



## 2013 ULTRATAX/1040, v.2013.2.2

### User Bulletin 1040US-13.2.2: Software Update

January 16, 2014

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This user bulletin explains changes related to this update of UltraTax/1040 and UltraTax/1040 Client Organizer.

#### **SPECIAL INFORMATION**

##### **IRS to Delay Start of 2014 Filing Season**

The IRS will start accepting and processing 2013 individual tax returns on January 31, 2014. The original start date of the 2014 filing season was January 21, 2014, but due to the government shutdown, this was delayed. There is no advantage to paper file a return before the opening date since the IRS will not process paper tax returns before the announced start date. Filing paper returns before the IRS is ready to receive such returns will slow the processing of the return. The IRS e-file program with direct deposit is the fastest, best option for those impacted by the delay to get their refunds. Refer to [IR-2013-100](#) for additional information.

The ability to create electronic files with the UltraTax/1040 Electronic Filing utility will be included in a future January update of UltraTax/1040. Refer to [User Bulletin 1040US-13.1.0, Electronic Filing Setup Procedures](#) for more information on setup issues and other information you may need to address prior to electronically filing 1040 returns with UltraTax CS.

To prepare you or your staff for the upcoming electronic filing season, Thomson Reuters is pleased to offer two electronic filing training courses available through Web Training. The first course, *UltraTax CS Electronic Filing Essentials 1* walks you through the process of setting up UltraTax CS, entering data, creating electronic files, transmitting files, and automatically retrieving acknowledgements. The second course, *2013 Improving Efficiency with your E-File Process* covers the IRS and state preparer e-file changes for 2013, attaching a PDF file to the electronic file, the available IRS and Thomson Reuters resources, and using UltraTax CS to e-file returns with a focus on correcting rejections. To learn more about these and other UltraTax CS courses, visit [cs.thomsonreuters.com/training](http://cs.thomsonreuters.com/training) and click UltraTax CS under the Search Training by Product section.

##### **E-file Tips for Printing Form 8879 and E-file Filing Instructions**

- Several options are available to print Form 8879, IRS e-file Signature Authorization before Screen PIN data entry is complete.
  - Mark the *Print electronic filing PIN signature forms (Prior to completion of all applicable PIN fields)* checkbox in the Other Personal Identification Number (PIN) Options section in Screen PIN in the Electronic Filing folder. This field indicates that you intend to use the PIN to electronically sign the return and that you want to print the return with the Form 8879, IRS e-file Signature



Authorization form and the PIN information in the filing instructions without completing all of the required PIN fields.

- Mark the *Print electronic filing PIN signature forms (Screen PIN)* checkbox in Setup > 1040 Individual > New Client Options for new clients whose data was converted from another tax application. The options you set in the New Client Options dialog **when you first open the client's return** will apply.
- Mark the *Always print Form 8879 (etc.), regardless of signature status* checkbox in Setup > Office Configuration > Print Options to apply this option to all clients. After you receive a signed PIN form from your client and you update the Signature Document column in the Utilities > Electronic Filing Status dialog from "To Sign" to "Signed," UltraTax CS no longer prints the client's signature document. Mark this checkbox to **always** print a client's signature document (Form 8879 or equivalent) regardless of signature status.
- Mark the *Print e-file filing instructions even when e-file critical diagnostics exist* checkbox in Setup > 1040 Individual > Other Return Options > Client Documents tab to print e-file filing instructions even when e-file critical diagnostics exist. Normally, filing instructions indicate that the return will be paper filed when e-file critical diagnostic messages are present in the return. If you mark this checkbox, the e-file filing instructions indicating the return will be e-filed despite the IRS delay to the start of the filing season will be included when the return is ready for delivery to the taxpayer.

### Forms, schedules, and worksheets

All forms, schedules, calculations, and supporting worksheets are provided with this version of UltraTax/1040. However, at the time of update, many tax forms, instructions, IRS publications, and related schedules and worksheets were not available in final format from the IRS. As a result, these forms are based on either a 2013 draft or a prior-year version. Thomson Reuters **highly recommends** you do not file any individual returns until final approval has been received.

### Form approval status

You can use the UltraTax CS Home Page to determine the approval status of 1040 forms. To do so, click the Product Information link, click the 1040 tab, click the Federal link, and then click the Form status link. Also, UltraTax CS generates a diagnostic message for each return requiring a form not yet approved. To view these messages in the Diagnostics window, choose View > Diagnostics when you have the return open in UltraTax CS. Updates to form approval status information are distributed via CS Connect.<sup>™</sup>

### Form 8960, Net Investment Income Tax - Individuals, Estates and Trusts

On December 2, 2013, the IRS published final and proposed regulations to provide guidance on the computation of net investment income for Form 8960. The final and proposed rules can be found at <http://www.gpo.gov/fdsys/pkg/FR-2013-12-02/pdf/2013-28410.pdf>. Form 8960 is in draft format and the draft instructions were just released. Due to these developments, Screen ACA Tax and Form 8960 and any applicable worksheets are not finalized for this update. Complete calculations for Form 8960 will be provided on a future UltraTax/1040 update.

