CCH® ProSystem *fx*® Tax

2021.02060

Release Notes

February 20, 2022

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 2021.02060

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Tax Updates

IRS Provides 2021 K-2 and K-3 Filing Relief for Certain Domestic S Corporations and Partnerships

On February 16, 2022, the IRS issued a FAQ providing an "additional exception" for tax year 2021 to filing the Schedules K-2 and K-3 for certain domestic partnerships and S corporations. If a partnership or S corporation qualifies for this exception, the entity is not required to file Schedules K-2 and K-3 with the IRS or with its partners or shareholders.

Specifics on qualifying for the filing exception can be found in KB 138319.

Need information on Schedules K-2 and K-3?

For a general overview of these new schedules and IRS plans, visit the Tax Talks LIVE webpage and register to receive a link to the recorded session with experts. We are also making frequent additions to our Knowledge Base. To stay informed, bookmark the master K-2/K-3 article and check back frequently for new information and instructions on specific K-2/K-3 topics.

Electronic Filing Updates

Approved Products Available on this Release

The following products are approved and available on this release:

Individual

New Mexico

Oregon

Corporation

Georgia

Georgia Consolidated

New Mexico

New Mexico Consolidated

Ohio Cities RITA

S Corporation

New Jersey PTE

Ohio Cities RITA

Partnership

Alabama

Alabama Composite

New Jersey PTE

Fiduciary

Indiana

Tax Product Updates

Individual (1040) Product Updates

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Electronic Filing

Form 2441. An issue causing a schema validation error for electronic filing on Form 2441 has been resolved. The issue was only present when there were four or more qualifying people on Form 2441, Part II.

New Jersey

Nonresident returns now consider the BAIT credit when calculating the extension amount due.

Corporation (1120) Product Updates

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Kentucky

The Kentucky Banking return is obsolete for tax year 2021, and should be replaced with a 720 return.

S Corporation (1120S) Product Updates

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Federal

Revenue Procedure 2021-48. The statement will allow for multiple sections to apply to the taxpayer. Check boxes for Section 3.01(1), Section 3.01(2), Section 3.01(3), and Section 3.03 are available.

Schedule K-1. The deferred obligation worksheet from Form 6252 will not print for shareholders when there are no installment sales with deferred obligation calculated.

Kentucky

The Kentucky Banking return is obsolete for tax year 2021, and should be replaced with a PTE return.

New York

The following changes have been made to New York PTE:

1. Overrides have been added New York > PTET Worksheet/Export > PTET Options for the PTET worksheet lines 1 - 13 and 15.
2. Pennies have been added to the tax due on the PTET worksheet line 19, the partner's share of PTET credit on the Partner information worksheet, and the share of credit on the PTET Export.

Partnership (1065) Product Updates

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Federal

Schedule K-1 Transmittal Letter. Paragraph referring to "Instructions on Schedule K-1, Page 2" revised to "Schedule K-1 Instructions" due to removal of Schedule K-1 codes page.

Schedule K-3, Part II, Sections 1 and 2 will include all information from Schedule K-2, Part II, Sections 1 and 2 when the amounts are allocated using partner percentages or ratio IDs.

Schedule K-3, Part IV, Sections 1 and 2 will be generated when ratio IDs are used.

Schedule K-3, Part IX, Sections 1 and 2 will be generated when ratio IDs are used.

Schedule K-3, Part X, Sections 1, 2 and 3 will be generated and the amounts allocated when ratio IDs are used to special allocate the amounts to the partners.

Arkansas

Disallowed meals and entertainment expense from federal deductions will be added back on Schedules K and K-1.

Indiana

Addback Code 149 for Business Meals deduction will be present on Forms IT-65 and IN Schedule K-1.

Minnesota

All nonresident partners with Schedule KPI will have a composite source income form.

New York

The following changes have been made to New York PTE:

1. Overrides have been added New York > PTET Worksheet/Export > PTET Options for the PTE worksheet lines 1 - 17 and 19.
2. An override option has been added to the partner's PTE income on Common State/City > Generic State Schedule K-1 Information > Generic State Partner Information Input > Generic Partner Input > State Use - field 5 (Interview ST-1, Box 164 (State Use 5)). If the overrides are used to override the PTE worksheet then this override may be needed to get the partner's percentage correct.
3. Pennies have been added to the tax due on the PTE worksheet line 19, the partner's share of PTET credit on the Partner information worksheet, and the share of credit on the PTET Export.

Fiduciary (1041) Product Updates

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Illinois - Electronic Filing

Disqualifying diagnostic 48940 no longer issues if Illinois electronic filing is requested, the Basic Data "Confirm" field (Interview Form 1, Box 100) is marked, and the return has been pro formaed from prior year.

Estate & Gift (706/709) Product Updates

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Federal

Form 8971. To print a statement with Form 8971, use 8971 - Beneficiary Acquiring Property > General Information > Statement to Print with Form 8971 (Interview Form EST-12, Box 60).