

CCH® ProSystem fx® Tax

2020.02030

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. 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 2020.02030

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Tax Updates

All Systems

The special Farm NOL election, allowed as part of the Consolidated Appropriations Act of 2021, will be available on a future release.

Partnership

The following input and options are added to allow flexibility for preparing Form 1065, Schedule M-2 and Schedule K-1, Item L.

Schedule K-1, Line 4 - Guaranteed payments for services and capital by default automatically get included in the calculation of the Item L, Current Year Net Income (Loss).

- To exclude any of these amounts from Current Year Net Income (Loss) amounts, customers will need to select one of the available options on:
 - ◆ Partners > General options > Schedule K-1 Options > Other Calculation Options > Line 30 (Interview Form 5A, Box 94)
- The Schedule M-2, Line 3, Net income (loss) per books (amount shown on the partnership books used in maintaining the partners' tax basis capital accounts for purposes of Schedule K-1) will also be affected when the options are present in the return.

Below is a list of the available options detailing how each option affects the Schedule M-2 and Schedule K-1.

Schedule K-1, Item L and Schedule M-2, Line 3

The Schedule K, Line 4 - Guaranteed payments for services and capital will be automatically included in the calculation of the Schedule K-1, Item L, Current year net income (loss). The options available on Partners > General options > Schedule K-1 Options > Other Calculation Options > Line 30 (Interview Form 5A, Box 94) will also affect the amounts reported on Schedule K-1, Item L.

- **Option 1:** Include all guaranteed payments in current year net income amounts - This is the default option and will include all guaranteed payments in the calculation of the current year net income (loss).
- **Option 2:** Exclude all guaranteed payments from Schedule K-1, Item L and Schedule M-2 - No guaranteed payments will be included in the calculation of the current year net income (loss).
- **Option 3:** Exclude guaranteed payments for services from Schedule K, Item L and Schedule M-2 - The guaranteed payments for services will be excluded from the calculation of the current year net income (loss).
- **Option 4:** Exclude guaranteed payments for capital from Schedule K, Item L and Schedule M-2 - The guaranteed payments for capital will be excluded from current year net income (loss).

Schedule K-1, Line 11F - Section 743(b) Positive Income Adjustment, Line 13V - Section 743(b) Negative Income adjustments and Line 13W - Section 754 adjustments by default automatically get included in the calculation of the Item L, Current Year Net Income (Loss).

- To exclude any of these amounts from Current Year Net Income (Loss) amounts, customers will need to select one of the available options on:
 - ◆ Partners > General options > Schedule K-1 Options > Other Calculation Options > Line 29 (Interview Form 5A, Box 93)
- The Schedule M-2, Line 3, Net income (loss) per books (amount shown on the partnership books used in maintaining the partners' tax basis capital accounts for purposes of Schedule K-1), Line 4 - Other Increases and Line 6 - other decreases will also be affected when the options are present in the return.

Below is a list of the available options detailing how each option affects the Schedule M-2 and Schedule K-1.

Schedule K-1, Item L

The Schedule K, Line 11- Section 743(b) Positive Income Adjustment and Line 13d - Section 743(b) Negative Income adjustments and Section 754 adjustments will be automatically included in the calculation of the Schedule K-1, Item L, Current year net income (loss). The options available on Partners > General options > Schedule K-1 Options > Other Calculation Options > Line 29 (Interview Form 5A, Box 93) will also affect the amounts reported on Schedule K-1, Item L.

