



2021 ULTRATAX/1040, v.2021.3.5
User Bulletin 1040US-21.3.5: Update

April 7, 2022

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

CHANGES

This update includes the following changes.

- Form 8867, Paid Preparer's Due Diligence Checklist, will now print with the return when Schedule 8812, Credits for Qualifying Children and Other Dependents, lines 12 and 40 both have amounts. Prior to this update, Form 8867 did not print with the return. Returns completed prior to this update, with this scenario, should be reviewed.
- Form 1040-X, Amended U.S. Individual Income Tax Return, Line 15 Refundable credits will now include the Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals, and Schedule H, Household Employment Taxes, post-March 31, 2021 sick and family leave credit amounts and the Screen OtherTax *Other tax payments* amounts. These amounts will also be included in the Screen Amend *Other refundable credits* field when the *Transfer original information* field is marked. If original return data was already transferred to Screen Amend, then update the *Other refundable credits* field with the correct amount, as originally filed. See the [Complete Form 1040X Amended Return](#) article for specific steps to prepare an amended return.
- State withholding amounts entered on Screen 1042S in the Nonresident Alien folder will no longer double on the state return for which the withholding amount is coded to. Returns completed prior to this update with state withholding entered on Screen 1042S and a state return attached to the client should be reviewed for the withholding amount reported on the state return.

Pass-through Entity Tax (PTET) Credit for 1040 State Returns

A new Help & How-To Center article called [Enter a pass-through entity tax \(PTET\) credit for a 1040 return](#) has been added with tips and guidance on UltraTax data entry for reporting the pass-through entity tax (PTET) for the 2021 state tax return. The article includes links to the states with PTET and specific data entry needed.

Important Information Regarding UltraTax CS 2021 e-filing

Comprehensive resources are available to you to help you with electronic filing in UltraTax:

- Refer to [User Bulletin 1040US-21.1.0, Electronic Filing Setup Procedures](#) for more information on setup procedures and other information such as bank product enrollment you may need to address prior to electronically filing 1040 returns with UltraTax CS.
- Refer to [Electronic Filing – 1040 Processing Procedures](#) for more information on the UltraTax CS processing steps for electronically filing.
- Refer to [User Bulletin 1040US-21.1.0, eSignature Processing Procedures](#) for more information and processing steps for the eSignature feature for the Individual Engagement Letter, Consent to

Disclosure of Tax Information (IRC Section 7216), and Consent to Use Tax Information (IRC Section 7216).

- Refer to [Electronic Filing – FinCEN Form 114 \(FBAR\) Processing Procedures](#) for more information on the UltraTax CS processing steps for electronically filing FinCEN Form 114.
- All states require that you have been accepted to electronically file with the IRS. Refer to the [State electronic filing guide](#) to view state taxing authority contact information, as well as certain state electronic filing requirements, processes, and deadlines.

Important IRS Electronic Filing Dates for April Deadline

- **April 18, 2022** is the last date to transmit Form 114, Report of Foreign Bank and Financial Accounts (FBAR) to FinCEN.
- **April 18, 2022** is the last date to transmit timely filed electronic returns and Form 4868 extensions.

Processing Reminder! Historically, the 5 days preceding the filing deadline is the highest transmission period for returns and extensions for the IRS. During this period, transmissions and acknowledgements may be delayed. Thomson Reuters recommends that preparers transmit returns and extensions as soon as possible prior to April 13 instead of accumulating a large batch of returns and extensions and transmitting them on April 18. *Because transmissions are nearly instantaneous, the CS Connect dialog has no option to recall transmitted returns. Also, Thomson Reuters Customer Service does not have the ability to recall transmitted returns.*

- **April 23, 2022** is the last date to retransmit rejected timely filed electronic returns and Form 4868 extensions.

