

**2015.04020**  
**Release Notes**

August 21, 2016



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## Contact and Support Information

Product and account information can be accessed by visiting Customer Support online at [Support.CCH.com](http://Support.CCH.com). In addition to product and account information, the Customer Support site offers answers to our most frequently asked questions, forms release status, Knowledge Base articles, training videos, and operating systems compatibility. Access to these features is available 24/7.

The following Web site provides important information about the features and updates included in all CCH® ProSystem fx® Tax releases: [Release Notes](#)

Visit the [Application Status](#) Web page to view the current status of our CCH applications. The Application Status Web page is updated every 15 minutes.

Go to [Contact Us](#) to find information on topics such as Sales and Billing, as well as options to Open a Support Case or Chat with a Representative if you need assistance.

## Information in Tax Year 2015 Release Notes

Tax Release Notes inform you of the enhancements and updates that have been made to Tax products and systems with the current release.

Updates provided in the Release Notes include the following:

- Contact and Support information
- Updates to the Tax technology (electronic filing updates, Pro Forma, Organizer, technology enhancements)
- Updates made to Tax products (form additions and updates, diagnostic updates, changes caused by regulatory updates)

### Tax Updates

#### Individual, Partnership, Corporation, S Corporation, and Fiduciary

##### Confirmation of Banking Info and Deposit/Withdrawal Options

With this release, selecting "X" on Basic Data > Direct Deposit/Electronic Funds Withdrawal in worksheet view (Interview Form BNK-1, Box 39) is required prior to electronically filing the return. You will not be able to export unless you check this box.

Previously, the box was required only if the banking options conflicted with the return results (i.e., only direct deposit requested with balance due result or only direct debit requested with refund result). The box now represents confirmation that the preparer has checked the banking options and account information for accuracy. If multiple banking entries are present, they must all be confirmed before the return can be qualified for electronic filing.

#### Individual, Corporation, S Corporation, and Fiduciary

##### Louisiana

The calculation of the Ad Valorem tax credits has been updated to reflect the recent law change that raises the refundable threshold from \$10,000 to \$500,000. We are awaiting word from Louisiana on the proper presentation of this change, but the calculation of the credit has been updated to reflect the new threshold amount.

#### Corporation

##### New York City

New York City Combined Form NYC-2A, Schedule H has been updated to reflect two new lines recently added by New York City. New Lines B and E will be filled automatically based on data in the return. There is no additional input necessary.

#### Fiduciary

Form 8865 is now available for processing, including Schedule K-1, Schedule O, Schedule P, Schedule D, and Form 8949 versions.

### 2015 Electronic Filing

The following federal and state products are approved and available on this release:

#### Fiduciary

Form 8865

# Product Updates

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## Individual (1040) Product Updates

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### Federal

Form 8865. The cross reference is updated to reflect a filing period only for a calendar year ending in December, when filer is an individual filing Form 8865 with Form 1040.

Form 8962. When there is a Form 8814 present in the return, and Form 8962 (Worksheet W) is prepared, the lessor of Form 8814, Line 4 or \$2,100 is included on Worksheet W, Line 1.

### Arkansas

Form AR1000D. When a taxpayer has capital gains transactions in January, Line 7B is limited to zero when there is an overall net long term capital gain for the calendar year.

### Indiana

Depreciation add-backs are no longer included on Indiana Schedule B when the Indiana Source farm income reported on Indiana Schedule A accounts for the difference between federal and state depreciation.

### Kansas

Form 200. Line 14 will not allow a negative number.

### Louisiana

The tax law update provides for adjustments to the calculation of the refund and carryforward of a certain portion of the income and franchise tax credit for the inventory tax credit and the ad valorem natural gas credit. Therefore, when the new law calculations are implemented, the calculation of the refundable portion of the credit will not reconcile to the printed instructions on Form R-10610, Line 8.

Previously, a fully refundable tax credit for local ad valorem taxes paid on inventory was allowed if the tax was less than \$10,000. For taxes of \$10,000 or more, the credit was allowed to offset state tax liability, but any excess credit was limited to a 75% refund with the remaining 25% carried over as a credit against subsequent tax liability for a period not to exceed five years.

The new legislation allows 100% of any available excess credit to be refunded for qualified taxpayers with up to \$500,000 of ad valorem taxes paid. For qualified taxpayers with over \$500,000 to \$1 million of tax paid, 75% of the excess credit is refundable and 25% is nonrefundable, with up to a five-year carryforward allowed against future state tax liabilities for the nonrefundable amount. For taxpayers with more than \$1 million of tax paid, a maximum of \$750,000 is refundable with the remaining balance available as a nonrefundable credit with a 5 year carryover provision.

If you are not a manufacturer entity and your business entity was formed or registered to do business in Louisiana after 4/15/16, then the credit is 100% refundable if the credit amount is less than \$10,000. If it is equal to or more than \$10,000 then 75% of the credit is refundable, with a maximum of \$750,000 of the credit refundable. The excess credit is treated as a nonrefundable credit with a 5 year carryover provision.

