

6-in-1 Release Notes

03/25/2019

Version 2019-081 has been posted on our website and is available for immediate download. It includes the following state approvals:

e-file: MA, NJ, NY, OH (CT and PA previously approved)

paper file: DE, IL, IN, VA, WI (MA, NC, and PA previously approved)

CT, NJ, NY, OH paper file approval imminent. You can now e-file returns for all of four of these states without waiting for the corresponding paper filing approval. The K-1s contain no watermark, and the other pages currently display “Client Copy”.

Fourth Release This Season

2019-032 (2/01/19)

2019-038 (2/07/19)

2019-060 (3/01/19)

2019-081 (3/22/19)

Effects of the TCJA of 2017

The TCJA of 2017 is turning out to be “a riddle wrapped in a mystery inside an enigma.”

There have been some unexpected downstream consequences of the elimination of Line 15c (Miscellaneous Itemized Deductions). We believe that they are now resolved in this update.

There is, however, still some uncertainty in some circles over the right of a beneficiary to deduct (on Schedule A of Form 1040) **excess deductions** received from a final-year estate or trust. As we wrote on 3/4/2019, in consultation with the IRS Office of Chief Counsel and others, we have reached the conclusion that they are *not* deductible in 2018 – 2025. Our reasoning is contained in an extensive e-mail that we posted to the ABA Estate Planner’s and Estate Administrator’s List on 3/4/2019. That e-mail is reproduced in its entirety in a help screen that you can access from the Excess Deduction line on the Master K-1 and on the individual K-1s.

An RIA Checkpoint of 3/7/2019 reaches the opposite conclusion, that excess deductions *are* deductible by beneficiaries. We have forwarded our research to RIA, and are waiting review by the Thomson Reuters editorial team.

Highlights of this 2019-081 update

Late news: We rarely see a 1041 marked as a Qualified Disability Trust. We learned this morning, however, that the 1041 software included in update 2019-081 does *not* reflect the 2018 increase in exemption from \$4,050 to \$4,150 (even though it *is* reflected in the 1041-ES). If you have such a trust, please contact us and we can make the change with you over a GoToMeeting session.

1) e-file: MA, NJ, NY, OH approved

2) Paper filing: DE, IL, IN, VA, WI approved

3) K-1, Box 11, Code A, Excess Deductions: Checkbox option to suppress from K-1. See help screen for discussion.

4) K-1, Box 14, Code I, Section 199A:

(a) Message on Where to Find Supporting Statement: Now appears in the gray area in bottom right of the K-1.

(b) Section 199A Supporting Statement: Now transmitted with e-file: No need to attach a PDF.

5) Adjustments/Corrections:

Checkbox for “Revert to 3/1/2019”. In the bottom right of **Page 2** of Form 1041, **Form 8960**, and Worksheets **W30** (Allocation of Expenses to Net Investment Income) and **W32** (Section 199A Deduction), we have added a checkbox for “Revert to 3/1/2019”. Checking this box will cause the calculations to ignore Adjustments/Corrections (d) through (i) below. Thus, if these Adjustments/Corrections are *de minimis*, and you want to synchronize the return in 6-in-1 with the version that you have already filed and/or provided to fiduciaries

and/or beneficiaries, just check this box for each affected return.

(a) e-file: Miscellaneous Itemized Deductions (old Line 15c) no longer being fed to e-file. This was causing 1041 rejections. We corrected this for a number of you over GoToMeeting sessions by omitting this field from Page 1 and Schedule I for 2018 and later. If you have any pending returns with this error, you may resubmit them after you install this update.

(b) e-file: Form 1116. The program has been adjusted to incorporate the two new checkboxes at the top of Form 1116 (a and b) and new Lines 23, 24, and 27. If you have any pending returns with an error relating to Form 1116, you may resubmit them after you install this update.

(c) 1041 No Longer Defaults to pre-2018 Version of Form 1041, Page 1 (after e-filing a state return). We had one report of this behavior, and were able to reproduce it. The navigation quickly corrected itself once you clicked on any page button on the right panel, but have now been able to prevent that initial navigation to the pre-2018 version of Page 1 of Form 1041.

