GOSYSTEM TAX™

PLANNING AND AGGREGATING GOSYSTEM TAX INTERNATIONAL RETURNS FOR 1120

FOR TAX YEAR 2020

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TABLE OF CONTENTS

CHAPTER 1: PLANNING AND AGGREGATING GOSYSTEM TAX INTERNATIONAL RETURNS FOR 1120

This guide contains information about how to incorporate international returns prepared in GoSystem Tax into the e-filed return from within ONESOURCE Income Tax.

You can integrate international returns (5471, 8621, 8858, 8865, and 8886) prepared in GoSystem Tax by an outside consultant into your ONESOURCE 1120 e-file. In GoSystem Tax, the international returns are prepared normally and then marked for inclusion in the international component of the e-file.

In general, the international segment of the e-file (*.xit* file) is created from within a GoSystem Tax top consolidation locator and downloaded to a local drive. This file is then attached to the ONESOURCE top consolidation binder through the Organizer and incorporated into the 1120 e-file. Multiple GoSystem Tax international files can be integrated into a single ONESOURCE 1120 e-file.

This guide is divided into three sections.

- **Part I: The International E-file (page 2)** provides an overview about the process of aggregating GoSystem Tax international returns within ONESOURCE 1120.

- **Part II: Preparing an International E-file in GoSystem Tax (page 7)** reviews the steps necessary to identify a GoSystem Tax return as part of the international e-file. It also reviews creating and downloading the international portion of the e-file from GoSystem Tax.

- **Part III: Aggregating GoSystem International Returns with ONESOURCE 1120 E-file (page 18)** covers integrating GoSystem Tax international returns into your ONESOURCE 1120 e-file.

    See **Other Resources (page 24)** for other resources.

CHAPTER 2: PART I: THE INTERNATIONAL E-FILE

THE INTERNATIONAL E-FILE IN GOSYSTEM TAX

You can complete the following forms in GoSystem Tax subsidiary returns and mark them for inclusion in the e-file: 5471, 8621, 8858, 8865, and 8886. Any elections prepared in these returns will be included in the e-file downloaded for ONESOURCE. All GoSystem Tax international returns and related elections are presented in the consolidated entity's section of the ONESOURCE 1120 e-file.

> PDFs attached in the GoSystem locators will not be included in the international e-file downloaded for ONESOURCE. PDF files should be attached in the ONESOURCE top consolidation binder.

CREATING THE INTERNATIONAL PORTION OF THE E-FILE

Creating the international portion of the e-file in GoSystem for aggregation with an ONESOURCE 1120 return requires the following steps:

1. Prepare and review your foreign entity returns.

    - Verify that the returns are marked for inclusion in the international e-file.

    - Clear any e-file **Reject** diagnostics, and review any **Alert** diagnostics.

2. Create a top consolidation and select the international locators for e-filing.

3. Run Organizer computes.

4. Create the international segment of the e-file.

5. Clear any diagnostics.

6. Download the international (*.xit*) e-file.

> *Important!* Since the tax application is updated periodically with new e-filing diagnostics, you must compute the Organizer for each locator after each release and prior to generating the e-file. It is critical that all e-file reject diagnostics are cleared prior to downloading the international e-file for ONESOURCE. Failure to do this will cause the return to be rejected by the IRS.

AGGREGATING GOSYSTEM TAX INTERNATIONAL RETURNS IN ONESOURCE

If you are an ONESOURCE - Domestic-only user, you must first enable e-file aggregation in the ONESOURCE top consolidation binder.

Enabling E-file Aggregation

1. From within a top consolidation return in the Organizer, select **Federal E-file > Enable**. Verify that the **Enable federal e-file** check box is selected.

Figure 2:1

2. Click the **International** folder, and then select **Aggregation Within Same Account**. On the screen, select the check box (see the box below) labeled **Enable International E-file aggregation using Thomson Reuters XIT file**.

