

1040 INTERIM RELEASE NOTES FOR 18-8.8F

Date of Release: 4/23/2021

This document provides interim release notes and known issues for 1040, version 18-8.8F. This also includes cumulative addressed issues for prior interim updates to the 18-7F release.

NEW FOR THIS RELEASE: FEDERAL

Forms Status

View the list of federal forms at this URL: https://www.riahelp.com/html/2018/reports/fedforms/1040_Federal_Form_Status.pdf

NEW FOR THIS RELEASE: STATE

State Releases

Please see the information on state release status at **Home > Release Information > 1040** in the RS Browser.

OPEN ISSUES: FEDERAL

Please see Customer Center for up-to-date information on post-release known issues.

OPEN ISSUES: STATE

Please see Customer Center for up-to-date information on post-release known issues.

CLOSED ISSUES: FEDERAL

Letters and Filing Instructions

18-8.8F We updated mailing addresses for the 1040-X filing instructions.

CLOSED ISSUES: STATE

None addressed on this release.

PRIOR INTERIM RELEASES

NEW FOR PRIOR RELEASES: FEDERAL

Form 461 and Form 461 AMT

18-8.1F With the passage of the 2020 CARES Act, Form 461 is no-longer relevant for the 2018 tax year. Form 461 - Limitation on Business Losses will continue to calculate but will not flow to Schedule 1 (Form 1040), line 8 or to workpaper 3 calculating NOL carryover.

Form 1040

18-8.5F Per Revenue Ruling 2020-13, the interest rate for the third quarter of 2020 for underpayments of tax is 3%. We have updated the system accordingly.

Form 1040/1040NR and Schedule A

18-8.6F We removed the Excess Deductions on Termination of an Estate or Trust from Schedule A Miscellaneous Itemized Deductions. This will now be reported as an Other Adjustment. This amount will come through on Schedule 1, line 36 for resident returns (1040/1040SR) or on Form 1040NR, line 34 for nonresident returns. This change was made per the new cover sheet for Form 1040 (<https://www.irs.gov/pub/irs-pdf/f1040.pdf>) which explains the changes under Proposed Regulations 113295-18 (<https://www.govinfo.gov/content/pkg/FR-2020-05-11/pdf/2020-09801.pdf>).

Two Year Comparison Schedule

18-8.1F We added the tuition and fees deduction line back to the schedule.

NEW FOR PRIOR RELEASES: STATE

California

18-8.6F Due to the federal excess deduction on termination of an estate change, there is now a subtraction on Schedule CA/(540NR) for other adjustments. The excess deduction on termination of an estate will be included in the other expenses line in the **Job Expenses and Certain Miscellaneous Deductions** section.

New Hampshire

18-8.4F We added the generic signature authorization worksheet for e-filing New Hampshire returns.

E-file

No new features on prior interim releases.

CLOSED FEDERAL ISSUES ON PRIOR RELEASES

Carryovers

18-8.4F We resolved an issue where the business loss limitation carryover appeared in the carryover section and is now disregarded with the CARES Act.

Elections

18-8.3T We added the following elections recently added by the IRS:

1. New late election for §163(j) under Rev. Proc. 2020-22.
2. NOL election that excludes 965 income for §172(b)(1)(d) under Rev. Proc. 2020-24.

FinCEN 114

18-7.1F We resolved an issue where a diagnostic for Part III Joint Owner country triggered in error.

Form 461

18-8.2F We resolved an issue where data dictionaries were missing from Form 461 and Form 461 AMT.

Form 965/965-A

18-7.8F With this release, we updated Forms 965 and 965-A to the latest IRS schema.

Form 1040

18-8.1F We corrected an error for business rule SA-F1040-025 where GAMBLING WINNINGS entered in **Miscellaneous Income** flowed through to e-file incorrectly in the *OtherIncomeTypeStatement*. If you have gambling winnings entered under **Organizer > Income > Miscellaneous Income > Miscellaneous Income > Miscellaneous Income**, you will need to enter an X in the new column labeled **X for Gambling Winnings (e-file only)** and re-create your e-file.

