a paper return.

Important: The completed PDF will contain client information that is not encrypted! Do not save it to your computer or email it. Ensure information is kept secure while preparing the return. Check your computer and delete any automatically saved or backed up files.

- 1) To obtain the Form DP-10 PDF: Click on 'Forms by Tax Period or Year', find the year you require and download the fillable Form DP-10 and the DP-10 Instructions. Other forms and instructions you may need: DP-2210/2220 (if an underpayment penalty applies), DP-10-ES (if the client needs vouchers for next year's estimated payments), DP-59-A (application for extension). See your LC/instructor regarding business returns; these rarely apply to our clients and may be out-of-scope.
- 2) Page 1, Steps 1 and 2: Complete basic client/return information: Name, address, filing status, initial/final return, etc.
- 3) Page 2: Enter data from the federal return at Line 1. If the client has a 1099-R coded "7D" enter on Line 2. Note that the PDF does math for you (i.e., completes Line 3, etc.). Enter non-taxable income items (USG, NH municipal interest, capital gains included in ordinary dividends, income earned while a nonresident) to Line 4. See the Instructions for codes and how to do the pro rata calculation for part-year residents.
- 4) Page 3: The PDF subtracts 2400/4800 based on filing status. Check box(s)/enter DOB for any applicable exemptions above Line 8.
- 5) Page 4, Step 4: The PDF calculates the tax. Enter any payments to Line 11(a)-(d). The PDF calculates the Subtotal Due (negative if a refund is due). For Line 13(a)-(d) review the client situation:
 - a. If filing or paying taxes due after the due date then read the instructions for Lines 13(a)-(c), calculate any additions to tax that apply, and enter on the appropriate line.
 - b. If >500 in taxes is due and estimates were underpaid then read the instructions for Line 13(d) and Form 2210/2220. Complete Form 2210/2220 and enter any penalty to Line 13(d). Form 2210/2220 must be filed with the DP-10 if applicable. Be sure to review exceptions to this penalty with the client.

NH Tax-Aide NH Form DP-10 Reference 2017 Returns

- 6) Page 4, Step 5: If the client will make an electronic payment on the DRA site enter it to Line 14(b). Otherwise, the PDF calculates the amount due on Line 15 or Overpayment on Line 16. If the client wants to apply any of their refund to next year's liability enter to Line 17.
- 7) Page 5: Enter dates and check any applicable boxes for the client; they will need to sign by hand after you print the forms. Do not check the POA box or enter your name anywhere. For preparer enter "AARP Foundation Tax-Aide" with your site ID and address.
- 8) Perform QR (see 'common errors' in the Instructions).
- 9) Print two copies for the client (one to mail, one for their records), close the PDF and ***make sure it is not saved.***
- 10) Review the return with the client, explain how to make out checks, where to mail the return, how to make electronic payments, how to make estimated payments (download the DP-10-ES to prepare vouchers for the client).
- 11) Have the client(s) sign both copies of the return.