

2017.03010
Release Notes

March 18, 2018



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Contact and Support Information

Product and account information can be accessed by visiting Customer Support online at 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 website 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 2017 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/Roll Forward, Organizer, technology enhancements)
- Updates made to Tax products (form additions and updates, diagnostic updates, changes caused by regulatory updates)

Tax News

Caution. Taxpayers Sending Masked Documents to Taxing Authorities


A number of agencies have received estimate and payment vouchers with masked SSNs. To ensure payments are correct and processed in a timely manner, please advise taxpayers to submit the non-masked copies with their payments. Accountant and Taxpayer copies are masked. Only the Government copy includes the SSNs for tax filing.

Tax Cuts and Jobs Act - Corporation Blended Tax Rates Added

The Tax Cuts and Jobs Act cut corporate tax rates to 21% for tax years beginning after December 31, 2017. The tax bill did not address Code Sec 15(a) which makes tax rate changes applicable to the fiscal corporate tax year. Consequently, 2017 fiscal year corporations are subject to the 21% tax rate for the period that covers 2018.

With this release, we will calculate the fiscal year corporations tax rate using a blended tax rate where the 2017 portion of the year uses the tiered rates and the 2018 portion uses the 21% tax rate.

The tax is determined by calculating tax for a full year using tiered rates and the 21% rate, then applying a proration to each tax based on the actual number of days in each year.

 **Example:** Corporation with a fiscal year of 06/01/17 - 05/31/18 with taxable income of \$5,000,000 will be calculated like this:

Proration

Number of days in 2017 = 214

Number of days in 2018 = 151

Tax Calculation Using Blended Rates

Full year 2017 tax: $5,000,000 * \text{tiered rates} = 1,700,001 * (214/365) = 996,713$

Full year 2018 tax: $5,000,000 * 21\% = 1,050,000 * (151/365) = 434,384$

Total tax = 1,431,097

We will carry the tax to 8 decimal places. We will display the calculation in a supporting statement for Form 1120, Page 3, Line 2 or the applicable lines of other corporation returns such as 1120-C, 1120-F etc.

The same blended tax rate treatment will apply to fiscal year Form 990-T when filing as a corporation. The corresponding supporting statement will be produced for Form 990-T, Page 2, Line 35c.

Electronic Filing

We have been informed by the IRS that their ELF systems have not yet been updated to accept fiscal year corporation returns. They are actively working on this and expect that they will be ready before April 15, 2018. Until we receive notification that returns can be e-filed, we will be issuing a warning diagnostic, but we will not reject the return.

Alternative Minimum Tax, Schedule O, S Corporation Built-In Gains Tax

Updates for these items are not included on this release pending further clarification from the IRS.

Tiered Rates

We added a new option to use the old tiered tax rates for any fiscal year return. Using old rates is likely to be incorrect, but we are keeping them in place for the time being. The option is located on the worksheet Taxes > Additional Taxes / Summary Taxes > Summary Taxes, Overrides and Additional Taxes / Interest > Use tax rates in effect for 2017 calendar year (Interview Form T-1, Box 44).

For Exempt Organizations, this option is located on the worksheet Form 990-T Exempt Organization Business Income Tax Return > General Information > Use tax rates in effect for 2017 calendar year (Interview Form T-1, Box 61).

Estimated Tax

We are still awaiting the release of Form 1120-W by the IRS. Until the form and its instructions are released, you will still need to select the option to use the 2018 tax rate for the estimated tax calculation. The option is on the worksheet Payments/Penalties > Estimates and Application of Overpayment > Federal Estimates and Application of Overpayment > Use 2018 tax rates (Interview Form T-6, Box 56).

For Exempt Organizations preparing Form 990-W (for Form 990-T) as a corporation, this option is located on the worksheet Payments/Penalties > Estimates and Application of Overpayment > Estimate Preparation for Form 990-T > Force recalculation of estimated tax worksheet using next year rates (Interview Form X-1, Box 40).