Figure 2:2

3. Selecting this check box and computing the binder generates **Thomson Reuters International File** screen, shown below.

INTERNATIONAL AGGREGATION FROM A DIFFERENT THOMSON REUTERS ACCOUNT

Attach Thomson Reuters XIT File

☐ PDF attachments related to international files were separately added to this return
☐ Form 1120, Schedule N completed

ATTACHED INTERNATIONAL XIT FILES

International XIT File Name

Total count...

Figure 2:3

4. Click the **Attach Thomson Reuters XIT File**button to add XIT file(s).

    Use the **Create E-file** screen, **Create Domestic XDM File** option to build the domestic segment of the e-file consisting of the federal returns prepared in your ONESOURCE entities. Use the **Create E-file** screen, **Create Aggregated E-file** option to build the final e-file.

    Refer to the *ONESOURCE 1120 Federal E-file Guide* for information related to submitting an electronic return to the IRS and viewing the status of a return.

> ⚠️ ***Important!*** Since the GoSystem Tax returns are generated outside the system, ONESOURCE does not prevent you from aggregating and filing GoSystem Tax returns with e-file reject diagnostics. You should clear the e-file reject diagnostics before the international returns are downloaded from GoSystem Tax. Failure to do this will cause your return to be rejected by the IRS.

ONESOURCE International users only Use the **Create E-file** screen, **Create International XIT File** option to build the international portion of the e-file. If you have a license for the ONESOURCE International product, the list of foreign returns is populated by the **International e-Filing Members List** in the top consolidation binder's *Properties*.

ONESOURCE Domestic-only user only If you' have prepared some of your foreign returns (5471, 8621, 8858, 8865 and 8886) in ONESOURCE, then manually enter the returns that are not part of the top consolidation's **Domestic Members List** in the International folder on the **Aggregation Within Same Account** screen, International Members List grid. Returns prepared in GoSystem Tax are aggregated with any foreign forms completed in ONESOURCE.

CHAPTER 3: PART II: PREPARING AN INTERNATIONAL E-FILE IN GOSYSTEM TAX

STEP 1: PREPARE AND REVIEW YOUR FOREIGN ENTITY RETURNS

The forms 5471, 8858, 8621, 8865 and 8886 can be completed in a GoSystem subsidiary locator and incorporated into an ONESOURCE 1120 e-file. Multiple international forms can be prepared in a single GoSystem locator.

Including a return in the international e-file is based on a number of settings as follows:

1. Set the print condition of the return.

2. Select **Federal E-file > International Member Return**. Then select the check box **International Member Return** (for aggregating the forms listed below).

DESIGNATE THIS RETURN FOR USE IN AGGREGATING INTERNATIONAL FORMS

The checkbox below should ONLY be selected if the return is to be used for aggregating international forms.

If designated as an International Member Return, only the forms listed below will be included in the e-file created for this return. All other forms will be ignored.

☑ Designate this return as an International Member Return

Only the international forms listed below will be aggregated:

Form 5471

Form 8621

Form 8858

Form 8865

Form 8886

Figure 3:1

Checking the **International Member Return** e-file check box for a subsidiary or parent return will cause only the information entered on the international forms listed to be picked up for that return.

When entering data for the international forms, related forms must be properly associated. For example, a Form 8858 related to a specific Form 8865 should be entered in the correct **Form 8865** Organizer folder.

Diagnostics are updated when the Organizer is computed. There are two types of diagnostics that you should be sure to review: **Rejects** and **Alerts**.

Reject diagnostics identify conditions in the return that cause the IRS to reject the return when transmitted. The conditions generating a **Reject** diagnostic MUST be corrected before transmitting.

