

CCH Access™ Tax
2016-3.1 Release Notes

March 19, 2017



CCH Access™
At the Center of the Firm in Motion

Contact and Support Information	2
Information in Tax Release Notes	3
Highlights for Release 2016-3.1	4
Tax Updates	4
Electronic Filing	5
Tax Product Updates	6
Individual (1040) Product Updates	6
Partnership (1065) Product Updates	11
Corporation (1120) Product Updates	12
S Corporation (1120S) Product Updates	14
Fiduciary (1041) Product Updates	16

Contact and Support Information

[Return to Table of Contents.](#)

Product information can be accessed by visiting Customer Support online: [CCH Access Product Support](#).

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 for each CCH Access™ module. Access to these features is available 24/7.

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

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

Go to [Contact Us](#) to find Support calendars, as well as options to enter Web tickets for assistance.

Information in Tax Release Notes

[Return to Table of Contents.](#)

CCH Access™ Tax Release Notes inform you of the enhancements and updates that were made to Tax products and systems with the current release.

Information provided in the Release Notes include the following:

- Contact and Support information
- Updates to Tax technology (such as, electronic filing updates, Organizer, Pro Forma/roll forward, and technology enhancements)
- Updates made to Tax products (such as, form additions and updates, changes in diagnostics, and changes caused by regulatory updates)

To access a list of CCH Access™ Tax Release Notes for the current year and for prior years, visit the [Release Notes](#) page on our Customer Support site.

Highlights for Release 2016-3.1

Return to [Table of Contents](#).

Tax Updates

Individual

Ohio. The city of Toledo Form R is available for processing.

Individual - Correspondence Manager

For 2016, new wording has been added to direct debit/deposit paragraphs to refer the reader to the Direct Deposit/Debit Report, if that report is included in the return. Custom templates will not automatically receive the new paragraphs. The fix for custom templates is to:

- Suppress the Direct Deposit/Debit Report or include it in the Accountant copy only, or
- Add a new standard paragraph to the custom template to cover the new default scenario.

Individual, Partnership, Corporation, S Corporation

Oregon. The city of Portland, Heavy Vehicle Use Tax (HVT) Schedule, is now available for processing.

Partnership, Corporation, S Corporation

The city of Columbus Form BR-21, Declaration of Estimated City Income Tax, was updated to a newer version provided by Columbus.

The city of Germantown has moved from being an Independent city to a CCA city.

Corporation

Wisconsin. Return and estimate due dates are updated to reflect conformity to federal due dates.

Roll Forward

The following roll forward issues have been resolved:

Partnership

New York City. NYC NOL Amount Previously Absorbed, now rolls forward to a new sheet of New York City > Schedule C and Schedule F > Net Operating loss Deduction.

Philadelphia. Overpayment on Form BIRT, Line 10, now rolls forward to Philadelphia > Payments/Penalties > Philadelphia BIRT Payments > Credit from prior year BIRT payments.

Partnership, Corporation, and S Corporation

Wisconsin. 2015 Research credit on Schedule R, Line 8 instead of Line 11, now rolls forward to Wisconsin > Credits > Schedule R Research Credits > Prior Year Research Expenses > 1st Prior Year.

Our Update Pro Forma feature is now available for this issue, which allows you to choose to update your previously rolled forward fields. To do this, open your current year Wisconsin return and choose to roll forward the corrected research credit amount.

Electronic Filing

Approved Products Available on this Release

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

Individual

CCH® eSign is now available for Delaware returns.

Partnership

Arkansas Magnetic Media	Louisiana Composite Extension
Louisiana Composite	New Jersey Magnetic Media

Corporation

Nebraska

S Corporation

Arkansas Magnetic Media

Tax Product Updates

Individual (1040) Product Updates

Return to [Table of Contents](#).

Federal

Colorado tax liability after refundable credits is calculated when the actual tax liability is zero.

Form 1116. Line 8(n) includes prior taxes paid, when applicable.

Form 4562. The amount of Section 179 expenditure reported on Schedule C, E, or F reflects the amount allowed by the trade or business income when a loss from a passive Schedule C, that is included in Form 4562, Line 11, is limited by Form 8582.

Form 8889. Amounts entered for MSAs and HSAs on IRS W-2 will carry to the appropriate taxpayer or spouse Form 8889, Line 4 and Line 9.