- **Option 1:** Include Section 743(b) adjustments in current year net income amounts - This is the default option and will include the Section 743(b) adjustments in the calculation of the current year net income (loss).
- **Option 2:** Exclude Section 743(b) adjustment from item L - The Section 743(b) adjustments will not be included in the calculation of the current year net income (loss). This would also be reflected on the current year net income and increase/decrease supporting statement where the other income or other deduction amount would change.
- **Option 3:** Include Section 743(b) adjustment in other increase (decrease) - The Section 743(b) adjustments will be included in the calculation of the other increase (decrease) amount and excluded from the calculation of the current year net income (loss). These changes will also be reflected on the current year net income and increase/decrease supporting statement where the other income or other deductions amount will also change and the Section 743(b) adjustments will be reported as separate items under the other increase/decrease items.
- **Option 4:** Exclude both Section 743(b) adjustment and Section 754 adjustments from item L - The Section 743(b) adjustments will be excluded from the calculation of the other increase (decrease) amount and current year net income (loss).
- **Option 5:** Include both Section 743(b) and 754 adjustments in other increase (decrease) - The Section 743(b) and 754 adjustments will be included in the calculation of the other increase (decrease) amount and excluded from the current year net income(loss). These changes will also be reflected on the current year net income and increase (decrease) supporting statement.
- **Option 6:** Include Section 754 adjustments in other increase (decrease) - The Section 754 adjustments from Line 13w will be included in the calculation of the other increase (decrease) amount and excluded from the calculation of the current year net income (loss). These changes will also be reflected on the current year net income and increase/decrease supporting statement.

Schedule M-2

The Schedule K, Line 11 - Section 743(b) Positive Income Adjustment and Line 13d - Section 743(b) Negative Income adjustments and Section 754 adjustments will be automatically included in the calculation of the Schedule M-2, Line 3, Net income (loss) per books. The options available on Partners > General options > Schedule K-1 Options > Other Calculation Options > Line 29 (Interview Form 5A, Box 93) will also affect the amounts reported on Schedule M-2.

- **Option 1:** Include Section 743(b) adjustments in current year income net income amounts - This is the default option and will include the Section 743(b) adjustments in the calculation of the Schedule M-2, Line 3, Net income (loss) per books.
- **Option 2:** Exclude Section 743(b) adjustment from item L - The Section 743(b) adjustments will not be included in the calculation of the Net income (loss) per books. The Schedule M-2, Line 9 ending capital amount will also change.
- **Option 3:** Include Section 743(b) adjustment in other increase (decrease) - The Section 743(b) adjustments will be included in the calculation of either the other increases amount on Line 4 or the other decreases amount on Line 7 depending on whether the Section 743(b) income adjustments on Schedule K are positive or negative. The same amount will be excluded from the calculation of the Line 3 - net income (loss) per books. These changes will also be reflected on the other increases and other decreases supporting statement.
- **Option 4:** Exclude both Section 743(b) adjustment and Section 754 adjustments from item L - The Section 743(b) and Section 754 adjustments will be excluded from the calculation of the Schedule M-2, Line 3, Net income (loss) per books. The Schedule M-2, Line 9 ending capital amount will also change.
- **Option 5:** Include both Section 743(b) and 754 adjustments in other increase (decrease) - The Section 743(b) adjustments and 754 adjustments will be included in the calculation of either the other increases amount on Line 4 or the other decreases amount on Line 7 depending on whether the Section 743(b) income adjustments on Schedule K are positive or negative and Section 754 adjustments are present on Schedule K, Line 13d. The same amount will be excluded from the Line 3, Net income (loss) per books. These changes will also be reflected on the Schedule M-2, Line 4, other increases and Line 7 other decreases statement.
- **Option 6:** Include Section 754 adjustments in other increase (decrease) - The Section 754 adjustments from the Schedule K, Line 13d other deductions amount will be included in the calculation of the other decreases amount on Line 7 and excluded from Line 3, Net income (loss) per books. These changes will also be reflected on the Schedule M-2, Line 7 other decreases statement.

The following changes will occur on February 7, 2021:

Schedule L, Line 21, Column (d) - Partners' capital accounts, End of tax year is now calculated as follows:

Start: Schedule L, Line 21(b), Beginning Partners' Capital Accounts

Add: Schedule M-1, Line 1, Net income (loss) per books,

Schedule M-2, Capital contributed - Cash and Property

Subtract: Schedule M-2, Distributions, Lines 6(a) and 6(b) - Cash and Property

Total: Schedule L, Line 21(d), Ending Partner's Capital Accounts

Previously, Schedule L, Line 21(d), Ending Partners' Capital Accounts amount was calculated based on Schedule K-1, Item L, Partner's Capital Account Analysis.