Legislation prevents manufacturers from claiming the ad valorem tax inventory tax credit as a refundable credit. For manufacturers the credit is nonrefundable and has a five year carryover

provision. Legislation also prevents manufacturers from claiming the ad valorem natural gas credit as a refundable credit when all or part of the natural gas purchased is converted to new products. When the natural gas purchased was strictly used as a fuel, these taxpayers could benefit from the expanded refundable ad valorem natural gas credit applicable to non-manufacturer entities noted above.

The changes made by the new legislation apply to all claims for ad valorem tax credits on any return filed on or after July 1, 2016, regardless of the taxable year to which the return relates. However, the changes do not apply to an amended return filed on or after July 1, 2016, provided that the credits were properly claimed on an original return filed before July 1, 2016.

To accommodate for this update, a new field/box has been added on Louisiana > Credits > Inventory Tax Credit Info (Ad Valorem Taxes Paid on Inventory Held) > X to apply Ad Valorem Tax Calculation filed after July 1, 2016 (Interview Form LA1, Box 71) to indicate the entity qualifies for the new rules when calculating both of these credits on Form R-10610, page 2. When the new rules are applied, a diagnostic issues to inform the preparer that the new rules have been used to calculate the credit and assuring the preparer that the amounts for the credit are correct, but that we do not yet have guidance on the proper presentation of the credit from the LA DOR.

Additional fields/boxes have also been added to indicate: Inventory held is related to the business of a manufacturer, Natural gas used strictly as fuel and not converted to new products, and New business entity formed or first registered to do business in Louisiana after 4/15/2016; allowing the program to calculate the credits using the appropriate new standards.

## Minnesota Electronic Filing

Form M1. It will include electronic withdrawal when direct debit is selected on the Direct Deposit/Electronic Funds Withdrawal section (Interview Form BNK-1, Box 34), and the State direct deposit option (Interview Form BNK-1, Box 48) of "2" is selected for M1PR when a balance due is present on Form M1.

## Missouri - St. Louis

Only a taxpayer's personal address from Federal Form 1040 will be listed on Form STL E-234. You do have the option to use a different address using St Louis input.

## North Carolina

Form D-400. Line 28 now excludes previous refunds for amended returns.

## Ohio

Amending Form SD100, Lines 9 and 11. The correct previous refund or balance due amounts calculate.

Form NRC, Nonresident Credit, Part V. Line 5 calculates when the spouse hypothetical amounts allow for a credit on Schedule A Adjustments, but actual married filing jointly numbers do not allow the credit.

Form SD40XP. Amended payment voucher for School District calculates and prints correctly for all variations of amended returns.

Section 1231. Gains from a passthrough flow to Form IT-BUS and Form IT-NRC for a part-year or nonresident.

The wages on W2 input tied to an entity flow to Form IT-BUS and to Form IT-NRC for a part-year or nonresident for Spouses who own more than 20% of an S Corporation entity.

## Oklahoma

Form 506. Entity choice check boxes now fill based on input on Oklahoma > Credits > Investment/New Jobs Credit > Type of business (Interview Form OK11, Box 35).

## Oregon

Oregon income tax deducted as an itemized deduction flows to Form OR 40N, Line 38, when filing Federal Form 1040NR.

# Partnership (1065) Product Updates

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## Federal

Form 8865. When generated using feature of Form 1065 calculations and additional Form 8865's are present, Schedule M -1, Line 2, will not duplicate.

## Alabama

Form 65, Schedule K-1, Line J. The Single Member LLC name field will now be blank when a city code is entered without a state code on Generic State Schedule K-1 Information > State/city Information > State code (Interview Form ST-1, Box 30).

## California

Form 540NR. Line 60, Credits Statement Amount, now reflects the amount reported on the form.

## Maine

The General information section now includes an option to suppress Schedule 2P.

## New Hampshire

The NOL carryover information has been revised on the carryover data report.

# Corporation (1120) Product Updates

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## Arizona

Form AZ120. Several statements for Pages 1 and 2 are now properly referenced to respective schedules and line numbers.

## Arkansas

AR1100CT. Line 24 will pro forma contribution carryovers for 5 years.

## Iowa

Consolidated Iowa Form 4562A will now print "see statement" when more than 5 assets are present. Iowa Consolidated Taxable Income Totals Before Net Loss Deduction will now print in the government copy.

## Louisiana

Form CIFT-620, Page 1. Line 1C1 will no longer utilize 28% of the loss carryforward from Line 1C. The calculation of the Ad Valorem tax credits has been updated to reflect the recent law change that raises the refundable threshold from \$10,000 to \$500,000. We are awaiting word from Louisiana on the proper presentation of this change, but the calculation of the credit has been updated.

## Minnesota

The research credit limitation on Schedule RD, Line 32, will calculate using the lesser of Line 12 or Line 16 minus Line 21 of the Member's column of the Combined Schedule M4T. A statement will produce showing the calculation used in the combined return.

## Nevada

Nevada > General > Basic Data > NAICS code (Interview Form NV1 Box 33) is no longer required data entry. Instead, a diagnostic will indicate that the tax rate for "unclassified business" is used when the NAICS code is left blank.