Form 8938. The total amount of interest and dividend from 1099-INT and 1099-DIV, rather than foreign amount, if different, is included in Part III.

Form 8962.

- When an entry is made for the amount of domestic production activities deduction from cooperatives and the input on the IRS 1095-A is associated with an entity or activity, an occurrence of Form 8962, Worksheet Y or Z, is generated for the deduction.
- Clicking the menu item Worksheet W or Worksheet X under the Form 8962 tab displays the correct worksheet.

Form 8965. If health insurance coverage for a member of the tax household is present on both the IRS 1095-A and IRS 1095-B or C and input is present on the IRS 1095-B or C to not calculate the short coverage gap exemption, the short coverage gap exemption is not calculated for that household member.

Tax Equalization. On Form 1040, Line 7, when the figures entered for total compensation override and U.S. compensation override are the same, the total compensation override is included in the TEC 1040, hypothetical Line 7.

Electronic Filing

Auto generated PDF attachments no longer overlay the previous state's PDF.

Arizona

A credit to a foreign country, if that foreign country exists on more than one Federal 1116, creates one occurrence of Arizona Form 309.

Arizona Schedule A forms only use contributions made during the tax year to calculate the adjustment for charitable contributions.

Arkansas

When filing separate *Married filing separately* returns, the capital loss is limited to \$1,500.

Paper filed returns correctly report direct deposit when requested.

Colorado

The amount on Form 104PN, Line 26, is equal to the amount on Form 104, Line 3.

Delaware

Delaware correctly produces Schedule III for any contribution made to any designated charity.

Georgia Electronic Filing

PDF attachments for other states work correctly for GA when other state credits are entered on Credit Options and Adjustments > Partner Information.

Hawaii

Schedule X, Part I, Line 8, calculates correctly when Hawaii adjusted gross income is less than \$30,000.

Illinois Electronic Filing

Diagnostic 46495 does not issue when a foreign address and foreign phone number are present for the paid preparer.

Indiana

Form IT-8879 now prints after all Indiana disqualifying diagnostics are cleared.

Form POA-1 now prints taxpayer and spouse names for jointly filed forms.

Local tax withheld from a passthrough entity now carries to Form IT-40, Schedule 5, Line 2, or Form IT-40PNR, Schedule F, Line 2, for part-year / nonresident filers.

Iowa

IA 1040, Line 14, picks up non-employee compensation from the 1099-MISC when the income code 2 is entered.

Iowa Electronic Filing

Spouse Form 4136 is correctly included in the electronic file.

Maryland

The fourth quarter rate on Form 502UP is 0.0296.

The name of the county displays on Form 502, Maryland Political Subdivision line, when the taxpayer does not live within the incorporated tax boundaries listed on Page 3 of the Maryland resident instructions.

Maryland Electronic Filing

Form IND PV prints upon electronic file export.

Massachusetts

Schedule X, Line 2, accumulates qualified charitable distributions to subtract from gross distributions on Forms 1099R.

The taxable amount entered on IRS-1099Rs for the taxpayer flows to Schedule X, Line 2, Taxable IRA/Keogh and Roth IRA conversion distributions.

Michigan

Input on Michigan > Credits > 3 - Homestead Property Tax Credit > Line 14 flows to Form MI-1040CR, Line 8.

Michigan - Michigan Cities

Michigan cities extensions lock appropriately after the due date of the return.

Minnesota

Form M1NR, Line 19B, calculates the Bonus depreciation using the passthrough percentage entered.

Form M1PR, Line 5. now excludes Rollover IRA's.

M1PR, Line 10 refund amount, is correct for renters with income between \$47110 to \$48790 with property tax paid over \$2500.

Mississippi Electronic Filing

A PDF is no longer auto-generated if the override for Credit for Tax Paid to Other States is used.

New York

Form IT-636, Schedule A, is not prepared if only a passthrough credit exists.

New York Electronic Filing

Form IT-204-LL returns with a temporary ID entered (for example, TF1234567) now use the taxpayer's Social Security number instead of the temporary ID.

Returns with withholding from a 1099-INT or 1099-DIV may be filed electronically.

North Carolina

The extension will be disqualified for electronic filing if filed without payment and there is no phone number included.