For answers to your questions on due dates, grace periods, batch extension processing, electronic payments, and e-filing, refer to the [UltraTax CS Spring Deadline Toolkit](#) for more information. Should you require assistance with the retransmission of rejected returns and extensions, Thomson Reuters Customer Service and Product Support hours are listed in the Help, Support & Ideas section of the UltraTax CS homepage.

Forms now available with this update

The following are now available for electronic filing with this update:

- Form 1040-SS or 1040-PR, U.S. Self-Employment Tax Return (Including the Additional Child Tax Credit for Bona Fide Residents of Puerto Rico)
- Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations
- Form 8858, Information Return of U.S. Persons With Respect to Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs)

Important electronic filing information

- The IRS disabled the following errors F3800-187-01, F3800-188-01, F8881-002, IND-247-01, S3-F1040-286, F461-005, F8962-327, F8962-328, F8962-329, S1-F1040-296, and S1-F1040-297. Returns previously receiving any of these errors on the E-File Error Report can now create and transmit the electronic file with this update.
- Form 8959, Additional Medicare Tax, Part V, Line 24 cannot be electronically filed with a Form 1040-SS or 1040-PR return for tax year 2021 due to an issue with IRS specifications. IRS guidance recommends to file these returns on paper.

- The IRS provided a workaround for returns receiving the F2441-023-01 rejection code from the IRS. This rejection would have occurred if Form 2441, line B is blank and Form 2441, line 11 is limited to \$0 because of the tax limitation. The IRS has requested that returns with that Form 2441 scenario do not include Form 2441 information in the electronic file to pass IRS electronic filing error checking. Returns previously rejected with the F2441-023-01 error code that had Form 2441, line B blank and Form 2441, line 11 limited to \$0 can be recreated and transmitted again with this update.
- The IRS has verified the F8962-070 error code is working as intended. For returns rejected with F8962-070, either Form 8962 needs to be included in the electronic file or a statement containing the reason(s) Form 8962 is not required needs to be attached to the electronic file using the description ACA Explanation. Use the *Reason(s) why Form 8962 not required with return (ELF only for ACA Explanation in F8962-070 rejection)* statement field on Screen Coverage in the Health Care input folder. If Form 8962 is not required to be attached to the return, enter the reason(s) why in this statement to include the IRS required ACA Explanation binary attachment in the electronic file. After entering the reason(s), the electronic file can be recreated and transmitted.
 - On March 22, 2022, the IRS released a filing season alert on Form 8962. Beginning with tax year 2021 electronically filed tax returns will be rejected if the taxpayer is required to reconcile advance payments of the premium tax credit on Form 8962, Premium Tax Credit, but does not attach the form to the tax return. Refer to [How to correct an electronically filed return rejected for a missing Form 8962](#).
 - With this update, a new UltraTax diagnostic has been added to remind tax preparers to confirm with the taxpayer whether or not they signed up their health insurance coverage from a "Marketplace" or an "Exchange" and get help to pay their insurance premiums via advance premium tax credits (APTC) that need to be reconciled on Form 8962.
- As reported back in [December 2021](#), for tax years beginning after January 1, 2021, Form 8915-E, Qualified 2020 Disaster Retirement Plan Distributions and Repayments, is replaced by Form 8915-F, Qualified Disaster Retirement Plan Distributions and Repayments. Form 8915-F is designed as a multi-year form for disasters occurring on or after January 1, 2021. Additional alphabetical Forms 8915 will not be issued. The IRS will reject any Form 8915-E in the 2021 e-file due to its obsolescence.
- The IRS does allow amended electronic filing for 1040 returns. The IRS accepts amended 1040 tax returns electronically for tax year 2019 and subsequent tax years.
- UltraTax/1040 supports electronic filing of tax year 2019 and 2020 (prior-year) returns. The IRS intends to support electronic filing of 2019 tax year returns in 2020, 2021, and 2022 processing years, 2020 tax year returns in 2021, 2022, and 2023 processing years, and 2021 tax year returns in 2022, 2023, and 2024 processing years.
- For refund information, IRS Publication 2043, IRS Refund Information Guidelines for the Tax Preparation Community, directs taxpayers to their Where's My Refund site. See the IRS page <http://www.irs.gov/Refunds> for additional guidance.

