



2022 ULTRATAX/1040, v.2022.3.2
User Bulletin 1040US-22.3.2: Update

March 2, 2023

CHANGES

This update includes the following changes.

- A new field has been added to Screen Pen in the Payments folder for the *Disaster relief date* which can be used for any [disaster relief](#) offered now or in the future by the IRS based on FEMA's declarations of individual assistance. The date entered in this field will be applied to the return due date, estimated tax payment due dates, penalty and interest calculations, and client documents. Refer to the IRS [Around the Nation](#) page for specific state and local areas. Individual taxpayers do not need to file any forms or call the IRS to qualify for this automatic federal tax filing and payment relief. The IRS identifies taxpayers qualifying for disaster relief based on their zip code.
 - State agencies may or may not follow the IRS disaster relief provisions so refer to the applicable state agency for guidance.
 - The IRS will not be adjusting their MeF electronic filing business rules for the relief guidance, such as business rules for using electronic funds withdrawal (EFW) for tax balance due or estimated tax payments. If the taxpayer wishes to use an alternative method to schedule payments past the original due date, such as pay directly from their bank account for free, or with a credit or debit card for a fee, refer to <https://www.irs.gov/payments> for additional information on these and other electronic payment options or how to pay from a mobile device. **Refer to the IRS MeF and Disaster Relief section below.**
 - Refer to [Disaster procedures in UltraTax CS](#) for more information.
- Section 174 statement in lieu of Form 3115, Application for Change in Accounting Method will no longer repeat the text "with the mid-point of the taxable year in which such expenditures are paid or incurred in accordance."
- Form 8962, Premium Tax Credit (PTC), Line 5 and the supporting worksheets will now limit the percentage field to 3 digits. Returns that calculate a household income percentage of the federal poverty line greater than 3 digits should be reviewed.
- The Qualified Charitable Distribution Worksheet is updated for the limitation to include the previous year IRA deduction when a Traditional IRA QCD did not exist. Returns completed prior to this update should be reviewed.
- The Qualified Conservation Contribution Carryover Worksheet (in the Wrk9 folder) print condition was updated so that it will print if there are only 100% limitation carryovers, or all of the carryovers are utilized in the current year. Previously, it printed when 50% limitation carryovers were present, but not if only 100% limitation carryovers were present. This did not affect the calculation of the return or what was reported to the IRS.
- The Form 1040-X, Amended U.S. Individual Income Tax Return, will now include any Schedule H sick or family leave credits reported on Schedule 3.
- Refundable credits from Schedule H, Household Employment Taxes lines 8e and 8f will now flow to Form 1040, Schedule 3, Additional Credits and Payments, lines 13b and 13h. Returns completed

prior to this update should be reviewed for accuracy. UltraTax CS Data Mining can be used to identify clients with refundable credits on Schedule H lines 8e and 8f. In step 2 of Data Mining choose the *Schedule H Refundable Credits* search. Refer to the Data Mining section below.

- The UltraTax CS feature to export data to Bloomberg Income Tax Planner (BNA) (If Licensed) version 2022.1 or higher is available with this update. Open the Export dialog by choosing Utilities > Third Party > BNA (Export) when a 1040 client is open.

Form 8915-F, Qualified Disaster Retirement Plan Distributions and Repayments

As of this update, the IRS has only released [draft instructions](#) as well as a new draft (2/24/2023) of this form. Beginning with tax year 2022, the IRS is asking for certain worksheets from the instructions to be attached to the Form 8915-F. The IRS advises to not rely on draft forms, instructions, and publications for filing since drafts of instructions and publications usually have some changes before their final release. Once the IRS releases the final version of the Form 8915-F and instructions, a future 1040-US software update will include the updated form, updated worksheets, and required input screen changes.

IRS guidance about 2022 state special tax refunds or payments

The IRS issued [IR-2023-23](#) on February 10, 2023, around the question of taxability of special tax refunds and payments made by 21 states in 2022. This guidance gives clarification that in many states, taxpayers will not need to report these payments on their 2022 tax returns.

Read the complete [IRS guidance](#), but in general, the IRS determined it will not challenge the taxability of payments related to general welfare and disaster relief. This means that taxpayers in the following states do not need to report these state payments on their 2022 tax return: California, Colorado, Connecticut, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Maine, New Jersey, New Mexico, New York, Oregon, Pennsylvania, and Rhode Island. Alaska is in this group as well but see [IRS guidance](#) for more information.

Refund of state taxes paid

Many taxpayers in Georgia, Massachusetts, South Carolina, and Virginia also will not include state payments in income for federal tax purposes if they meet certain requirements. For these individuals, state payments will not be included for federal tax purposes if the payment is a refund of state taxes paid *and* either the recipient claimed the standard deduction or itemized their deductions but did not receive a tax benefit.

General welfare and disaster relief payments.

For a list of these state specific payments, refer to this [IRS chart](#).

Important Information Regarding UltraTax CS 2022 e-filing

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

- Refer to [User Bulletin 1040US-22.1.0, 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-22.1.0, 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).

- For more information on state general electronic filing information you may need to address prior to electronically filing state returns, contact the state electronic filing coordinator for the applicable state for further information, or view our State Electronic Filing Guide online at [State Electronic Filing Guide](#). From here, click any state to obtain taxing authority contact information, as well as IRS and certain state electronic filing requirements, processes, and deadlines.
- 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.
- UltraTax CS has a form and e-file status webpage that gives you detailed federal and state [form and e-file approval status](#) information so you can more easily determine the approval status. This page provides a detailed view of federal and state form and e-file status information.