Form 1045

18-8.7F We added a print suppression check box to the Organizer for Form 1045 NOL Publication 536 AMT Worksheet.

18-8.5F We enhanced Form 1045, Page 1, line 11 AGI to allow for larger amounts.

18-8.5F We resolved an issue on Form 1045, Page 2 in the fourth and fifth years of carryback where the “Net Investment Income Tax” line 27 did not total into line 30.

18-8.4F We resolved an issue where the *force carryback* selection in the **Miscellaneous Information** Organizer did not remain selected, causing a current year’s NOL not to carry back to 2014, 2015, and 2016.

Form 1045 NOL

18-7.5F We resolved an issue where the 1045 NOL AMT calculation use the non-461 AMT value instead of the 461 AMT value.

Form 1116

18-7.5F We resolved an issue where the Form 1116 statement Foreign Tax Credit Carryovers to 2019 for Foreign Branch Income listed the incorrect income type *951A Income* on the **Total** line.

18-7.1F We resolved an issue where foreign taxes withheld on rental activity input in the following location did not print on the statement *Schedule for Foreign Taxes Withheld by Activity*. **Organizer > Income > Rent and Royalty > Property Name > Rent and Royalty Information > Income and Expense tab > Foreign Taxes section > Foreign Income Taxes paid**

Form 4562

18-7.6F We corrected an issue where listed property with business use percent less than 50%, and when 100% Bonus is taken, flowed the full amount to Form 4562, Page 2, line 25 instead of the limited depreciation amount to line 27.

Form 5471

18-7.5F Form 5471, Schedule O, Page 1, Part II, Section A information now prints when there is more than one entity.

18-7.5F Form 5471, Schedule C, line 17 whitepaper statement detail now lines up with line 17.

18-7.1F We resolved an issue where Form 5471, Schedule F, lines 3 and 17 were not added into total assets and liabilities.

Form 6198

18-7.5F We resolved an issue that the extra 6198 form prints with no activity name.

Form 6251

18-8.4F We resolved an issue on Form 6251, line 2h where the qualified small business stock adjustment incorrectly calculated on assets that did not have adjustment code Q designated.

18-7.6F We resolved an issue where an amount incorrectly populated on line 3 for Excess Business Loss Limitation when there were no business losses limited.

18-7.5F We resolved an issue where line 3 did not report the Excess Business Loss Limitation.

Form 8615

18-8.4F We updated Form 8615 to allow the election to modify tax of unearned income when amending or filing an original 2018 tax return.

Form 8697

18-7.5F We resolved an e-file validation issue with the ID of Pass-through Entities Statement.

Form 8835

18-7.9F We added line 10 on Form 8835 for Indian Coal.

Form 8858

18-7.5F We resolved an issue to allow commas to print for nine-digit figures on Page 2, Schedules C and F.

Form 8908

18-7.9F We added back Form 8908 that was recently released for 2018.

Form 8911

18-7.9F We added back Form 8911 that was recently released for 2018.

Form 8917

18-8.1F Form 8917 Tuition and Fees Deduction is now available for both e-file and print.

Form 8992

18-7.1F We added input fields for GILTI allocation ratio and GILTI allocation tested income for CFC to the Organizer.

Partnership AMT Basis

We resolved an issue to include the cash disaster expense in the allocation of allowed loss calculation on the AMT Partnership Basis worksheet.

Qualified Business Income

18-7.1F We resolved an issue where the system-calculated amount for Schedule K-1 current year income/loss for QBI did not reflect depreciation and amortization and unreimbursed business expenses if basis was calculated.

18-7.1F We resolved an issue where the system-calculated amount for Schedule K-1 current year income/loss for QBI did not reflect the allowed mortgage interest and real estate taxes.

Qualified Business Income Deduction

18-8.7F On the qualified business income deduction's Simple worksheet, line 12, and the Complex worksheet, line 34, net capital gains now reflects qualified dividends and long-term capital gain when these worksheets are filed with Form 1040NR or dual status taxpayers.

