

CCH® ProSystem fx® Tax

2019.04030

Release Notes

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## Contact and Support Information

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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 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 Release Notes

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CCH® ProSystem fx® 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)

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

## Highlights for Release 2019.04030

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### Tax Updates

#### All Systems

The following states decoupled from the CARES Act:

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

Pre-CARES federal calculations are automated for all states, and all states have state-level overrides, if needed.

Business - Business import/export for pre-CARES passthrough data, pre-CARES carryover input fields, and Pre-CARES carryover reports (Individual and Fiduciary returns) are available. A message displays in Individual and Fiduciary returns if the corresponding tax year 2018 tax return has pre-CARES carryover amounts. (The tax year 2018 return must be calculated on a release with the pre-CARES calculations.) The message advises to transfer the pre-CARES carryover amounts to the tax year 2019 return.

**Note:** Pre-Cares Depreciation input and calculations for prior year qualified improvement property assets will not be available on Release 2019.04030 for Partnership and S Corporation returns. Overrides are available if needed.

#### Partnership and S Corporation

Maryland Estimate Form 510-D is updated to the newest version provided by the state.

#### Electronic Filing Updates

The following product is approved and available on this release:

**Corporation** - Kentucky Unitary Combined

# Tax Product Updates

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## Individual (1040) Product Updates

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### Federal

BNA export no longer includes ordinary income on the QBI adjustment activity when there is investment income for the overall activity.

Form 3115 filing instructions will include fax information per the IRS temporary procedures for transmission of the duplicate copy of Form 3115.

If an amended return is electronically filed with Form 1040V voucher payment mailed in, letters will have the correct mailing instructions.

NOL:

- The current year net operating loss is calculated without regard to the qualified business income deduction.
- The tax benefit rule for the itemized deduction adjustment is applied appropriately.

Only the qualified business 1231 loss will be used in the calculation of qualified business income when entries are present for both passthrough 1231 loss and qualified business 1231 loss.

Publicly traded partnership qualified business net income carries to Form 8995-A, Line 28.

### California

A rounding difference from the statement SBE was corrected and the California Income from Passthroughs will now match what is reported on the statement SBE.

Form 3840, Line B, explanation, now fills out if the "Final FTB 3840" box is checked.

The Income from Passthrough worksheet now properly includes the prior year passive loss carryovers when an entity is subject to the basis limitations and using federal amounts for California all-source amounts.

### Colorado

Automatic calculation of the Pre-CARES federal amounts reported on the Colorado return is now available. Overrides will still be in place for those federal sourced amounts on Form DR 0104 and DR 0101PN.

### Connecticut

The Claim of Right credit is now included in transmittal letters and return summary.

### Delaware

The credit for taxes paid calculation no longer includes local income taxes from New York.

### Idaho

A print alignment issue has been corrected on Form ID49R.

The payments and credits section on the custom filing instructions now includes the Claim of Right credit.

## Kentucky

Kentucky has not conformed to the federal CARES Act, requiring a pre-CARES calculation of the federal amounts reported on the Kentucky return. Pre-CARES numbers are calculated from entries in the federal return and will flow to the Kentucky Schedule M for resident returns or Form 740-NP, Page 4 for part-year and nonresident returns.

The ability to override the federal source income on Schedule M and Form 740-NP, Page 4 is available. Use KY Income / Deductions > Additions (Interview Form KY2) and KY Income / Deductions > Subtractions (Interview Form KY3) to override federal amounts on Schedule M. Use KY Income / Deductions > Nonresident and Part-year Information (Interview Form KY6) to override federal amounts on Form 740-NP, Page 4.

## Maine

Maine estimates now display spouse only information if the option is selected.

## Massachusetts

Schedule B, Line 17 is updated to appropriately pick up 1231 differences.

## Minnesota

Form M1PR worksheet for mobile home owners calculates Step 1 to be 17% of Schedule CRP, Line 3.

Schedule M1NC, Line 3 will not calculate a Section 2205 Charitable Contribution Limitation adjustment unless federal itemized deduction is calculated. The calculation can be overridden using code 2205 in the code field on Minnesota Income/Deductions > M1NC (Interview Form MN4, Box 82).

The Schedule M1NC adjustment amount will not be added to Schedule M1CR, Line 1 when Minnesota credit for taxes paid state input is used on Minnesota Credits > Credit for Taxes Paid (Interview Form MN12A).

## Mississippi

Late interest and penalties now calculate from July 15 rather than April 15.

## New York

Charitable contributions flow to New York Form IT-196, Line 16 on Federal Form 1040NR returns.

New York late payment penalty now calculates from July 15 for Federal Form 1040NR returns.

## New York - New York City

Form NYC 202, Schedule E has been updated to allow 5 years rather than 3 for losses previously absorbed.

## Oregon

Form OR-WFHDC, Line 21 will now check the number of qualifying individuals rather than household size for the correct rate.

## Texas

Texas returns now print multiple entities of the Franchise Tax EZ Computation Report (05-169) and the No Tax Due Information Report (05-102).

