

CCH® ProSystem fx® Tax

2018.06020

Release Notes

August 23, 2020



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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 2018 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/Recall, Organizer, technology enhancements)
- Updates made to Tax products (form additions and updates, diagnostic updates, changes caused by regulatory updates)

2018 Tax Updates

All Systems

The following states decoupled from the CARES Act:

- Colorado
- Iowa
- Kentucky
- Maine
- Minnesota
- New York
- North Carolina

Pre-CARES federal calculations will be available for states to use pre-CARES amounts. Iowa, North Carolina, and Maine Individual and all applicable Fiduciary states will automatically use the pre-CARES calculations. Maine and Minnesota Business states will automatically use the pre-CARES calculations. All states have state-level overrides, if needed. Automatic pre-CARES calculations for Colorado, Kentucky, Minnesota, and New York Individual returns and Business states Colorado, Kentucky, New York Partnership, tax year 2018 pre-CARES carryover calculations, and pre-CARES passthrough input will be available with the next release.

Product Updates

Individual (1040) Product Updates

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Federal

Form 8915-C, Qualified 2018 Disaster Retirement Plan Distributions and Repayments, is supported.

Multiple states have announced deconformity with the CARES Act and are requiring some version of pre-CARES federal calculations. To date, the following states have deconformed: Colorado, Iowa, Kentucky, Maine, Minnesota, New York and North Carolina.

The following changes are now available:

- Iowa, Maine, and North Carolina will automatically use pre-CARES federal amounts, as needed.
- All the states have state level overrides to create state return adjustments.

The following will be added on a future release, tentatively scheduled for September 20, 2020.

- Colorado, Kentucky, Minnesota and New York will automatically use pre-CARES federal amounts, as needed.
- Pre-CARES versions of TY 2018 -> TY 2019 carryover amounts will be retained to track these special carryovers in future years.
- A Pre-CARES Carryover report will be added.

Colorado

Colorado has not conformed to any of the provisions in the federal CARES Act. This includes the following:

- Sec 163(j) Form 8990 - Limitation changed from 30% to 50% for federal; this remains 30% for Colorado.
- Sec 461 - Repealed by the CARES Act; Excess Business Losses are still applicable to Colorado.
- Net Operating Losses 80% limitation - Repealed by the CARES Act; Colorado still limits NOLs generated from 2018 to 2020 to 80% of taxable income.
- Depreciation - Federal decreased depreciable life of qualified improvement property; the life is unchanged for Colorado purposes.

If any of the CARES provisions were applied to the federal return, it may be necessary to use the entries on Colorado > Income / Deductions > Federal Overrides for Colorado (Interview Form CO6) to adjust the federal numbers reported on the Colorado return. These entries will change the amounts reported on Form CO DR 0104 and Form CO DR 104PN. Automatic calculations will be available on a future release.

Iowa

Iowa has deconformed to the CARES Act, Public Law 116-136, Section 2307 (Qualified Improvement Property). If a taxpayer placed QIP in service and classified it as 15-year (MACRS) or 20-year (ADS) property for federal depreciation purposes, the taxpayer must use the IA 4562A/B Depreciation Adjustment Schedule to treat the QIP as 39-year property for Iowa purposes. This will automatically be calculated from entries on the federal depreciation input.

Maine

Maine has announced deconformity with the CARES Act and requires selected pre-CARES federal calculations. Maine has added the 2018 Additional Worksheet to Report Certain Other Modifications to Maine

Income Related to Federal Tax Law Changes Enacted After December 31, 2019. In addition state level overrides were added in order to facilitate the input.

Minnesota

Minnesota Schedule M1NC, Line 15 has been updated to automatically calculate all lines of the worksheet for Excess Business Loss. Step 8 of the worksheet will not include other income not related to a trade or business and Step 10 of the worksheet will only include amounts which have already been reported on Steps 1 through 8.

Montana

Form 2 was updated to include the most recent NOL form to include the federal changes under the CARES act. As a result, an NOL from 2018 is fully deductible and may be carried back five years. Additionally, an NOL from 2018 may be carried forward indefinitely. Previously, a 2018 Montana NOL was limited to 80% of taxable income and only certain farming losses could be carried back.

New York

New York has decoupled from all provisions of the Federal CARES Act, requiring a pre-CARES calculation of the federal amounts reported on the New York return. The ability to override the federal source income on Form IT-201 (Lines 1-19) and Form IT-203 (Lines 1-19 Column A) has been added. Use New York > Income / Deductions > Income and Adjustments > Federal Source Income and Adjustments (Interview Form NY2 with a Form Code of "5" to indicate the amounts are from a federal source). Additionally, selective lines of Form IT-196 may be overridden using entries on New York Income / Deductions > Itemized Deductions (Interview Form NY4A). Pre-CARES numbers will flow automatically to the New York return from federal entries on a future release.