S Corporation Basis Diagnostics

18-7.5F You can now turn off the S corporation basis e-file diagnostics by clearing the check box on Schedule E, line 28e.

Schedule A

18-7.8F We added the qualified mortgage premium insurance to line 8d.

18-7.8F We corrected the 20% contribution carryover calculation.

18-7.8F We corrected the 30% contribution carryover calculation.

18-7.1F We resolved an issue where only the K-1 PTP investment interest expenses did not transfer correctly.

Schedule D

18-7.1F We resolved an issue on lines 5 and 12 where the disallowed loss from Form 8582 did not pull through to the calculation to limit the loss.

Schedule EIC

18-7.5F We resolved an issue where the dependent name did not flow to Schedule EIC when the check box **child does not qualify as a dependent, but qualifies for EIC** was marked on the **Dependent Information Organizer**.

CLOSED STATE ISSUES ON PRIOR RELEASES

Alabama

18-7.5F We resolved an issue where e-file did not include the correct fourth decimal place for the Alabama nonresident percentage on Form 40NR, Part V, line 3 in certain situations (Business Rule: AL40NR-267).

18-7.1F We resolved an issue where Schedule OC, Page 2, Part H did not populate when only one credit for taxes paid to a foreign country was claimed.

Arizona

18-8.7F We updated Form AZ 140X, line 35 to use the *Table X or Y* selection for nonresident returns

California

18-8.3T We added Tuition and Fees deduction to the RDP Adjustments Worksheet, line 34 because of California tax law changes.

18-8.1F We added an adjustment for the limitation on deduction of business interest (from TCJA). Schedule CA/(540NR) will have the adjustment on the business income, farm income, and rent, royalty, partnership lines.

18-7.9F We added lines to Schedule CA/(540NR) for the mortgage insurance premium and tuition deduction.

18-7.5F We resolved a print issue on Schedule D AMT when only Schedule D-1 is present.

18-7.5F We corrected the calculation on Schedule CA (540NR), line 17, column E when there is passive and nonpassive information that need to be combined.

18-7.5F We corrected the late filing penalty to calculate the number of months from the original due date.

18-7.1F We resolved an issue involving the Form 2106 other expenses whitepaper statement.

18-7.1F We resolved an issue involving Schedule CA (540NR) for K-1 other portfolio deductions subject to 2%.

Iowa

18-7.5F We corrected an e-file diagnostic on IA 100 for Reject FIA1040-023.

Michigan

18-8.3T We deleted Form 5595 (MI-461) due to the federal CARES Act. This form is no longer applicable for Tax Year 2018.

18-8.3T We disabled the check box on line 9 of Form MI-1040H due to the discontinuation of Form 5595 MI-461. Going forward, the allocation of income or losses from all business activities will be reported on Form MI-1040H.

18-8.3T We updated the interest rate for the period from 01/01/2020 to 06/30/2020 for tax due on late filing returns.

18-7.5F We resolved an issue where the Michigan tax withholding on Form W-2G did not print when a return contained more than 15 W-2Gs.

Minnesota

18-8.7F We updated Form M1, lines 1 and 2, and Form M1M, lines 6 and 15 to allow additional digits to allow certain users to paper file.

18-7.9F We updated Forms M1NC, KPINC, KFNC, and KSNC for changes on the recent update on 2018 forms.

Missouri

18-7.9F We resolved an issue where Form MO-1040, Page 1 Non-Obligated Spouse data was not included in e-filed returns.

18-7.6F We resolved an issue where Form MO-A, Page 2, Part 2, line 9 erroneously displaying the amount from the net state income tax worksheet line 7 on the same page. This was a presentation error and it had no impact on the computation in Form MO-A, Page 2, Part 2, lines 11 and 12.

18-7.1F We resolved an issue where Form MO-1040, Page 3, line 26S (Missouri income percentage) computed incorrectly as 100% when the spouse is nonresident and no Missouri income was reported on Form MO-NRI, Page 2, Part C, line 1.

