

1041 INTERIM RELEASE NOTES FOR 18-8.6F

Date of Release: 6/5/2020

This document provides interim release notes and known issues for 1041, version 18-8.6F. 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/1041_Federal_Form_Status.pdf

NEW FOR THIS RELEASE: STATE

State Releases

Please see the information on state release status at **Home > Release Information > 1041** 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

Common State

18-8.6F The radio buttons for state estimated tax options and overpayment options under **Common State** are now correctly aligned.

CLOSED ISSUES: STATE

None addressed on this release.

PRIOR INTERIM RELEASES

NEW FOR PRIOR RELEASES: FEDERAL

No new features on prior interim releases.

NEW FOR PRIOR RELEASES: STATE

No new features on prior interim releases.

State E-file

None addressed on prior releases.

CLOSED FEDERAL ISSUES ON PRIOR RELEASES

E-file

18-7.5F We added two e-file rejects related to Form 1041, lines 24 and 25f related to 965.

Form 114

18-7.5F On Form 114, *ApprovalOfficialSignatureDateText* in the XML schema now generates today's date instead of the hard-coded date of 20171111.

18-7.5F On Form 114, only lines 34-43 now print on Part IV when the signature authority is held over 25 or more accounts, per instructions.

18-7.5F Form 114 now prints with 990-T returns.

Form 461

18-8.1F Form 461 is no longer relevant due to the CARES Act. Excess business loss amount is computed but no longer flows to Form 1041, line 8.

18-7.5F On Form 461 AMT, line 5, the AMT income for rental activity now calculates correctly.

Form 965

18-7.5F Form 965 for Form 5227 now prints correctly for pass-through entities.

Form 965-A

18-7.1F Form 965-A, Part I now generates data in the XML correctly when a return has data on this section for column E, not K.

Form 990T

18-7.1F We corrected the misspelling on the statement for Page 1, line 5.

18-7.1F The statement for Page 1, line 5 now subtotals.

18-7.1F On Schedule M, the total no longer generates an amount on line 28 when Schedule M is not present.

Form 1041

18-7.1F On the Form 1041, Schedule C vehicle expense/actual vehicle expense worksheet, line 16 now includes the gasoline expense.

18-7.1F On Form 1041, REIT/PTP income activity details no longer overlap in print.

18-7.1F Real Estate Taxes are no longer limited to \$10,000 for Grantor Returns.

18-7.1F The 1041 beneficiary allocation now includes Form 8992 income.

18-7.1F The Â§1231 Passive Activity description now prints for the ESBT Other Deductions.

18-7.1F The 1041 QBI aggregation statement now prints all activities.

18-7.1F On the 1041 REIT activity details, the REIT allocation to each activity now computes correctly.

18-7.1F Form 1041, Schedule I, line 15 no longer calculates the passive adjustment for grantor returns.

18-7.1F On Form 1041, Schedule E, the other deduction at risk carryover is now included in the Schedule E income allocation to the beneficiary.

Form 1116

18-7.5F The Form 1116 attachment for *ExplanationTXT* for the XML schema is now generated when the **Federal e-file enable** box is not checked.

18-7.1F The Form 1116 951A AMT statement for Foreign Income Net Adjustment Statement now generates.

Form 2210

18-8.1F Per IRS guidance, 2018 is to follow 2019 2210 instructions for Page 4, Schedule AI, lines 4, 9, and 11. Page 4 of 2210 computations have been changed, but per the IRS, the 2018 form will not change. To get this change, the IRS Page 4 must be used instead of the 1041 specific annualized installment in-house worksheet. The option under **Organizer > Estimates and Penalties > Underpayment Penalty > Miscellaneous Options & Overrides > Print of page 4 of Form 2210 instead of 1041 specific annualized installment worksheet** must be selected.

Form 6198

18-7.1F On Form 6198, line 2a, gains are now nonpassive when the activity is fully disposed.

Form 8621

18-8.5F We added data dictionary for name and tax year of foreign corporation, PFIC or QEF, and description of each class of shares held by the shareholder.

Form 8886

18-7.1F On Form 8886, Page 1, line C, the **Initial Year Filer** check box now generates correctly.

Form 8938

18-8.5F We added data dictionary.

18-7.1F Form 8938 e-file now generates correctly.

Form 8949

18-7.5F On Form 8949, box F, column H, the total amount now hides commas if there are more than eight (8) digits.

Form 8990

18-7.1F On Form 8990, Page 3, Schedule A, line 43, the EIN now populates for Publicly Traded Partnerships.

Schedule I

18-8.1F Line 21, adjustment from Form 461, no longer calculates due to the CARES Act.

CLOSED STATE ISSUES ON PRIOR RELEASES

Arizona

18-7.1F The Arizona reject diagnostic no longer generates incorrectly for a simple trust.

18-7.1F Form 41, Schedule E, Page 1, line 4 now populates with the Arizona royalties amount instead of the federal amount.

California

18-7.1F The California ESBT tax computation worksheet now prints the ESBT credit from California.

Colorado

18-7.1F Form 105, Schedule F, line 7 no longer generates a reject diagnostic when a return has a negative amount for this field.

Georgia

18-7.1F The Form 501 grantor return now generates the part year beginning and ending date for e-file.

Louisiana

18-7.1F Form R-10606 (Credit for Taxes Paid to Other States), Worksheet A, Column 7 computation now uses the correct percentage in the computation of the Louisiana tax on the other state income.

Maine

18-7.1F On Schedule 1 Fiduciary Adjustment, additions for nonresident municipal interest income now prints the correct amount on the attachment.

Maryland

18-8.4F We updated the due date to reflect the Maryland extended due date to *7/15/2020* for TY 2018 fiscal year filers returns, extensions, estimated taxes filing, and payment with due dates on or after *4/1/2020* and before *7/15/2020*.

Massachusetts

18-7.5F Massachusetts now generates the fiduciary signature date correctly from the date the PIN is entered.

Michigan

18-7.5F Form MI-1041, Page 3, Schedule 3, line 42, column B, the fiduciary percentage of Michigan adjustments no longer generates in print and XML schema with only three (3) decimal places when four (4) are required.

18-7.1F Schedule NR (Nonresident Schedule) now correctly generates even when the return is a grantor type trust.

Minnesota

18-8.1F We updated Forms M2NC, M2SBNC, and KFNC due to the federal tax law changes from PL 116-94.

New York

18-7.1F New York Form IT-225 Subtraction code S-138 no longer includes state income taxes in the amount.

Rhode Island

18-7.1F Schedule W, line 16 now calculates correctly for K-1 Source Rhode Island tax withheld.

Virginia

18-7.5F On the Virginia Schedule K-1, the pass-through entity now generates an address for e-file.

CARES ACT: DESCRIPTION OF CHANGES

DESCRIPTION OF CHANGE	1065	1120	1040	1041	990	709	706	TY 2018	TY 2019	TY 2020	RELEASE DATE
<p>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</p>									X	X	New Form 7200 can be filed with Form 941.
<p>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)).</p>		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								<p>1120: TBD</p> <p>1040 (2018/2019): Available</p>
<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								<p>1120: TBD</p> <p>1040: Included in next releases</p>

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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