Forms not available with this update

The following are not available for electronic filing with this update:

- Form 8915-F, Qualified Disaster Retirement Plan Distributions and Repayments

Important electronic filing information

- 2022 Form 8960 instructions for line 4a indicate that both nonpassive and passive income from Schedule 1 (Form 1040), line 3 (the Schedule C gain or loss) should be included on Form 8960, line 4a. Nonpassive income is then adjusted out as applicable on Form 8960, line 4b. Overriding Form 8960, line 4a to not include amounts reported on Schedule 1, line 3 and overriding Form 8960, line 4b to remove the program calculated adjustment for the nonpassive income from Schedule 1, line 3 can lead to the IRS rejecting an electronically filed return with the F8960-019-05 error code.
- The IRS has verified error F8864-010 is incorrectly rejecting returns that include Form 8864. The IRS is updating their error checking system to disable this error, projected to be resolved on or before April 1, 2023.
- Refund Advantage (a division of Pathward) and EPS Financial (a division of Pathward) have extended the application cut-off date for refund advance (loan) applications from March 1st to March 15th. This update will allow for refund advance applications to be created and transmitted through March 15th. Please note that Pathward will reject refund advance applications starting March 16th.
- The IRS does allow amended electronic filing for 1040 returns. The IRS accepts amended 1040 tax returns electronically for tax year 2020 and subsequent tax years.
- UltraTax/1040 supports electronic filing of tax year 2020 and 2021 (prior-year) returns. The IRS supports electronic filing of 2020 tax year returns in 2021, 2022, and 2023 processing years, 2021 tax year returns in 2022, 2023, and 2024 processing years, and 2022 tax year returns in 2023, 2024, and 2025 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.

IRS MeF and Disaster Relief

The IRS does not adjust their MeF electronic filing business rules for the relief guidance, such as business rules for using electronic funds withdrawal (EFW) for tax balance due or estimated tax payments. You can follow these guidelines.

- For returns electronically filed on or prior to 4/18/23 but using a Disaster relief date later than 4/18/23, an EFW requested payment date for a balance due return can be entered on Screen ELF that is before or equal to the disaster relief date.

- For returns electronically filed after 4/18/23 and using a Disaster relief date later than 4/18/23, the EFW requested payment date entered on Screen ELF will need to be no later than the date the taxpayer’s electronic file is transmitted to the IRS. For example, if the electronic file is transmitted on the 5/1/23, the requested payment date for EFW would need to be 5/1/23 in order to pass IRS electronic filing error checking. See the CHANGES section above for alternative methods of making an EFW payment for a return with the following conditions:
 - Using a disaster relief date later than 4/18/23, and
 - Is electronically filed after 4/18/23, and
 - Wants to use a requested payment date for EFW that is later than the date the electronic file is transmitted to the IRS.
- If using the Disaster relief date and electronically filing after 4/18/23, please be aware that electronic funds withdrawal information for an estimated tax payment cannot be included in the electronic file if the return is electronically filed after the original due date of the estimated payment. For example, if filing a return on 5/1/23, the 1st quarter estimated tax payment would not be allowed to use EFW with the electronically filed return as it is past the original 1st quarter due date of 4/18/23. This is due to IRS electronic filing error checking. See above for alternative methods of making an EFW payment for an estimated tax payment for a return with the following conditions:
 - Using a disaster relief date later than 4/18/23, and
 - Is electronically filing after 4/18/23, and
 - Wants to make a quarterly estimated tax payment using the disaster relief date.

e-Filing Ten Business Day Rule

A state electronic requirement is implemented in CS Connect to prevent electronic files created on older versions of the UltraTax CS software from being transmitted from Thomson Reuters to the state agency when a newer version of the software is available. The Federation of Tax Administrators recommendation for tax returns adopted by states mandates that “users/customers of this product who attempt to e-file 10 or more business days after a production release will be required to download and apply the product update.” The ten business day rule for transmitting electronic files is tied to the date of the most recent applicable UltraTax CS software update.

CS Connect will do the following:

- Transmit electronic files to the state agency that have been created on the latest version of the applicable UltraTax CS software
- Transmit electronic files to the state agency within 10 business days from the release of the applicable UltraTax CS software update
- Issue a CS Connect rejection message if either of the preceding two criteria are not met and indicating that you must download the latest version of the applicable software, re-create the electronic file, and transmit to Thomson Reuters. CS Connect will not transmit electronic files if ten business days have passed since a newer software update is available.

This state requirement will limit the amount of time you can keep an electronic file before transmitting if a newer software update is available. This may impact firm workflow and the processing of client tax returns. This will limit the amount of time you can keep a return in the Electronic Filing Status System without releasing it.

Thomson Reuters highly recommends you keep up-to-date on the most recent software updates to ensure you are processing returns with the latest forms and calculations. You can use [CS Connect Background Services](#) to keep UltraTax CS updated. To enable this feature, choose Setup > System

Configuration, click the CS Connect tab, mark the *Enable CS Connect Background Services* button, and select the desired options.

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, electronic filing tips, 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 [2022 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](#).

THOMSON REUTERS COMMUNITY

Connect with your peers to discuss and get answers to your questions that apply to the breadth of the CS Professional Suite products. An account is required. [Visit the Community](#).