Montana

18-8.4F We resolved an issue where the amount of noncash contributions deduction subject to the 50% of AGI limitation included on Form 2, Page 6, line 12 on the itemized deduction schedule calculated incorrectly.

18-8.1F We resolved an issue where the amount of Form 2, Page 1, line 7 was incorrect for certain joint returns with capital losses.

18-7.9F We resolved an issue where Form 2, Page 7, Nonresident / Part-Year Resident Ratio Schedule, line 15 incorrectly reported the federal net operation loss as the Montana source net operation loss.

18-7.5F We resolved issue where the calculation of the minimum amount of standard deduction on line 10 of Recovery of Federal Income Tax Deducted in 2017 Worksheet was incorrect on Form 2, Page 3 for certain returns.

18-7.5F We resolved an issue where the tax liability amount on Form 2, Page 1, line 16 did not flow to Form EST-I, Page 1, line 1.

18-7.1F We resolved an issue where Form 2, Page 1, lines 23 and 24 did not populate for married filing separately on same form returns with a high amount of tax liability or total payments.

North Carolina

18-7.1F We resolved an issue where claiming the NC-478G credit with multiple properties caused e-file validation errors.

Ohio

18-7.5F We resolved an issue where Form IT-NRC, Page 2, lines 19 and 20 printed only an SSN when an EIN was available for the business entity.

18-7.5F We resolved an issue where a paid preparer was able to use an SSN when no PTIN was available to e-file.

18-7.1F We resolved an issue where the IT-NRC Page 2 Continuation Form skipped printing the 21st business entity. Calculated values were not affected.

Ohio Cities: Ohio Municipal

18-7.5F We resolved an e-file issue where locality W-2 information did not flow correctly if the first locality was not populated.

Pennsylvania Cities: Philadelphia BPT/NPT

18-7.5F We updated the property number fields in Organizer to correctly flow federal Schedule C and/or Schedule E activities when selected.

CARES ACT: DESCRIPTION OF CHANGES

DESCRIPTION OF CHANGE	1065	1120	1040	1041	990	709	706	TY 2018	TY 2019	TY 2020	RELEASE DATE
Employee retention credit for employers: Please see for the most recent information at https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act									X	X	New Form 7200 can be filed with Form 941.
Temporary repeal of taxable income limitation for net operating losses (NOLs). The CARES Act temporarily removes the taxable income limitation to allow an NOL to fully offset income. (Code Sec. 172(a), as amended by Act Sec. 2303(a)(1)). Effective date: The amendments made by Act Sec. 2303(a) apply to tax years beginning after Dec. 31, 2017, and to tax years beginning on or before Dec. 31, 2017, to which NOLs arising in tax years beginning after Dec. 31, 2017 are carried. (Act Sec. 2303(d)(1)).		X	X						X		1120 (2018/2019): 4/3/2020 1040 (2019): 4/3/2020

DESCRIPTION OF CHANGE	1065	1120	1040	1041	990	709	706	TY 2018	TY 2019	TY 2020	RELEASE DATE
<p>Modification of rules relating to net operating loss (NOL) carrybacks. The CARES Act provides that NOLs arising in a tax year beginning after Dec. 31, 2018 and before Jan. 1, 2021 can be carried back to each of the five tax years preceding the tax year of such loss. (Code Sec. 172(b)(1) as amended by Act Sec. 2303(b)(1)). Effective date. The amendments made by Act Sec. 2303(b) apply to NOLs arising in tax years beginning after Dec. 31, 2017 and to tax years beginning before, on or after such date to which such NOLs are carried. (Act Sec. 2303(d)(2).</p>		X	X					X	X		1120 (2018/2019): 4/3/2020 1040 (2019): 4/3/2020 1040 (2018): 4/10/2020
<p>Form 461: Modification of limitation on losses for noncorporate taxpayers.</p>			X	X				X	X		1040/1041 (2019): 4/3/2020 1040/1041 (2018): 4/10/2020