## Vermont

Form IN-119, Part II, Line 1 populates when a current year amount for High Education Investment credit has been entered.

## Corporation (1120) Product Updates

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### Alaska

In response to 0405-6000i Rev 09/01/20 and updated Forms 6000 and 6385 the following changes have been made to the Alaska Corporation Net Income Tax Return for tax year 2019:

#### Charitable Contributions Deduction Cap:

- The limit on the deduction for qualified charitable contributions made in 2020 is increased from 10% to 25% of taxable income.
- The 25% limit applies to cash contributions and donations of food inventory:
  - ◆ Form 6000, Page 7, Schedule K has been expanded to three columns - 10%, 25% and total.
  - ◆ Line 1: Amounts flow automatically to Columns A, B and C from input on Federal > Income/Deductions > Charitable Contributions (Interview Form A4).
  - ◆ Additional input overrides for Columns A and B have been installed on Alaska > Income / Deductions > Subtractions > Charitable Deduction Contribution > 10% override and 25% override (Interview Form AK5, Boxes 62 and 63). Note that the existing override on Alaska > Income / Deductions > Subtractions > Charitable Deduction Contribution > Current charitable contributions - override (Interview Form AK5, Box 60) now flows to Line 1, Column C and Column A. Column B will not fill when this override is used.
  - ◆ Line 2: The amount of education credit from Form 6310 will flow to Line 2, Column A and Column C. Additional input overrides have been installed on Alaska > Credits > Form 6310 Income Tax Education Credit > Education credit contributions > 10% override and 25% override (Interview Form AK2A, Boxes 55 and 56). Note that the existing override on Alaska > Credits > Form 6310 Income Tax Education Credit > Education credit contributions - qualified under IRC Sec. 170 - override (Interview Form AK2, Box 30) now flows to Line 2, Column C and A. Column B will not fill when this override is used.
  - ◆ Line 6: The amount of charitable contribution carryover from Form 6385 will now flow to Column A and Column C. Column B is not applicable for this line. Note that the existing override on Alaska > Income / Deductions > Subtractions > Charitable Deduction Contribution > Alaska excess charitable contribution carryover from prior years - override (Interview Form AK5, Box 61) will flow to Column A and Column C.

**NOL-80% taxable income limitation:** The 80% taxable income limitation is suspended for losses arising in tax years beginning after December 31, 2017. The CARES Act temporarily removes the taxable income limitation to allow a NOL carryforward to fully offset income. For tax years beginning after December 31, 2020, the 80% limitation is reinstated. See IRC § 172: Form 6385, Page 1, Line 4 will now calculate at 100%. Diagnostic 39020 has been updated with this information and the 80% limitation has been noted as superseded at this time.

**NOL-Five-year carryback period and unlimited carryforward provisions:** NOLs arising in a taxable year beginning after December 31, 2017, and before January 1, 2021 are eligible for a five-year carryback to each of the five taxable years preceding the taxable year of the loss. For tax year 2019, the election to forego the carry back must be made by the extended due date of the 2019 return. NOLs may be carried forward indefinitely. Carryback input on Federal > Income/Deductions > NOL Carryover/Carryback (Interview Form A5) will flow to Form 6385, Line 5.



NOL-Election to waive the five-year NOL carryback period: A taxpayer making the election to waive the five-year carryback period for NOLs arising in 2019 must make the election on the first Alaska tax return to be filed after March 27, 2020, and must be made no later than the due date for such tax return including extensions. A taxpayer makes this election by doing one of the following:

1. Attach an election statement to the first electronic return filed after March 27, 2020. This statement must state that the taxpayer is electing to apply Code Sec. 172(b)(3) under Rev. Proc. 2020-24 and the tax year for which the statement applies; or
2. Check the box on page 1 to forgo the NOL carryback period. Include the statement required in 1) above.

Once made, the election is irrevocable for the taxable year of loss for which it is made. If the 2019 return was filed prior to August 31, 2020, electronically amend the Alaska return no later than September 30, 2020 to make the election described above.

Input has been added on Alaska > Basic Data > Carryback waived (Interview Form AK1) to check the box on Form 6000, Page 1, Carryback is waived for net operating loss.

The tax rate used for capital gains reported on Form 6000, Schedule D has been updated to use the graduated tax table rates provided in the Form 6000 instructions.

## Colorado

CARES Act Tax Law Changes & Colorado Impact June 2020 - Automatic Addback Calculations to Line 1, Forms 112 and 112X Line 1 for Tax Years Beginning Before 3/27/2020.

<https://www.colorado.gov/pacific/sites/default/files/CARES%20Act%20Tax%20Law%20Changes%20%26%20Colorado%20Impact.pdf>

Increased business interest expenses:

A Colorado Form 8990 used to calculate the 20% difference between the federal disallowed interest expense amount and Colorado's amount will be produced when:

- a. Federal Form 8990 is present in the return
- b. Federal > Income/Deductions > 8990 - Interest Expense Limitation > Use 30% ATI Limitation (Interview Form BIE-1, Box 31) is not checked.