Tax Updates

Update Pro Forma

Our Update Pro Forma feature is available to revise the carryover amount from Schedule MA-M. This amount was pro formaed to Wisconsin > Credits > Schedule CF > Credit Computed for the last year present (Interview Form WI11).

Individual, Partnership, Corporation, S Corporation, Fiduciary, and Exempt Organization

Form 114, Report of Foreign Bank and Financial Accounts. The Account Owner Tax Identification Number (TIN) is no longer required for filing Form 114. If the TIN of the account owner is not entered the TIN will be blank in the electronic file and the TIN type will show as Unknown. In the future, FinCEN will update their system to properly process FBARs in this situation. For now, Forms 114 in this situation will show in the Electronic Filing Status system as Amendment Required - Timely Filed, with error codes E31 and E33.

 **Note:** No further action is needed regarding these errors, as the electronic file will be processed and FinCEN will consider it correctly and timely filed.

Electronic Filing Updates

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

Individual

Tennessee Estimate

Corporation

Hawaii

New York Combined

New York City Combined

S Corporation

Hawaii

Product Updates

Individual (1040) Product Updates

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Federal

Form 5329. If a traditional IRA distribution carries to Form 8606 with no basis but is subject to the early distribution penalty, the Form 5329, Line 1 will only bring over the amount that calculates on the Form 8606 and not that amount plus the taxable amount of the Form 1099-R distribution.

Form 8835. Line 10 will use the rate of \$2.423.

Form 8880. Line 5b and 6b now clear when Line 3b is zero.

Form 8962

- Income from a personal property rental is included in Form 8962, Worksheet X, Line 1.
- When it is advantageous to use the alternative method for year of marriage and the IRS 1095 - A is associated with a business, farm or passthrough, Form 8962, Lines 12 - 23 are completed.
- When the Projector Form 1040 has an amount on Line 29 from input on IRS 1095-A, but the full amount of the premiums entered on the IRS 1095-A are taken as PTC, the official Form 1040, Line 29 will be blank.

Form 8965. If there are multiple Forms 8814 in the return, Form 8965, Shared Responsibility Payment worksheet, Step 3, Line 7 will be the sum of the lessor of Form 8814, Line 4 or 5 from each Form 8814.

Electronic Filing

Form 5884-A. When the only credit on this form is from passthrough entities, an error message will not be generated upon electronic filing export.

1310 Jurat Disclosure. The 1310 Jurat Disclosure forms will print the ERO PIN when it's randomly generated or entered in Office Manager.

Form 114. In the electronic file, the account owner country code is "US" when the account owner's address is a US address and the country code is not specified.

Arizona

Form 348, Line 1b has been updated to select "Yes" if cash contributions in excess of the allowable credit claimed on Form 323 were made.

Form 352 has been updated to generate when there is only a carryover present.

Arizona Electronic Filing

The extension filing instructions will now reflect that the return is being electronically filed.

Arkansas

Capital loss limitation for married filing separately on the same return is the lesser of the actual loss or \$1500.

Florida

Florida Form DR-405 has been updated to include input for the new category - renewable energy source devices.

Kansas

Forms K40H/K40PT, Line 5 will display NOL and net operating losses and capital losses from Form 1040.

Kentucky

The Line 11 prior year tax credit is pro formaed from the 2016 Form 725, Line 14 rather than Line 18.

Maine

Late payment interest is now 7%.

Maryland

Thresholds for the Poverty Income Credit have been updated to reflect current year ranges.

Massachusetts

New State Percent codes are added to passthrough entity interest input to identify interest income included in passive income that should be excluded from Schedule E-2 and E-3.

North Carolina

Form D-400TC, Line 5 will not round up when the calculation results in an amount ending in ".49."

North Dakota

Moving expense carries to ND-1NR, Line 11 when present on 1040NR, Line 26.