(d) Worksheet W02 (2% Floor on Miscellaneous Itemized Deductions): Because the 2% Floor is not applicable to tax years 2018 – 2025, we had suppressed the display (and calculation) of the entire Line 15c. Because Line 15c is still relevant to the calculation of Accounting Income Available for Distribution, however, we again display (and calculate) that value in the first three columns. We continue to suppress it in the DNI and Adjusted Gross Income columns because it is not relevant to those columns.

Also, we again display the L15c “Other/2%” amounts on the Numbers screen for information purposes, but show a gray background and a message that these amounts are not deductible in 2018 – 2025.

This change could have the following implications:

(i) Simple Trusts: The Accounting Income “required to be distributed currently” on Schedule B, Line 9, could change. This could change your Income Distribution Deduction, and therefore your tax result.

(ii) Form 8960: This may or may not have any effect on your Form 8960 Net Investment Income Tax.

(iii) Form 1116: If you had entered an amount on Form 1116, Line 20, for the tax on Form 1041, Schedule G, Line 1a, you may need to change it to reflect the change in tax on the 1041. We now understand that Form 1116, Line 20, could default to the tax from Form 1041, Schedule G, Line 1a, and have made this change for the next update.

(e) Deduction for Taxes (Line 11, and Schedule I, Line 3):

(i) Line 11: SALT taxes + Foreign Income Taxes + GST Tax

(ii) Schedule I, Line 3 (“AMT L3”): SALT taxes + Foreign Income Taxes
(but not GST Tax)

Because you may have reduced your Line 11 tax deduction by the \$10,000 limit on SALT deductions, we now display on AMT L3 the same amount that appears on Line 11. But if your Line 11 tax deduction also includes GST Tax (not reportable on AMT L3), we provide you with the option to override the amount on AMT L3.

(f) Schedule I, Page1, Line 4 (Page “3” on our right-hand panel): Although this line reads “Reserved for future use”, we were displaying (and calculating) a value for Miscellaneous Itemized Deductions (old Line 15c). This value has been removed. This would make an AMT tax difference only in situations where the AMT tax (after the AMT exemption) is greater than the regular tax.

(g) Form 8960, Line 9c (and **W30** Allocations): Line 9c (and corresponding lines on the W30 Allocations worksheet) have been modified to suppress old L15c (Miscellaneous Itemized Deductions).

(h) W32 §199A Worksheet (bright blue button on Page 1):

(i) Line 9 Total Income: Label for “1 Total Income” changed to “9 Total Income”. Displayed value changed from L1 to L9.

(ii) Allocation of DNI to fiduciary: Changed from (B7 – B15) to (B7 – **B12** – B15). Thus, the portion of DNI deemed allocated to beneficiaries (for purposes of 199A) now includes tax-exempt income (Line B-12).

(iii) If DNI = 0, 100% Now Allocated to Fiduciary: Previously, 100% was being allocated to Beneficiary(ies).

(iv) Changed line displays to reflect inclusion of B12 (tax-exempt income) in the allocation of DNI between fiduciary and beneficiaries.

(v) W32 Section 199A Worksheet: Now appears in the Worksheets dropdown menu.

(i) Grantor Advice Letter: Now suppresses display of Line 15c for 2018 – 2025.

6) 1041 Print Options: The **Print Required** button now checks the K-1 box if there are any K-1s to be printed.

7) PA File Number: If you have not yet received the file number from the Register of Wills, and have therefore not entered it, the file number field no longer displays “0000”.

8) e-file CT and OH: Revised logic for scenarios where certain data must be transmitted even if its value is 0.

9) CT Accounting: Added option to display header as A1 if you run B6 (“On Hand for Distributions to Beneficiaries”) for the period up until the day before the start of the current accounting.

10) OH IT-1041, Line 63: Now defaults to Line 3 less Line 57 less Line 60.

11) VA-770, Schedule 3, Line 2: Now defaults to the “Add-back for state return” on Line 11 of the Numbers screen for the 1041.