The existence of an **Alert** diagnostic does not prevent the return from being e-filed. However, you should still investigate the conditions that generates these diagnostics as they may reveal input errors.
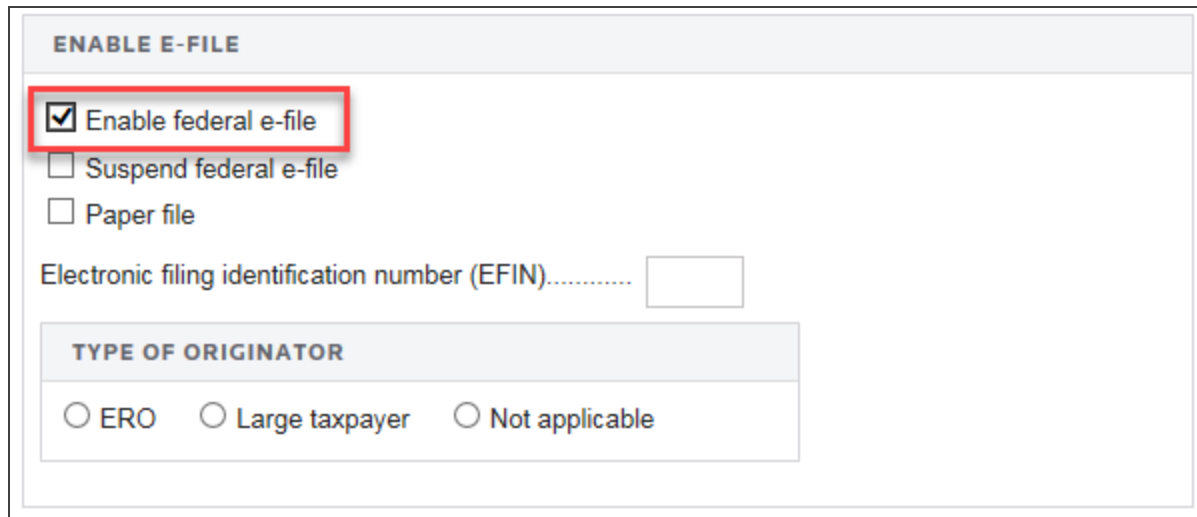
Reviewing E-file Diagnostics

1. Select **View > Diagnostics**. Two folders exist for e-file diagnostics: one for **Alerts** and the other for **Rejects**.

2. There are two folders for Electronic Filing diagnostics: one for **Alerts** and one for **Rejects**. The number inside the parenthesis indicates the number of errors.

3. Expand each folder to view the diagnostics.

4. Double-click each diagnostic (or navigate to the field, if applicable) to use the **GoTo** functionality and view the condition in the Organizer or Tax Forms that is creating the diagnostic.

5. Make changes in the Organizer and recompute.

STEP 2: CREATE A TOP CONSOLIDATION RETURN AND SELECT THE INTERNATIONAL LOCATORS FOR E-FILING

The international portion of the e-file (*.xit* file) is created within a top consolidation locator by performing the following steps:

1. In the Organizer of the top consolidation locator, select **Federal E-file > Enable**. Select the **Enable federal E-file** check box, shown below.

ENABLE E-FILE

☑ Enable federal e-file
☐ Suspend federal e-file
☐ Paper file

Electronic filing identification number (EFIN)............ [   ]

TYPE OF ORIGINATOR

○ ERO   ○ Large taxpayer   ○ Not applicable

Figure 3:2

2. Click the **International > Aggregation within Same Account** to open the screen.

3. Click the **Enable international E-file aggregation using Thomson Reuters XIT file** check box, shown below.

4. In the **International Members List** grid, enter the locator and account number for each GoSystem entity with international returns (Forms 5471, 8621, 8858, 8865 and 8886) are listed. Add any **Notes** desired in the fields provided.

Figure 3:3

You cannot combine locators from different accounts.

5. Compute the Organizer.

STEP 3: RUN THE ORGANIZER COMPUTES

Prior to generating the international portion of the e-file, compute each locator with international returns (5471, 8621, 8858, 8865 and 8886). Review and clear any e-file reject diagnostics prior to generating the international segment (*.xit*) of the e-file.

Failure to do a recompute may cause the IRS to reject the aggregated ONESOURCE return.