DESCRIPTION OF CHANGE	1065	1120	1040	1041	990	709	706	TY 2018	TY 2019	TY 2020	RELEASE DATE
<p>Form 8990: Deductibility of interest expense temporarily increased. The CARES Act temporarily and retroactively increases the limitation on the deductibility of interest expense under Code Sec. 163(j)(1) from 30% to 50% for tax years beginning in 2019 and 2020. (Code Sec. 163(j)(10)(A)(i) as amended by Act Sec. 2306(a)). Special rules for partnerships. Under a special rule for partnerships, the increase in the limitation will not apply to partners in partnerships for 2019 (it applies only in 2020). (Code Sec. 163(j)(10)(A)(ii)(I) as amended by Act Sec. 2306(a)) For partners that don't elect out, any excess business interest of the partnership for any tax year beginning in 2019 that is allocated to the partner will be treated as follows (Code Sec. 163(j)(10)(A)(ii)(II) as amended by Act Sec. 2306(a)).</p>	* affects 2020 tax Year	X	X	X					X		1120: 4/3/2020 1040: 4/3/2020 1041: 4/7/2020

DESCRIPTION OF CHANGE	1065	1120	1040	1041	990	709	706	TY 2018	TY 2019	TY 2020	RELEASE DATE
<p>Election out of the increased limitation. Taxpayers may elect out of the increase, for any tax year, in the time and manner IRS prescribes. Once made, the election can be revoked only with IRS consent. For partnerships, the election must be made by the partnership and can be made only for tax years beginning in 2020. (Code Sec. 163(j)(10)(A)(iii) as amended by Act Sec. 2306(a))</p>		X	X	X							1120: TBD 1040: 4/3/2020
<p>Election to calculate 2020 interest limitation using 2019 adjusted taxable income. In addition, taxpayers can elect to calculate the interest limitation for their tax year beginning in 2020 using the adjusted taxable income for their last tax year beginning in 2019 as the relevant base. For partnerships, this election must be made by the partnership. (Code Sec. 163(j)(10)(B)(i) as amended by Act Sec. 2306(a))</p>	X	X	X	X							Roll 2019 Adjusted Taxable Income to the 2020 tax application.

DESCRIPTION OF CHANGE	1065	1120	1040	1041	990	709	706	TY 2018	TY 2019	TY 2020	RELEASE DATE
<p>If an election is made to calculate the interest limitation using 2019 adjusted taxable income for a tax year that is a short tax year, the adjusted taxable income for the taxpayer's last tax year beginning in 2019 which is substituted under the election will be equal to the amount which bears the same ratio to such adjusted taxable income as the number of months in the short taxable year bears to 12. (Code Sec. 163(j)(10)(B)(ii) as amended by Act Sec. 2306(a))</p>		X		X						X	1120: TBD 1041: TBD
<p>Bonus depreciation technical correction for qualified improvement property. No changes are needed in the software. Qualified Improvement Property assets should use the 15 Year 150% DB MACRS method with a Life entry of 15 to trigger straight-line calculations. ADS life for these assets has been changed to 20, and that should be the Life entry if ADS applies.</p>											

DESCRIPTION OF CHANGE	1065	1120	1040	1041	990	709	706	TY 2018	TY 2019	TY 2020	RELEASE DATE
<p>Form 8827: Corporate minimum tax credit (MTC) is accelerated. The CARES Act changes "2018, 2019, 2020, or 2021" (above) to "2018 or 2019," and changes "(100% for tax years beginning in 2021)" to "(100% for tax years beginning in 2019)" (Code Sec. 53(e)(1), as amended by Act Sec. 2305(a), and Code Sec. 53(e)(2), as amended by Act Sec. 2305(a))</p>		X						X	X		1120: 4/3/2020
<p>Individual recovery rebate/credit. Credit allowed for 2020. Under the CARES Act, an eligible individual is allowed an income tax credit for 2020 equal to the sum of: (1) \$1,200 (\$2,400 for eligible individuals filing a joint return) plus (2) \$500 for each qualifying child of the taxpayer (as defined under Code Sec. 24(c) for purposes of the child tax credit). (Code Sec. 6428(a), as added by Act Sec. 2201(a)) The credit is refundable. (Code Sec. 6428(b), as added by Act Sec. 2201(a))</p>			X								2020 Tax Year