- New inputs will be available to override the amounts for Contributions or Distributions if there is a difference between the book and tax amounts:
 - ◆ L/M1/M-2/M-3 > Balance Sheet > Partners' Capital Accounts > Lines 2 and 3 (Interview Form ML-1, Boxes 65 and 66)
- A statement detailing the calculation of the End of Year amount for the Partners' capital account can be produced with the following input:
 - ◆ L/M1/M-2/M-3 > Balance Sheet > Partners' Capital Accounts > Line 1 (Interview Form ML-1, Box 60)

Electronic Filing Updates

Individual

The IRS has announced that electronic filing for Individual returns opens on Friday, February 12, 2021.

We will begin allowing upload and release of Individual returns with this release. Returns will be held and submitted to the IRS on February 12. If state returns are uploaded, they will expire due to the 10-day rule on February 22. This applies to prior-year returns as well.

Approved Products Available on this Release

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

Individual

Federal	Maryland	Ohio
Federal 2350	Maryland Estimates	Rhode Island
Federal 4868	Massachusetts	South Carolina
Federal Form 114 (FBAR)	Massachusetts Extension	Tennessee
Alabama	Missouri - Kansas City Form 108	Tennessee Estimates
Alabama LLC	Missouri - Kansas City Form 108 Extension	Tennessee Extension
Arkansas	Missouri - Kansas City Form 109	Tennessee Form FAE183
Delaware	Missouri - Kansas City Form 109 Extension	Tennessee LLC
Georgia	Mississippi	Tennessee LLC Extension
Hawaii	New Jersey	Virginia
Idaho	New Jersey Estimates	Wisconsin
Illinois	New Jersey Extension	
Iowa	New York 204-LL	

Corporation

Alabama	Florida Extension	Minnesota Consolidated
Alabama CPT	Indiana	North Dakota
Florida	Indiana Consolidated	North Dakota Consolidated
Florida Consolidated	Minnesota	

S Corporation

Alabama
Alabama Composite
Alabama PPT
Connecticut

Florida
Illinois
Indiana
Kentucky

Minnesota
North Dakota

Partnership

Alabama
Alabama Composite
Alabama PPT

Connecticut
Illinois
Indiana

Minnesota
North Dakota

Fiduciary

Alabama
Kentucky
Kentucky Extension
Massachusetts

Massachusetts Extension
Massachusetts Form 2G
New Hampshire
New Hampshire BT-Summary

New Mexico
New Mexico PTE

Exempt Organization

Federal 990

Federal Extension

California

Tax Product Updates

Individual (1040) Product Updates

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Federal

Form 1040, Line 10b will not include at-risk and basis charitable contribution carryovers.

Corporation (1120) Product Updates

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Florida

Net Operating Loss no longer flows to Schedule II, Line 3 when there is a current year loss.

S Corporation (1120S) Product Updates

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Iowa

Iowa Form 2220, 2nd quarter date overrides can now be used on Federal Underpayment Penalty overrides section (Interview Form T-9).

Partnership (1065) Product Updates

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Federal

When Partners > General Options > Schedule K-1 Calculation Options > Include the partners' prior year ending capital calculated using the non-tax basis methods as their beginning capital amounts (Interview Form 5A, Box 92) is entered in a default return, if this option has not already been executed, the partners' prior year ending capital will be entered as their beginning capital.

New York - New York City

New York City NOLD-UBTP calculates correctly for Line 5b, Year 5.

Fiduciary (1041) Product Updates

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Federal

Form 8990 carryovers now show on correct entity/activity. A Pro Forma note is produced to alert preparers to verify carryovers are correct.

Exempt Organization (990) Product Updates

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Federal

Form 990-PF, Page 10, Part XV, Line 1a now prints on a statement when more than one entry is present.