STEP 4: CREATE THE INTERNATIONAL SEGMENT OF THE E-FILE

A **Federal E-file** folder exists in the Organizer for each GoSystem top consolidation locator. The international portion of the e-file is located on the **Create E-file** screen (**Federal E-file > Additional Information > Create E-file**), **Create International XIT File** option.

Figure 3:4

Follow the steps below to build the international *.xit* file. GoSystem reviews the list of locators. If you have indicated that the locators have International Member Returns, GoSystem collects information about Forms 5471, 8621, 8858, 8865, and 8886 within these locators.

Generating the International E-file

1. In the Organizer for the top consolidation return, select **Federal E-file > Additional Information > Create E-file** folder and view the **Create E-file** screen.

2. To generate the *.xit* file, (1) click the **Create International XIT File** button. The reports outcome appears in the (2) **Create E-file** section, including validation errors, if any, with a date and time stamp.

3. After the *.xit* file is generated, GoSystem reports (3) the number and type of international forms included in the e-file for each locator/binder in the **Number of International For Each International Member Return** section.

Figure 3:5

STEP 5: CLEAR INTERNATIONAL DIAGNOSTICS

The **Unqualified International Returns** grid is accessed from the **Unqualified International Returns List** link located under the **Number of International Forms for Each International Member** grid shown on the **Create E-file** screen (see the arrow in the screen above).

Figure 3:6

Viewing and Clearing the Diagnostics for each Locator

1. Open the Organizer in each locator.

2. Select **View > Diagnostics**. Two folders exist for e-file diagnostics: one for **Alerts** and the other for **Rejects**.

3. Expand each folder to view the diagnostics.

4. Select each diagnostic to use the **GoTo** functionality and to locate the condition creating the diagnostic.

5. Make changes in the Organizer and recompute.

> To print the international e-filing information, generate a 1120 return using the **Selected Federal C Corp > 1120 Income Tax Return > 1120 Pages 1-5** in Print Preview.

The status for all returns, as well as just those locators with e-filing reject diagnostics are found on pages labeled **Electronic Filing Information** at the front of the return.

STEP 6: DOWNLOAD THE INTERNATIONAL PORTION OF THE E-FILE

The International e-File (*.xit* file) can be downloaded from GoSystem to your hard drive or a network location and then integrated into your ONESOURCE 1120 return.

Downloading the File

1. In the GoSystem Tax Browser menu, select **Returns Processing > E-file > Download > Select Returns** to open the **E-file Download** dialog box.

2. Choose the appropriate options for the **Account** and tax **Year**. Select the correct option in the **Type** fields.

Figure 3:7

3. Select *Int - Fed International* as the **Jurisdiction** from the drop-down list.

4. Click the **Continue** button.

5. Select the check box next to the correct locator, and click **Continue** to begin the download.

Figure 3:8

6. The **1120 International E-file Download** page is displayed with the Export Batch Job number and the number of returns queued. Click the **Close** button.