When filing a return with a "0" amount for standard deduction or itemized deduction, the "0" will be included in the electronic file.

Ohio - Ohio Cities

All Cities. Gambling winnings from a non-resident city will not double on the resident city return.

Brookville. The credit limit rate for 2016 was changed from 1% to 2%. The 1% credit limit rate will take effect on 1/1/2017.

CCA.

- Business losses are no longer allowed to offset wage income.
- Estimates for the resident city no longer double when there are both resident city and non-resident city income.
- Residence tax for cities with a tax rate less than the resident city now calculates using the Schedule R rate instead of the work city's tax rate.

Form R. Percentages are displayed for all other factors when the property factor is not used.

Ohio Cities. Form 1040 now prints as an attachment for all Ohio cities.

RITA Form 37. Updates have been made to the calculation of tax and credit for taxes paid to other cities. These changes affect cities with a rate change during the 2016 tax year. The blended tax rate is no longer used. Income and withholding are now allocated between the periods each rate was in effect. The allocation is based on dates the income was earned. Income is considered earned from 1/1 to 12/31, unless the Income Allocation worksheet is used to establish other earning dates.

Final forms for the city of Toledo have been released. The prior year estimates and return have been removed and replaced with the new forms. There are several notable changes compared to last year's forms.

- Toledo now supports joint filing. Joint filing will be the default filing status in a joint federal return. The joint return must be split if separate returns are desired.
- Resident and nonresident filing is now done on separate tax forms.
- Employee business expenses must be connected to a W-2. The Income Allocation worksheet may be used to attach Form 2106 to a specific W-2.
- Nonresident returns do not include partnership income from Toledo partnerships.
- Occasional entrants may be required to fill out Part D of the Toledo nonresident return. Input for the NRR Wage Computation (Part D) is available on the Income Allocation worksheet.
- Overpayments of \$10 or less will not be refunded or credited forward. A balance due of \$10 or less will not be collected.

Oregon - Multnomah/Portland/TriMet

The Oregon Form HVT is now available.

The mailing payment address for Forms LTD-V and TM-V displays in the letters as PO Box 14003, Salem, OR 97309-2502.

Pennsylvania

Schedule W2S, Part B, does not use Form 8606 amounts when Form 8606 is not in the return.

Pennsylvania Electronic Filing

The printed government copy no longer includes Pennsylvania forms that have been filed electronically, except when requested in the return configuration set or on the Electronic Filing > General > Print the entire government copy field.

Philadelphia

Form WTR (Wage Tax Refund) generates if Philadelphia Earnings Tax > General Information > Line 3 is unchecked.

Wage and Tax Refund Petition instructions has a new PO Box of 53360.

Rhode Island

Form 1040, Schedule M, Line 1u, now only qualifies the taxpayer and/or spouse's Social Security benefits for modifications if the person receiving the benefits is at least 66 years of age.

West Virginia

Any return that is preparing the HEPTC or the SCTC that is also claiming a surviving spouse exemption for a spouse that passed away in 2014 or 2015 should be recalculated.

Partnership (1065) Product Updates

Return to [Table of Contents](#).

Federal

An asset with a 27.5 year life calculates depreciation in the last year of its remaining life when the asset was placed in service in the last half of the year.

You may now enter a Schedule M-3 Deduction Code on Income/Deductions > 11 - Schedule K - Nondeductible Expenses.

Arkansas

The input for Amount Paid with Extension - Override now overrides the amount on the AR1000CRES-EXT voucher as well as the amount shown on Line 5 of the AR1000CR.

Florida

Schedule K-1. The disallowed and allowable bonus depreciation year references are updated to display the correct years.

Idaho

Idaho Schedule K-1 was updated to include Payroll information for Line 7.

Louisiana

A partner now displays on the last line of the second and subsequent sheets of Schedule J if there are more than 39 partners.

The allowable percentage depletion is limited to 36% of the net income of the property.

Oregon

Form OC, Line 4a, no longer includes the prior year tax amount when calculating Line 4a.

The Tri-County letter now displays.

Corporation (1120) Product Updates

[Return to Table of Contents.](#)

Federal

The account information prints for Part V when there are less than 25 accounts.

The custom letterhead is used on the separate Federal letters for Forms 114, 2848, and 3115.

