CCH® ProSystem *fx*® Tax

2020.02040

Release Notes

February 7, 2021

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 2020.02040

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Tax Updates

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

Paper Batch Extension Program - The Batch Extension program is now available for processing multiple extensions. Extensions are processed using Production Processing > Extensions, Estimates & Electronic Filing > Print first extensions or Print second extensions.

Note: For all systems, Connecticut, District of Columbia, and Vermont require confirmation of the accuracy of prior year (rolled forward) data.

Individual

Third Party Designee - Third Party Designee information is populated as follows when the option to allow the taxing authority to discuss the return with the preparer is selected in Office Manager or the return:

- General > Designee Information Override (Interview Form 2, Box 70)
- General > Preparer Information > Preparer name (Interview Form 3, Box 41)
- Preparer Name entered in Office Manager
- Designee name entered in Office Manager
- "Preparer"

Form 1040NR - Form 1040NR is available for paper filing with this release; however, the IRS has not provided testing scenarios needed for electronic filing approval testing. As a result, electronic filing of Form 1040NR will be available on a future release.

Update Pro Forma - Oregon Schedule OR-PTE information will transfer from the tax year 2019 return, including the *Number of Employees* field. This data will be included in returns pro formaed on or after our release 2019.05050, scheduled for February 14, 2021.

Tax Projector - We currently anticipate our Tax Projector feature to be available with our February 21, 2021 release.

Partnership

Schedule K-1, Item L and Schedule M-2 - Section 743(b) and Section 754 Adjustments

Office Manager selections are available to globally set the applicable treatment option to be used on Partnership returns.

You can select the following options in Office Manager located at Configure Applications > Tax Preparation > Miscellaneous Options > Reserved for future use 2 field and enter the applicable option number from the following:

- **Option 1**: Include Section 743(b) adjustments in current year net income amounts - This is the default option and includes 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 is also reflected on the current year net income and increase/decrease supporting statement, where the other income or other deduction amount changes.
- **Option 3**: Include Section 743(b) adjustment in other increase (decrease) – The Section 743(b) adjustments are included in the calculation of the other increase (decrease) amount and excluded from the calculation of the current year net income (loss). These changes are also reflected on the current year net income and increase/decrease supporting statement, where the other income or other deductions amount also change. The Section 743(b) adjustments are 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 are 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 are included in the calculation of the other increase (decrease) amount and excluded from the current year net income (loss). These changes also are 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 are included in the calculation of the other increase (decrease) amount and excluded from the calculation of the current year net income (loss). These changes are also reflected on the current year net income and increase/decrease supporting statement.

  For Example: Entering "4" excludes adjustments from Schedule K-1, Item L, Partner's Capital Account Analysis and Schedule M-2, Line 3 – Net income per books amount.

Schedule L, Partner's Capital Account Analysis

We are modifying the Schedule K-1, Item L – Partner's Capital Account Analysis supporting statement to reflect that the basis method printed applies only to the beginning capital amount. The end of year capital account is now Tax Basis.

Electronic Filing Updates

Individual

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

We will continue 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

Arizona	Louisiana Nonresident	New York Form 210
California	Louisiana Resident	North Dakota

- California Extension
- Colorado
- Colorado Extension
- District of Columbia
- District of Columbia Estimates
- District of Columbia Extension
- Indiana
- Kansas
- Louisiana Extension
- Maine
- Maryland Extension
- Michigan Cities - Detroit
- Missouri
- Nebraska
- New Mexico
- New York
- New York Estimates
- New York Extension
- Oklahoma
- Oregon
- Oregon - Multnomah
- Oregon - Tri-Met
- Vermont
- Vermont Extension
- Vermont Form HS-122

Corporation

- Alabama Consolidated
- Delaware
- Illinois
- Illinois Consolidated
- Massachusetts
- Massachusetts Consolidated
- Massachusetts Extension
- Michigan Consolidated
- Michigan MBT
- Missouri
- Missouri Consolidated
- New York Combined
- Vermont
- Vermont Consolidated
- Virginia
- Virginia Consolidated

S Corporation

- Arkansas Composite Magnetic Media
- Delaware
- Massachusetts
- Massachusetts Composite
- Massachusetts Composite Extension
- Massachusetts Consolidated
- Massachusetts Extension
- Michigan MBT
- Montana
- New Mexico
- New Mexico PTW-D
- Utah
- Utah Extension
- Vermont
- Vermont Extension
- Virginia

Partnership

- Arkansas Composite Magnetic Media
- Delaware
- Kentucky
- Massachusetts
- Massachusetts Composite
- Massachusetts Composite Extension
- Michigan MBT
- Montana
- New Mexico
- New Mexico PTW-D
- Vermont
- Vermont Extension
- Virginia

Fiduciary

- Delaware
- Delaware Extension
- Georgia
- Montana
- North Carolina

Batch Electronic Filing of Extensions

Batch electronic filing of extensions is available on this release for the taxing authorities listed below.