Figure 3:9

7. Click the **Return Processing > E-file > Download > Batch Status** item on the menu.

8. View the progress of your download on the **Batch Status** screen. Select *1120 Return* as the **Download Type** in the drop-down list, and then click **Continue**.
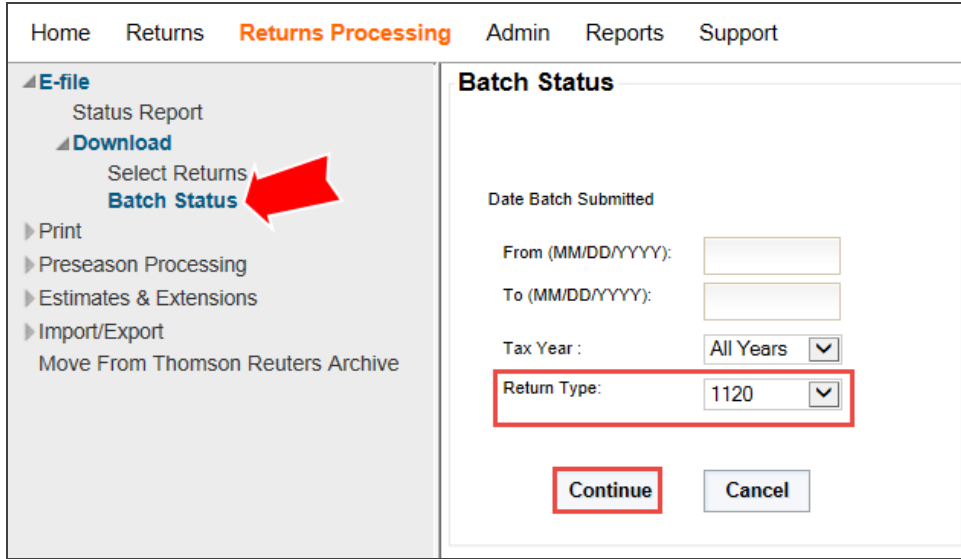
Figure 3:10

9. Click the **Batch ID** link (**blue** underline) that relates to the 1120 international e-file download you initiated.
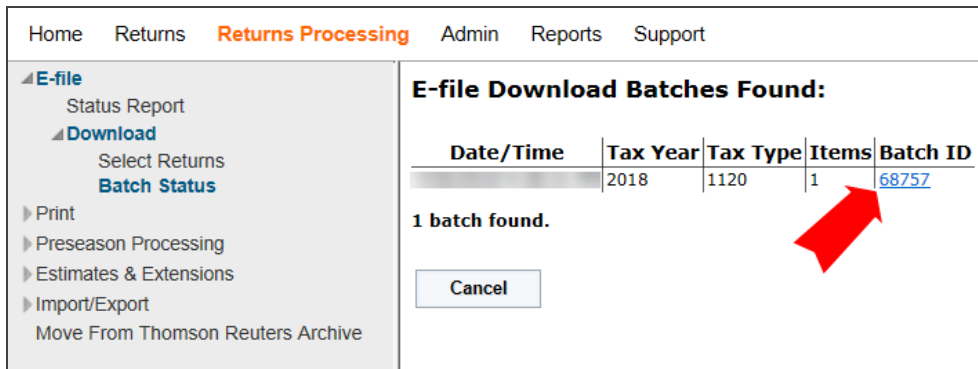
Figure 3:11

10. Click the **Download All** button in the **1120 International E-file Download Batch Details** and **Browse** to the folder where you would like to store the international *.xit* file. You will need this *.xit* file for your 1120 return in ONESOURCE.

1120 International e-File Download Batch Details

    Export Status for Batch ID 68757:

NOTE: A Password input field indicates a password is required. These returns are not included in the Download All button. To download a password protected return when the 'Print File Ready' status is displayed, please enter the password and click on the return's hyperlink.

Return	Password	Entity Name	Export Status	WIP Status	Download Status
6310IT		sg01202016 Top Con	File Export Complete	WIP0	

1 record returned.

Refresh	Cancel	Download All

Figure 3:12

11. Save the file to your local storage.

CHAPTER 4: PART III: AGGREGATING GOSYSTEM INTERNATIONAL RETURNS WITH ONESOURCE 1120 E-FILE

ONESOURCE INTERNATIONAL USERS

Creating the XML file for ONESOURCE International top consolidation binders with an international filing type, *Foreign Tax Credit*, is divided into three parts:

- Create International XIT File

- Create Domestic XDM File

- Create Aggregated E-file.

The returns prepared in GoSystem are aggregated with any foreign forms completed in ONESOURCE.

Including an Externally Created XIT File

To include an externally created XIT file in your ONESOURCE 1120 consolidated return, use the same procedures as you would for attaching PDF files.