Electronic Filing

A New Hampshire option was added on Federal > Electronic Filing > State Electronic Filing Options.

California

California Form 5806 update. On March 9, 2017, the FTB published updated instructions for Form 5806. This is an excerpt from their announcement:

"Chaptered AB 1775 changed the original due date for C corporation returns to the 15th day of the 4th month for taxable years beginning on or after January 1, 2016. However, it did not amend the date specific language in R&TC Section 19145 which provides for the period used to compute the underpayment of estimated tax penalty. This provision continues to require the penalty be calculated to the date of payment or the 15th day of the 3rd month following the close of the taxable year, whichever is earlier."

The California program is updated in accordance with this announcement.

California now requires state taxes "based on income" be added back to federal income in determining California taxable income. Refunds of such taxes are now subtracted from federal income as refund of a nontaxable expense.

FTB Legal Ruling 2017-01, issued 22 February 2017, states that the Texas franchise tax is NOT a tax on, or according to, or measured by income. It permits the deduction of the Texas franchise tax when determining California taxable income (and logically mandates the inclusion of a refund).

The California program now treats Texas franchise tax amounts paid or accrued as fully deductible and refunds of the Texas franchise tax as fully taxable. The ruling logically applies to prior years. You may consider amending prior year returns or 2016 returns prepared prior to release 2016-3.1 that may have been prepared under the assumption that the Texas franchise tax paid or accrued was nondeductible or that its refund was nontaxable.

Some states provide special treatment for taxes "based on income." The treatment of Texas franchise tax paid, accrued, or refunded in the determination of taxable income by those states may be different. If the return is prepared with such states, their treatment of Texas franchise tax may require investigation.

Louisiana

Louisiana > Income/Deductions > Subtractions > Line 2 flows to Column 2 instead of Column 1 on Schedule F, Line 3d.

New York

New York State and City payments of Mandatory First Installment (MFI) are now made on separate Forms: CT-300 (state C and S corporations) and NYC-300 (city C corporations).

These payments are due one month before the due date of the related franchise tax return (state) or business corporation tax return (city). There may be cases where data changes in order to complete the franchise tax return (state) or business corporation tax return (city) would alter MFI amounts when the filing and payment date for MFI has passed.

Effective with release 2016-3.1, the amounts on MFI forms will freeze on the due date of the MFI (March 15, 2017, for 2016 calendar year end returns). Calculations made after that date will not change MFI first installment calculations, including prior year overpayments or credits.

In conjunction with this program change, codes are provided that allow preparers to override this freeze treatment. Use Federal Payments/Penalties > State Estimates and Application of Overpayment > Detail > State Estimated Tax Additional Information > Lock Options for New York MFI (state) and Federal Payments/Penalties > City Estimates and Application of Overpayment > Detail > State Estimated Tax Additional Information > Lock Options for New York City MFI (city) to override this default freeze of the calculated amounts on MFI forms. To force the MFI to recalculate amounts after its due date, enter "2" in this box or code "1" to lock the MFI prior to its due date.

Oklahoma

Combined Form 512 now prints Pages 6 through 9.

Rhode Island

The Rhode Island extension letter (for RI-7004) now shows the correct mailing address in 1120, 1120S, and 1065.

S Corporation (1120S) Product Updates

[Return to Table of Contents.](#)

Federal

A diagnostic is issued to disqualify electronic filing when an override of the percentage for credit allowed extends to the 3rd decimal place on Form 8912, Part IV, Line 18e.

The Section 179 Transactions section was added to Income/Deductions > Section 179 > 280F Recapture and Sec 179 Transactions Report.

Electronic Filing

A New Hampshire option was added on Federal > Electronic Filing > State Electronic Filing Options.

California

California now requires state taxes "based on income" be added back to federal income in determining California taxable income. Refunds of such taxes are now subtracted from federal income as refund of a nontaxable expense.

FTB Legal Ruling 2017-01, issued 22 February 2017, states that the Texas franchise tax is NOT a tax on, or according to, or measured by income. It permits the deduction of the Texas franchise tax when determining California taxable income (and logically mandates the inclusion of a refund).

The California program now treats Texas franchise tax amounts paid or accrued as fully deductible and refunds of the Texas franchise tax as fully taxable. The ruling logically applies to prior years. You may consider amending prior year returns or 2016 returns prepared prior to release 2016-3.1 that may have been prepared under the assumption that the Texas franchise tax paid or accrued was nondeductible or that its refund was nontaxable.