Form 8962, Premium Tax Credit and Electronic Filing Error Code F8962-006-01


If Form 8962, Box A is marked to indicate unemployment compensation was received by the taxpayer, or spouse if applicable, then Form 8962, line 5, Household income as a percentage of federal poverty line should be 133%. This percentage is used according to page 8 of the [Form 8962 instructions](#) and also the IRS's Known Issues and Solutions for electronic filing. If Box A is marked and line 5 is not 133%, the IRS will reject the return with error code F8962-006-01. Tax preparers should avoid overriding line 5 on Form 8962.

Also for Form 8962 filers, if the result of line 3, Household income, divided by line 4, Federal poverty

line, equals 400% or greater, Form 8962, line 5 should be no greater than 401%. This is according to the Worksheet 2, Household Income as a Percentage of the Federal Poverty Line, in the [Form 8962 instructions](#). Further, for electronic filing purposes, if line 5 calculates to 400%, then 401% should be used for electronic filing purposes to pass the IRS's electronic filing error checking. This is an IRS workaround for their error checking from the IRS Known Issues and Solutions for electronic filing. If Form 8962, line 5 calculates to 400%, UltraTax will use 401% in the electronic file automatically. If Form 8962, line 5 is overridden to be greater than 401% and is electronically filed, the IRS will reject the return with error code F8962-006-01.

Viewing electronic filing alerts and news and electronic filing reports

Occasionally, federal and state taxing authorities experience electronic filing processing issues, such as delayed acknowledgments or downtime for processing center hardware maintenance. Thomson Reuters reports any known processing delay issues in the **Alerts** section and the **Electronic filing and other product news** sections of the UltraTax CS Home Page. In addition, important and timely E-File Tips are included in **Electronic filing and other products news** section. The **Electronic filing transmission status – Live!** section shows electronic files that are pending transmission, transmitted to agency, or accepted / rejected by agency but awaiting retrieval of acknowledgments. Per-return pricing (PRP) and electronic filing fee reports are available online at cs.thomsonreuters.com/myaccount/prpelf (you must log in to your Web Account).


Note: To view the Home Page at any time, click the Home Page button  in the toolbar.

DATA MINING

Data Mining is a powerful and versatile tool that enables you to search your UltraTax CS product databases for clients with specific characteristics. Using Data Mining, you can identify your client's tax accounting needs, pinpoint tax savings opportunities, and target your client communications effectively, such as client letters for client engagements, tax planning services, cross-selling services, firm privacy policy, Roth IRA conversions, appointment reminders, extension reminders, estimate due date reminders, Offer In Compromise (OIC) reminders, retirement plan catch-up contribution reminders, minimum required distribution from traditional IRA reminders, bank account verification, introduction to Web Client Organizer and personalized private portals, and electronic funds withdrawal (direct debit) reminders, or you can create your own user-defined versions.

To open the UltraTax CS Data Mining feature, choose Utilities > Data Mining. For more detailed information from the Help & How-To Center about using Data Mining, including how to search a client database, refer to [Building Data Mining searches](#). Or for examples of using Data Mining, refer to [UltraTax CS: Data Mining Examples](#).


ULTRATAX 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, eSignature status live, client profiles, custom links and URLs you specify, information about the availability of software updates, and product support and the Help & How-To Center. 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.

HELP & HOW-TO CENTER

The Help & How-To Center provides one-stop access to the information you need while using UltraTax

CS. You may also access the  from the UltraTax CS Home page where we have gathered popular resources with trusted answers to your UltraTax CS questions, such as [2021 UltraTax CS alerts and notices](#) where you can learn important information related to your software, such as the status of known issues, recently corrected problems, and answers to common questions. For more information on the Help & How-To Center, including sample searches, see [Finding answers to your UltraTax CS questions](#).