### Schedule D Capital Gains and Losses

The IRS now allows certain transactions to be combined and the total amount to be reported directly on Schedule D without being reported on Form 8949. The transaction must be reported on a Form 1099-B that indicates basis was reported to the IRS and does not show a disallowed wash sale loss in box 5. In reaction to this new Schedule D reporting, the following changes have been added to UltraTax/1040:

- Code **4, Reported on Sch D – 1099-B with basis reported to the IRS no adjustments** has been added to the drop down attached to the **8949 Box** field located in the *Schedule for detail* statement dialog on Screen B&D in the Income folder.
- An UltraTax/1040 Critical diagnostic will display when a transaction has an adjustment amount and is coded **4, Reported on Sch D – 1099-B with basis reported to the IRS no adjustments**.
- The IRS does not require an attached statement to explain the entries on the new Schedule D lines 1a or 8a. However, UltraTax/1040 will print worksheets for line 1a and 8a to assist in transaction tracking.
- With this update, added a new Other Return Option to allow the preparer to choose how many transactions must be present before the new Schedule D lines 1a/8a worksheets will print.
- The Schedule D Worksheets have been separated between worksheets that support Schedule D amounts and worksheets used to calculate tax using the maximum capital gains rates. Form Folder DWrk contains the worksheets supporting Schedule D lines 1a, 8a, 18, and 19. Form Folder DTaxWrk contains the Qualified Dividends & Capital Gains Worksheet and Capital Gain Tax Worksheet. The Capital Loss carryover worksheet has been moved to the Form Folder CO.

### **New 20% Net Capital Gain Rate**

As amended by the American Taxpayer Relief Act of 2012, beginning in 2013 a new capital gains rate of 20 percent will apply to adjusted net capital gains if the gain would otherwise be subject to the 39.6 percent ordinary income tax rate. Prior to 2013, the highest maximum capital gain rate was 15 percent. The IRS has not released all affected forms in final format, this includes instructions and related supporting worksheets from IRS Publications. Complete calculations for the new 20% capital gains rate will be provided on a future UltraTax/1040 update.

### **Nonrefundable Personal Credit Limitation Worksheet**

The Nonrefundable Personal Credit Limitation Worksheet is based on worksheets from the IRS instructions for the applicable form, and provides details on the limitation for each nonrefundable credit. The top section of the worksheet provides amounts from the tax return that are used in the limitation calculation. The limitation for each credit is then presented in a six-line worksheet:

- Lines 1 through 3 are the mathematical calculation of the limitation.
- Line 4 provides the line number of the appropriate form where the credit from line 3 is reported.
- Line 5 indicates the type of tax (regular and/or AMT) that was used for line 1.
- Line 6 indicates what other credits are used in the calculation of line 2.

The bottom section is specific to the nonrefundable limitation calculation required when completing Form 8863, Education Credits (American Opportunity and Lifetime Learning Credits). As the IRS releases the form instructions for these credits, UltraTax/1040 will be updated to include full support for the Nonrefundable Personal Credit Limitation Worksheet.

### **Tax Projection Worksheets**

The Tax Projection Worksheets for tax year 2014 projections will be available in final format on a future update of UltraTax/1040.

### **UltraTax CS Source Data Entry utility**

Schedule K-1 forms are now available for data entry in the UltraTax CS Source Data Entry utility.

### **CHANGES**


- New letter variable [marginal tax bracket], **F marginal tax bracket – decimal display (39.6)** has been added to allow the tax bracket to print within client documents.



- Pre-existing, letter variable [marg tax bracket] **F marginal tax bracket – whole no. display (39)** is a whole number type and best suited for use in Print-if Variable to Amount comparisons.
- With this update, a new *State postal code of Old responsible party* field has been added to Screen 8822B in the General folder. This field is used to update the *Form 8822-B IRS Service Center* field on Screen 8822B when Form 8822-B is being filed only to change responsible party information. The *Form 8822-B IRS Service Center* field will still be based on the old mailing address if old mailing address information is entered on Screen 8822B.
- With this update, the 2013 state health insurance amounts for Form 8941, Credit for Small Employer Health Insurance Premiums purposes have been updated as a result of the just released final instructions.
- Noncash contributions entered with a *Deduction code* entry of 1 (Appraised fair market value) on Screen 8283P2 in the Itemized Deductions folder will no longer be reported in column (h) on Form 8283 page 2, line 5. The calculated deduction amount reported on Schedule A, line 17 will reflect the FMV entered on Screen 8283P2.

### UltraTax CS Home Page

The UltraTax CS Home Page contains links to frequently-used functions, displays important information regarding the status of UltraTax CS, and provides statistical summaries of product and client information. Links are available for alerts and product and electronic filing news, electronic filing live for status information, client profiles, custom links and URLs you specify, information about the availability of software updates, and product support and knowledgebase. The Home Page is automatically displayed when UltraTax CS is first opened. You may view the Home Page at any time by clicking the

Home Page  button in the toolbar. If you prefer to change how frequently the Home Page is displayed, choose Setup > User Preferences, click the Home Page tab, and select a frequency in the *Display the Home Page* drop-down list.

### ULTRATAX/1040 CLIENT ORGANIZER (IF LICENSED)

#### CHANGE

With this update, the issue of sporadic occurrences of Organizer Form ID: Rent printing continuation pages when they weren't necessary has been addressed.

Refer to [User Bulletin 1040US-13.2.0, Initial Release](#) for important Client Organizer processing tips. Refer to [User Bulletin 1040US-13.1.0, Email Client Organizer Procedures](#) and [User Bulletin 1040US-13.1.0, Web Client Organizer Procedures](#), for more information and processing steps for the Electronic Client Organizer feature.

### Help & How-To Center

The Help & How-To Center provides one-stop access to the information you need while using UltraTax CS. We've combined all content from the help system and the Support knowledgebase into a single repository that is hosted on our website and accessible directly from within UltraTax CS. For more information on the Help & How-To Center, including sample searches, see [Finding answers to your UltraTax CS questions](#).