DESCRIPTION OF CHANGE	1065	1120	1040	1041	990	709	706	TY 2018	TY 2019	TY 2020	RELEASE DATE
<p>\$300 above-the-line charitable deduction. The CARES Act adds a deduction to the calculation of gross income, in the case of tax years beginning in 2020, for the amount (not to exceed \$300) of qualified charitable contributions made by an eligible individual during the tax year. (Code Sec. 62(a)(22), as amended by Act Sec. 2204(a). Effective date: The amendments made by Act Sec. 2204 apply to tax years beginning after Dec. 31, 2019. (Act Sec. 2204(c)).</p>			X								2020 Tax Year
<p>Modification of limitations on individual cash charitable contributions. The CARES Act provides that (except as stated below) qualified contributions are disregarded in applying the 60% limit on cash contributions of individuals and the Code Sec. 170(d)(1) rules on carryovers of excess contributions. (Act Sec. 2205(a)(1)). Effective date: The amendments made by Act Sec. 2205(a) apply to tax years beginning after Dec. 31, 2019. (Act Sec. 2205(c)).</p>			X								2020 Tax Year

DESCRIPTION OF CHANGE	1065	1120	1040	1041	990	709	706	TY 2018	TY 2019	TY 2020	RELEASE DATE
<p>Rev. Proc. 2020-23</p> <p>Second estimated tax payment extended from 6/15 to 7/15</p>	X	X	X	X	X				X		1120: 4/17/2020 1040: 4/17/2020 1041: 4/17/2020 990: 4/17/2020
<p>Any fiscal year return or payment date between April 15 and July 15 has been extended to July 15</p>		X		X	X		X	X	X		1120: 4/17/2020 1041: 4/17/2020 990 (2018/2019): 4/17/2020 706: 4/17/2020

DESCRIPTION OF CHANGE	1065	1120	1040	1041	990	709	706	TY 2018	TY 2019	TY 2020	RELEASE DATE
<p>Rev. Proc. 2020-24</p> <p>Net Operating Losses</p> <p>1) Waiving the carryback period in the case of a net operating loss arising in a taxable year beginning after Dec. 31, 2017, and before Jan. 1, 2020. Add an election statement to waive carryback of NOL under Sec. 172(b)(3).</p>		X	X								1120: TBD 1040 (2018/2019): Available
<p>2) Disregarding certain amounts of foreign income subject to transition tax that would normally have been included as income during the five-year carryback period. Add election to exclude section 965 years from carryback period under Sec. 172(b)(1)(D)(v)(I)</p>		X	X								1120: TBD 1040: Included in next releases

DESCRIPTION OF CHANGE	1065	1120	1040	1041	990	709	706	TY 2018	TY 2019	TY 2020	RELEASE DATE
3) Waiving a carryback period, reducing a carryback period, or revoking an election to waive a carryback period for a taxable year that began before Jan. 1, 2018, and ended after Dec. 31, 2017. Requires (1) Add an option to print “Filed pursuant to Rev. Proc. 2020-24” at the top of Form 1139 and Form 1120-X and (2) Add election to revoke previously filed election to forgo NOL carryback. Does not apply to 2018 and 2019 returns.		X									Affects TY 2017 only.
Rev. Proc. 2020-26 Six Month Extension of time to file Form 1139 - Corporation Application for Tentative Refund for any tax year that began during calendar year 2018 and that ended on or before June 30, 2019. Add an option to print “Notice 2020-26, Extension of Time to File Application for Tentative Carryback Adjustment” on the top of Form 1139.		X						X			1120: TBD

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