## New York - New York City Combined

Form NYC2 A/BC is updated to include parent company information.

## North Carolina

Form CD 405, Page 1. The Non U.S./Foreign check box will fill in if the corporation is classified as a foreign corporation for Federal Income tax purposes.

## North Dakota

Members of a North Dakota consolidated return with only a sales factor will now be included on the Schedule CR.

The Renaissance zone income exemption credit from a subsidiary return will no longer appear on the Schedule CR, Part III, of the consolidated return. It will now appear on Schedule CR, Part I, Line 10 in the consolidated return.



## Oregon

Form 20. Line 32 will no longer reduce minimum tax by tax credits.

Oregon Combined Income and Deductions white paper statements will print when applicable.

Schedule AFF will print when a consolidated return is present.

## Rhode Island

The combined apportionment percentage will now be calculated from the total of the sales factors from the separate entities. The combined apportioned income will be calculated using this combined apportionment ratio.

## Texas Electronic Filing

Diagnostic 40202 has been added for returns where the officer's title information is missing.

## Wisconsin

Form 6BL. When all prior year pre-2009 NOL is absorbed, it will no longer carry over to the next year.

## Wisconsin Electronic Filing

Form A-1. When both Part I and Part III are present, a disqualifying diagnostic will now be issued.

# S Corporation (1120S) Product Updates

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## Federal

Form State 4562, Line 26. Property used more than 50% in a qualified business use includes assets with a life of 39 years.

## Arizona

Form 120S, Page 1, Line 27. Total Due will include Line 24, "Penalty & Interest". The letters will reflect the same.

## Arkansas

Form AR1100CT. Line 24 will pro forma contribution carryovers for 5 years.

## California

Form 3520. Now prints as a fileable form when the alternate print sequence is selected.

## Georgia

Form 600S, Page 5, Line 15. The Potential Carryover amount will not fill with an amount if there is an amount remaining after credit amount has been applied to tax. This amount will now be allocated to the shareholders on Form 600S, Page 5, Line 13.

## Louisiana

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## Maine

The Capital Investment Credit Worksheet. Line 1 will now use the override present on worksheet Maine > Adjustments > Maine Addition and Subtraction Modifications > Maine capital investment credit bonus depreciation addback (Interview Form ME2, Box 67).

## Oregon

Form ASC-Corp will now allow Code 399 for other subtractions.

## Wisconsin

Schedule MA-M will now print if pass-through information is present on Line 17.

# Fiduciary (1041) Product Updates

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## Federal

Custom Extension Filing Instructions will now indicate to make a check payable to "United States Treasury" when there is a balance due.

Expenses allocated to tax-exempt interest will now present on the grantor letter when tax-exempt interest is not netted.

Form 1040NR. Page 5 will now calculate for grantor returns.

Form 1116. AMT no longer prints if the Schedule I is not present in the return.

Form 8960. Section 1411 NOL carryover amounts will no longer print in duplicate on the carryover report.

Other tax amounts are now being limited to the sum of net investment income tax and alternative minimum tax on Form 2210, Page 4, Line 14, Column D.

Schedule E. Statements will now print for Grantor returns.

Schedule I. Nonrecaptured Section 1231 losses from the difference between Form 4797, Line 8, and Form 4797 AMT, Line 8, are now limited to Line 9 on the respective forms. This amount then carries to the Schedule I, Line 13.

Schedule K-1. When computing foreign expenses on the Schedule K-1, the ratio of foreign income to all source income is now limited to 100%.

## California

California 541. Line 20b will now clear out if ESBT is no longer selected.

## Colorado

The Nonresident Grantor Letter will now be produced for a part-year estate or trust when Colorado > Basic Data > Part year estate or trust is checked (Interview Form CO1, Box 32).

## Louisiana

The tax law update provides for adjustments to the calculation of the refund and carryforward of a certain portion of the income and franchise tax credit for the inventory tax credit and the ad valorem natural gas credit. Therefore, when the new law calculations are implemented, the calculation of the refundable portion of the credit will not reconcile to the printed instructions on Form R-10610, Line 8.

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## Pennsylvania

Schedule RK1. No longer shows "no taxable income" when there is a non-resident Pennsylvania estate/trust with Pennsylvania income, a Pennsylvania extension, and at least one Pennsylvania beneficiary.

Form PA-41. The residency state can now be changed using Common state > State Information > Overrides > State of residence -override (Interview Form ST-1, Box 44).

# Estate and Gift (706/709) Product Updates

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## Connecticut

The final Connecticut Form CT-706/709 is available for dates of death in 2016.

## Illinois

The final Illinois Form 700 is available for dates of death in 2016.

## New York

Form ET-706. The late filing penalty is limited to 5 months.

## Exempt Organization (990) Product Updates

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### California

The California transmittal letter and filing instructions for Form RRF-1 will include a paragraph stating that a copy of the federal return is provided if applicable or when requested using California Registration/Renewal Fee Report > General > Form RRF-1 General Information > Federal attachment paragraph code "force" (Interview Form CA15, Box 31 = 1).