To process your e-file extensions, go to Production Processing > Extensions, Estimates & Electronic Filing > e-file > Extensions.

Please remember the Connecticut, District of Columbia, and Vermont security requirements for electronically filing extensions. These states require confirmation of the accuracy of prior year (pro formaed) data. You must enter this information in the return prior to running batch e-file of extensions. Without this information, we will not process the extension.

Individual

Federal	District of Columbia	New York
Arizona	Louisiana	Vermont
Arkansas	New Jersey	

Corporation

Federal	Florida	New York
Arkansas	Kentucky	North Carolina
Connecticut	Maryland	Pennsylvania

S Corporation

Federal	Florida	New York
Arkansas	Kentucky	North Carolina
Connecticut	Maryland	Pennsylvania

Partnership

Federal	Kentucky	North Carolina
Arkansas	Maryland	Pennsylvania
Connecticut	New York	

Fiduciary

Federal	District of Columbia	Tennessee
Arizona	New Jersey	Texas
Connecticut	New York	
Delaware	Pennsylvania	

Exempt Organization

Federal

Tax Product Updates

Individual (1040) Product Updates

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Ohio - Ohio Cities

Courtesy withholdings no longer double when the resident city has a split tax rate.

Oregon - Multnomah/Portland/TriMet

Electronic filing of amended returns is available.

Tennessee

The Tennessee interest rates for tax deficiencies for the period from July 1, 2020 through June 30, 2021 is 7.25%. The rate is down from the 9.50% rate in effect for the period from July 1, 2019 through June 30, 2020.

Corporation (1120) Product Updates

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Michigan - Michigan Cities

Form CF-2220 will no longer be included in the 2020 tax software.

New Hampshire

The 52/53 week year check box on Form BT-Summary will now default to No instead of Yes.

S Corporation (1120S) Product Updates

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Federal

Form 8881 will be generated when small employer auto-enrollment credit is the only credit on the form.

Schedule K-1, Line 17ac. Current year gross receipts for Section 448(c) will include gross rents, royalties, interest, dividends, and tax exempt interest.

California

The correct amount of prior year disallowed business interest addback is reflected on 100S, Page 1, Line 7.

Michigan - Michigan Cities

Form CF-2220 will no longer be included in the 2020 tax software.

New York Electronic Filing

New York TR-579-CT now prints the preparer signature date.

Ohio - Ohio Cities

The NOL statement for Form R will only include the cities that are included in the other cities return type.

Partnership (1065) Product Updates

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Federal

39 year assets indicated as qualified real property will be allowed Section 179.

Schedule K-1, Line 20, Code AH, Section 743(b) Basis Adjustment statement will include assets that do not have a current year Section 743(b) adjustment included on Schedule K-1, Lines 11F and 13V.

The Accrued Federal Income Tax imported into return (showing on Interview Form L-2, Boxes 40 and 41 since there is no worksheet view input for this, as it does not apply to the 1065 system) will be excluded from the Other Liabilities amounts reported on Schedule L, Lines 17(b) and 17(d).

The calculated current year gross receipts amount for Section 448(c) is the sum of the current year gross receipts/sales less returns and allowances reported on Page 1, Line 1C, non-passthrough gross rents, gross royalties, dividend income, interest income and tax exempt interest income and passthrough gross receipts for Section 448(c). The current year gross receipts amount for Section 448(c) amount will only be reported on Schedule K and K-1 if the calculated amount is greater than $5 million or the override input is present on Income/Deductions > Schedule K, Income/deductions overrides > Schedule K -Other Items > Line 21, current year gross receipts amount for Section 448(c) (Interview Form K-11A, Box 34).

The Schedule K-1, Item N, Beginning and Ending Net Unrecognized Section 704(c) Gain or (Loss) override entries can now be specially allocated using the available special allocation codes without activity numbers when passthrough Beginning and Ending Net Unrecognized Section 704(c) Gain or (Loss) amounts are present in a return.

Maryland

Form 510, Page 3, Name field now omits special characters to be consistent with the other Name fields on Form 510.

New Hampshire

The 52/53 week year check box on Form BT-Summary will now default to No instead of Yes.

New York

New York IT-204-IP and IT-204-CP Allocation of Adjustments Due to Decoupling from the IRC will now specially allocate amounts using ratio ID or partner number.

Fiduciary (1041) Product Updates

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Federal

Trust name now prints first on Form 8821 instead of after the trust address.