The Statement to print a paper return prints correctly.

Oregon Electronic Filing

Returns with Form OR-PTE that do not include the NAICS business code are not eligible for electronic filing.

State code input is available for Oregon standard credit code 815, passthrough income tax paid to another state.

Pennsylvania

Schedules A and B populate from PA Income/Deductions > Schedule A (PA1A) and/or Schedule B (PA1B) when no federal interest and/or dividend input is present.

Schedule C

- Includes Depreciation Totals.
- Line 13a will not show amortization when IRC Section "167F" is present on Sch C - Business > Depreciation and Amortization (Form 4562) > IRC Section (DP-1, Box 117).
- Page 2 will print when Schedule C-2 is present but current year depreciation is zero.

Tennessee

Input to override the calculated amount on Form FAE 170 Page 2, Schedule H is located on Tennessee Other > Limited Liability Company > Schedule H > Gross receipts - override (Interview Form TN7, Box 30).

Partnership (1065) Product Updates

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Federal

Paragraphs requesting the Section 754 election form be signed will no longer print in the cover letter.

The Make Check Payable to section will no longer include the payee name when payment is being made by electronic withdrawal.

The Passthrough Recap Statement will now issue when requested in Office Manager.

The Schedule K-1, item L, Current year increase (decrease) amounts will not change when the return is recalculated and the option to suppress federal and state schedule K-1 calculation, including attachments and statements, has been selected under Partners > General Options > Schedule K-1 Print Options > Line 2 - Suppress federal and state schedule K-1 calculation, including attachments and statements (Interview Form 5, Box 46).

The Simple IRA and 401K payments imported into a 1040 return from the taxpayer's or spouse's 1065, Schedule K-1 will no longer import to the Income > Sch E, p 2 - Partnership Passthrough (K-1 1065) > Other Income and Adjustments worksheet section (Interview Form K-2, Schedule E Other Income/Adjustments section or Form IRS-K1 1065, Other Income/adjustments section) in the 1040 return.

Arizona

The tax tables, personal exemption amounts and standard deduction amounts have been updated.

Colorado

An extension letter titled "Colorado 106 EXT" will produce when the state extension is requested, there is no amount due on extension, Form 158-N is not generated and the extension letter is requested.

Connecticut

CT 1065/CT-1120SI Page 5 Part IV - Member Information will now mask.

Form CT 1065 Part VI supplemental attachment overflow pages will now print when more than 4 members are present.

Form CT 1065/CT-1120SI- EXT will be included on the ELF Status Report and in the Export dialog window when the extension is locked.

Florida

A new version of Florida Tangibles Form DR-405 is available, including input for the new category of renewable energy source devices.

Illinois

IL-1065, Step 6, Line 40 will be zero when Step 1, Line F for Investment Partner is selected.

Louisiana

Louisiana Percent Depletion will now calculate at 15.8% of Gross Depletion Income.

New York Electronic Filing

The NY extension (IT-370-PF) will now be included in the electronic file when the extension is exported immediately after the New York IT-204-LL.

New York - New York City

Form 399Z, Schedule B will not include entries coded to states/cities besides NY and NYC.

Ohio

Form IT K-1, Line 3 will now round correctly.

The effective ratio used to calculate the PTE tax credit on IT K-1, Line 3 is no longer understated when all of the following conditions exist:

1. The preparer wants to print the optional Schedules IT K-1.
2. There are non-resident partners and the entity is filing Form IT-1140 and the entity is withholding tax (not a composite return) on behalf of the partners.
3. Partners owning more than 20% of the entity are receiving guaranteed payments.

Oklahoma

Oklahoma Form 511 CR, Other Credits Form, Line 32, Columns A & B, now have input in the Oklahoma > Credits > Other Credits > Lines 28 and 29 worksheet fields.

Oregon

The Schedule OR-OC-1 Oregon surplus credit amount will print on all overflow continuation pages for individuals.