1. Go to **Federal E-file > International > Thomson Reuters International** and select **Attach Thomson Reuters XIT File**

2. On the **Electronic Filing Attachments** screen, click the **Add** button.

3. In the **Add Attachment** dialog box, select *International XML file* from the drop-down list as the attachment type.

Add Attachment

ATTACHMENT

Attachment Jurisdiction: International XML file ▼
                             Federal
                             Federal Extension
                             International XML file
                             Third Party XML file

OR

ASSOCIATE EXISTING >

ATTACHMENT DESCRIPTION

Attachment title:

UPLOAD   CANCEL

Figure 4:1

4. Browse to and select the applicable XIT file, and click **Upload**.

5. On the **Electronic Filing Attachments** screen, the uploaded file will appear in the attachments list. Select **Done**.

Reviewing and Creating the Aggregated International E-file in Organizer

1. In Organizer, expand the **Federal E-file > International** folder.

2. Select the **Thomson Reuters International File** folder to display a screen with a list of the international XIT files that have been attached.

3. After generating the international portion of the e-file (**Federal E-file > Additional Information > Create E-file > Create International XIT File** button) and the domestic segment of the e-file (**Federal E-file > Additional Information > Create E-file > Create Domestic XDM File** button), click the **Federal E-file > Additional Information > Create E-file > Create Aggregated E-file** button to combine the ONESOURCE and GoSystem returns into one aggregated XML file ready for submission to the IRS.

ONESOURCE DOMESTIC-ONLY USERS

If you are an ONESOURCE domestic-only user, you must first enable e-File aggregation in the ONESOURCE top consolidation binder.

Enabling E-file Aggregation

1. In Organizer, expand the **Federal E-file > International** folder.

2. Click the **Aggregation Within the Same Account** folder to open the screen. Select the **Enable international e-file using Thomson Reuters XIT file** check box.

3. Compute the binder.

INTERNATIONAL AGGREGATION WITHIN THE SAME THOMSON REUTERS ACCOUNT

☑ Enable international e-file aggregation using Thomson Reuters XIT file

INTERNATIONAL MEMBERS LIST

Return Number	Account Number	Notes

Total count...

Figure 4:2

Including an Externally Created XIT File

To include an externally created XIT file in your ONESOURCE 1120 consolidated return, use **Attach Thomson Reuters XIT File** and follow the same steps below. Navigation: **Federal E-file > International > Thomson Reuters International File**.

If the **Enable international E-file using Thomson Reuters XIT file** check box is selected in the top consolidation binder, the **Attachment** dialog box includes an additional selection type for an International XML file in the **Attachment Jurisdiction** drop-down list.

Reviewing and Creating the Aggregated International E-file in the Organizer

1. Select **Federal E-file > International > Thomson Reuters International File** folder to display the list of the attached international XIT files.

Figure 4:3

2. Click **Federal E-file > Create E-file**. On the resulting screen, click the **Create International XIT** button to generate the international e-file portion.

Figure 4:4

3. On the same **Create E-file** screen, press the **Create Domestic XDM File** button to general the domestic e-file portion.

4. After generating the international portion of the e-file and the domestic segment of the e-file, click the **Create Aggregate E-file** button on the same **Create E-file** screen to combine the ONESOURCE and GoSystem international returns into one aggregated XML file that is ready for submission to the IRS.

CHAPTER 5: OTHER RESOURCES

- Please refer to the *ONESOURCE Federal E-file Guide* for detailed information about the 1120 e-file process including:

    - Rules for E-filing

    - Special Return Types

    - Attachments to the Return

    - E-filing for State Returns

    - Reviewing an E-file Return

    - Steps to E-file a Return

- Please refer to the *ONESOURCE Income Tax International Returns E-file Guide* for detailed information about preparing international returns in ONESOURCE Income Tax.

- This guide is a supplement to the federal and International guides for corporations licensing ONESOURCE Income Tax when an outside consultant prepares international returns in GoSystem Tax and should be used in conjunction with the other 1120 guides.

- Please refer to the IRS web site (http://www.irs.gov/) for instructions about specific forms.