The difference amount will flow to Form 112 and 112X as an addition to Line 1 (federal taxable income)

Qualified improvement property assets:

A state if different amount will be calculated on assets designated as qualified improvement when:

- a. Federal > Business > Other depreciation and Amortization > Real Property Section 179 Type = Q (Interview Form DP1) and
- b. Federal > Business > Other depreciation and Amortization > Life / Rate = 15 (years) (Interview Form DP1).




**Note:** For prior year QIP assets a Colorado entry is required under "Detail" of this worksheet to indicate a life / rate of 39 years (Interview Form DP2) to calculate the difference.

The difference amount will total and flow to Forms 112 and 112X as an addition to Line 1 (federal taxable income) and a statement will be produced listing each QIP asset's calculation.

The following input overrides are available to adjust federal taxable income if needed:

- Form DR 0112: Colorado > Income/Deductions > Other Adjustments and Overrides (Interview Form CO3, Box 40)
- Form DR 0112X: Colorado > Other Returns (Interview Form CO4)

 **Note:** The QIP statement will not be produced if this input override is used.

Alternatively, modifications to federal taxable income can be made on:

- Form DR 0112 and DR 0112X: Colorado > Income / Deductions > Additions and/or Subtractions (Interview Form CO1, Boxes 62 to 89)
- Form DR 0112X only: Colorado > Other Returns > Other additions and/or subtractions (Interview Forms CO4, Boxes 46 and 51)

## Kentucky Consolidated

Form 720-U for combined returns is now available for electronic filing.

Form 720-U3. The combined column now shows the state level elimination when entered in the return.

## Maine

Other modification worksheet will be attached to the return correctly for electronic filing.

## Missouri

Form MO-7004 or Federal Form 7004 will now be automatically attached as a PDF when filing Missouri return.

## New Jersey

Client copy of NJ CBT-100U prints correctly for each member that is included in the return.

Form CBT-100U:

- Page 6, Part II, Line 23 (Managerial Member column), Prior Net Operating Loss is limited to Line 22 but can not be less than zero. Line 24 and other amounts on the return are unchanged.
- Page 9, Schedule A-4, Line 1, PNOL Deduction and Carryover now carries amounts from Form 500U, Section A, Line 6 minus Line 8.

## S Corporation (1120S) Product Updates

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### Consolidated

A parent or subsidiary member that's previously been set up as a consolidated return is repaired by deleting the member's Consolidated > Member Information (Interview Form CC-1) and then recalculating the member's return and consolidated return group.

Form 5471, Schedule G, Line 19 now prints with supporting statement in the consolidated return.

### Georgia

Credit code 146 displays on Form 600S Schedule 8 and 9.

### Maryland

Maryland Form 510D. Pass-throughs can now remit tax on behalf of resident members. To make this election make an entry on Payments/Penalties/Estimates > Estimates and Application of Overpayment > State Estimates and Application of Overpayment (Detail) > State Estimated Tax Additional Information > Remit tax on behalf of resident members (MD) (Interview Form STEST-1, Box 89). Form 510D, Lines 6 through 10 will only calculate if this election has been made.

### Michigan

Form 807 letters and filing instructions will now show a due date 180 days after the original deadline.

### New Jersey

Form 500, Section A, Line 1, Prior Net Net Operating Loss Conversion Carryover excludes 2018 Form CBT-100S losses shown on the Carryover Data worksheet.

Form CBT-100S, Schedule K, Part III, Line 1b, Nonunitary Partnership Income/Loss now carries from Schedule P-1, Part II, Line 4.

### Oregon

OR-OC will print when the only members are grantor trusts.

## Partnership (1065) Product Updates

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### Federal

Form 3468 will be highlighted when NPS number/passthrough entity's EIN, NPS approval dates, period begins, period ends, adjusted basis of building, qualified rehabilitation expenditures are reported on a statement or only Line 11g is present.

### Iowa

Iowa Schedule K-1, Federal column reflects the correct amount for IA only number when input is present on Partners > Schedule K-1 overrides > Detail > Section 4, Line 1.

### Maryland

Maryland Form 510D. Pass-throughs can now remit tax on behalf of resident members. To make this election make an entry on Maryland > Payments/Penalties > Estimates > Remit tax on behalf of resident members (Interview Form MD4, Box 41). Form 510D, Lines 6 through 10 will only calculate if this election has been made.

### Ohio - Ohio Cities Electronic Filing

RITA Form 27, Schedule X, Lines F and P description will now fill when the amounts are negative.

### Oklahoma

Form 514 PT SUP EIN /FEIN issue has been corrected for electronic filing.

### Wisconsin

Form 3, Line 20c supporting statement will now print.

## Fiduciary (1041) Product Updates

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### Federal

Estimate Reminder Letters now export in Production Processing when the letter date has been suppressed.

### Louisiana

Form R-10606, Column 3 percentage will be the amount in Column 2 divided by Form IT-541, Line 1 or Form IT-541 Schedule A, Line 1 (if present).