The Schedules OR-K-1 and OR-K-1 EQ will now generate accurate K-1's when there are duplicate Social Security Numbers entered.

Pennsylvania

Pennsylvania now includes a copy of 4562 in the print.

Pennsylvania - Philadelphia

Philadelphia > General > Options worksheet > EFT - Electronic funds transfer options field (Interview Form PHI1, Box 42) now includes an option to control the function of electronic funds transfer. The letters now include the website to make a payment for electronic funds transfer.

The Form BIRT Schedule D, Line 1 amount for gain/loss from Form 4797 now matches the amount from Form 4797 and Form 1065, Line 6.

South Carolina

SC 1040, Line 20, Other SC withholding, will now print on the correct line.

Texas

Taxpayer number on all forms will now mask when masking options are selected.

Corporation (1120) Product Updates

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Federal

Line 2a now includes the prior year's disallowed interest expense.

The Federal direct debit date in the Letters and Filing instructions and direct debit report will default to the current date only if there is no date entered in the return under General > Basic Data > Direct Deposit/Electronic Funds Withdrawal > Withdrawal Date (Interview Form BNK-1, Box 41).

California Electronic Filing

A California Corporation Number now allows the number to begin with a "4".

California Combined

The California program will now add minimum tax subsidiaries into the 100ES calculation for estimate vouchers.

Florida

A new version of Florida Tangibles Form DR-405 is available, including input for the new category of renewable energy source devices.

Maine

Form 1120B-ME, Maine Franchise Tax Return for Financial Institutions, original due date has been updated to April 17th, 2018.

Massachusetts

MA DOR has updated installment dates on Form M-2220, Line 14. This revision may reduce the underpayment penalty.

Missouri Electronic Filing

Disqualifying diagnostic 47035 will no longer issue when the officer name and title are present on the state return header.

New Hampshire

NH DP-120 Combined, Line 2, will no longer include Line 1 twice.

New York - New York City

NYC 2.4 Sch B will be limited to 0 when it is a negative amount.

New York City Electronic Filing

Banking information now prints on the NYC-579-COR for the NYC-300.

S Corporation (1120S) Product Updates

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Federal

When the General > Return Options > Processing Options > Line 83 - Letters reflect Paper Instructions (Form 2, Box 96) is "Yes" the return and extension letter and filing instructions will not state to mail unless that return or extension itself is disqualified for electronic filing.

Arizona

The tax tables, personal exemption amounts and standard deduction amounts have been updated.

California

Form 3540, Credit Carryover and Recapture Summary, is released on final form.

Form 5806. The underpayment penalty exception based on prior year's tax will only apply when the prior year's tax was for a short year.

Delaware

Form 200-C, Line 5 will come from Schedule A1, Line 25, Column B.

Florida

A new version of Florida Tangibles Form DR-405 is available, including input for the new category of renewable energy source devices.

North Carolina

Business Corporation Annual Report now provides the option to have the transmittal letter and filing instructions reference the mailing address or the website address of where to file the annual report.

Ohio

The supporting statement for the depreciation deduction on IT 4708, Page 4, Line 36 will now round correctly and will no longer present 100% as .9999999 for certain returns.

Oregon

OR-K-1 final check box will not be selected when other states were selected as final, but not Oregon.

Pennsylvania

Pennsylvania extension letters now display October 15th as the extended due date of the return.

Wisconsin

Wisconsin Schedule 5K-1 Lines 17, 18, and 19 now print on the correct lines for Schedule 5K-1.

Exempt Organization (990) Product Updates

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Electronic Filing

Federal. The diagnostic that disqualifies a short-year federal return will be suppressed if the option to NOT transmit federal return has been selected. This will allow states to be filed electronically even if the federal return has been disqualified.

Massachusetts

Form M-2220, Line 14 has been revised. This change may reduce the underpayment penalty for M-990T filers.