Some states provide special treatment for taxes "based on income." The treatment of Texas franchise tax paid, accrued, or refunded in the determination of taxable income by those states may be different. If the return is prepared with such states, their treatment of Texas franchise tax may require investigation.

Farm rental depreciation is no longer reflected on the California version of Form 8825 when there are multiple entity types of depreciation from farm and rental.

Section 179, on Schedules K and K-1, now reflects the difference between federal and state Section 179 amounts from passthrough entities.

Louisiana

Corporations whose primary business is manufacturing can now flow credit 51F (Ad Valorem Natural Gas) to Schedule RC-P4.

Maine

Form 1040ME- C was updated to use the current year tax rate of .00715.

New York

Form CT-3 filers. New York State Mandatory First Installment (MFI) is now made on separate Forms: CT-300 (state CT-3 filers only).

This payment is due one month before the due date of the related franchise tax return (state) or business corporation tax return (city). There may be cases where data changes in order to complete the franchise tax return (state) or business corporation tax return (city) would alter MFI amounts when the filing and payment date for MFI has passed.

So, effective with release 2016-3.1, the amount on MFI form CT-300 will freeze on the due date of the MFI (March 15, 2017, for 2016 calendar year end returns). Calculations made after that date will not change MFI first installment calculations, including prior year overpayments or credits.

In conjunction with this program change, codes are provided to allow preparers to override this freeze treatment. Use Federal Payments/Penalties > State Estimates and Application of Overpayment > Detail > State Estimated Tax Additional Information > Lock Options for New York MFI (state) to override this default freeze of the calculated amounts on MFI form. To force the MFI to recalculate amounts after its due date, enter "2" in this box or code "1" to lock the MFI prior to its due date.

North Carolina

Form CD-401S, Schedule H, blank statements no longer generate.

Oregon

The OR-OC composite letters now show the correct amount of tax.

Fiduciary (1041) Product Updates

Return to [Table of Contents](#).

Federal

Form 1041. Tax-exempt interest reported on IRS 1099-DIV now displays on the Interest and Dividend Summary.

Form 5227. Distributions are from corpus when the untitrust amount exceeds ordinary income and there is a long-term capital loss carryover in the return.

Form 8960. Section 1411 loss carryovers no longer duplicate on the loss carryover report.

Schedule I. Schedule I, Lines 65 and 72, report 0 when there are capital transactions in a return with no net gain or loss.

Correspondence Manager

Custom Filing Instructions for Charitable Trusts suppress instructions for Schedule K-1 when the option on General > Letters and filing instructions > Filing instructions and Cover letter > Line 9 "Suppress K-1 paragraph" is selected.

The Federal Extension Transmittal Letter produces the lead paragraph and federal extension form name, as applicable.

The State Transmittal Letter for electronically filed returns produces the Electronic Signature Form name.

Connecticut

Form 1041. Foreign addresses now print on this form.

Idaho

Form PTE-12, Columns C, D, E, and F, now properly calculate for nonresident beneficiaries.

Illinois

Schedule D prints even when there are no distributions to the beneficiaries.

Kansas

Withholding distributions now use only the Kansas percentage when different percentages are required for Federal and Kansas.

Minnesota

Minnesota Transmittal Instructions are now consistent with new MDOR voucher procedures.

New York

The IT-205 prints the preparer's signature if the option to print the preparer's signature is selected.

New York Electronic Filing

Form TR-579.2-IT correctly presents the account number used in the electronic file.

Ohio

Filing Instructions prints with the government copy of an electronically filed return when the option is selected on General > Letters and Filing Instructions > General Letter Information > Print option.

Pennsylvania

PA RK1, Line 6, was updated to reflect cash/property entered on Beneficiaries > Beneficiary Information > State K-1 Information > State Use Amount 2 and Amount 4.

Pennsylvania Electronic Filing

When the credit for taxes paid is generated for Pennsylvania , the auto-generated PDF for the other state's return is properly attached.

Virginia

Bonus depreciation adjustment is negative, when applicable, on nonresident Schedule K-1.

VA Form 8879-F only generates when both PINs are entered.