North Carolina

North Carolina deconformed with the federal provision repealing the Sec. 461 loss limit (Form 461) for 2018 through 2020 tax years. This excess business loss is added back for North Carolina tax purposes on Schedule S, Line 5.

Corporation (1120) Product Updates

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Maine

Form Other Modification Worksheet was installed due to the CARES Act. Other modification and Depreciation on qualified improvement property (QIP) can be captured on this worksheet. Line 3 on the worksheet should match Form 1120ME, Line 2n.

Minnesota

Minnesota deconformed from the CARES Act provision for Qualified Improvement Property as detailed in Section 2307, and the difference between federal and state amounts for QIP will be automatically calculated and flow to Form M4NC, Line 28 . Additionally, if an override is required this can be entered on Minnesota > Income / Deductions > Federal Adjustments Not Adopted by MN using code 2307 (Federal Adjustments on MN16 for interview forms).

S Corporation (1120S) Product Updates

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Maine

Qualified Improvement Property (QIP) depreciation adjustment will be added to the ME Schedule K-1 equivalent, Other Additions Modifications line for current year acquisitions. This is calculated based on the difference between FD and ME QIP property. The client can override this calculation with an entry under Maine > Adjustments > 1 - Maine Addition and Subtractions Modifications > Line 16 (Interview Form ME2, Box 86). An override of zero will remove the item from the statement and form altogether. Special allocation code 21205 is added to K-4 for QIP Depreciation Adjustment.

Minnesota

CARES Act Section 2307 for Qualified Improvement Property Technical Fix will now be automatically calculated and flow to the statement behind Form M8 and Schedules KSNC, Line 26 based on the difference in depreciation between Federal and Minnesota. Any adjustments made on Minnesota > Income/Deductions > Other Adjustments (Interview Form MN16) will now be considered an override.

Partnership (1065) Product Updates

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Maine

The Schedule K-1 Equivalent has been updated to include a QIP Depreciation Adjustment on the Other Additions line. QIP property will not be included in the capital investment tax credit calculation.

Minnesota

MN CARES Act depreciation update - CARES Act Section 2307 for Qualified Improvement Property Technical Fix will now be automatically calculated and flow to the statement behind Form M3 and Schedules KPINC/KPCNC, Line 26 based on the difference in depreciation between Federal and Minnesota. Any adjustments made on Minnesota > Income/Deductions > Other Adjustments (Interview Form MN16) will now be considered an override.

Fiduciary (1041) Product Updates

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Federal

Multiple states have announced deconformity with the CARES Act and are requiring some version of pre-CARES federal calculations. To date, the following states have deconformed: Colorado, Iowa, Kentucky, Maine, Minnesota, New York and North Carolina.

The following changes are now available:

- All states will automatically use pre-CARES federal amounts, as needed.
- All the states have state level overrides to create state return adjustments.

The following will be added on a future release, tentatively scheduled for September 20, 2020.

- Pre-CARES versions of TY 2018 -> TY 2019 carryover amounts will be retained to track these special carryovers in future years.
- A Pre-CARES Carryover report will be added.
- New fields will be added to all Passthrough Income areas to accommodate pre-CARES calculations done at the passthrough level.

Maine

For tax year 2018, Maine added a new worksheet to report certain other modifications to Maine income related to Federal Tax law changes enacted after December 31, 2020. These other additions listed on the new worksheet, will flow into Line 1g on Schedule 1 of the 1041ME. Overrides for these lines can be found on [Maine > Income/Deductions > Additions to Federal Taxable Income \(Interview Form ME6, Boxes 50 and 51\)](#).

New York

New York has not conformed to any of the provisions in the federal CARES Act. This includes the following:

- Sec 461 - Repealed by federal; Excess Business Losses are still applicable to New York.
- Depreciation - Federal decreased depreciable life of qualified improvement property; the life is unchanged for New York purposes.

If any of the CARES provisions were applied to the federal return, it may be necessary to use the entries on [New York > Income / Deductions > Federal Overrides for New York \(Interview Form NY-26\)](#) to adjust the federal numbers reported on the New York return. These entries will change the amounts reported on New York Form IT-205, Page 2 and Form IT-205-A, Page 2 and flow through the rest of the return as applicable.

Estate & Gift (706/709) Product Updates

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Federal

The filing address for Form 8971 is updated to the following address posted by the IRS:

Department of the Treasury
Internal Revenue Service
Stop 8307F
7940 Kentucky Drive
Florence, KY 41042-2915

New York

The following form is updated for revisions posted by New York State:

- Form ET-706 (9/19 version date)