ONESOURCE TRUST TAX

RELEASE NOTES

VERSION 19.03.01

Document Version 1

THOMSON REUTERS®

DOCUMENT HISTORY

VERSION NUMBER	VERSION DATE	SUMMARY
1	August 7, 2019	Initial publication.

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ONESOURCE TRUST TAX 19.03.01 RELEASE NOTES

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RELEASE HIGHLIGHTS

ONESOURCE Trust Tax version 19.03.01 includes bug fixes and introduces the following features:

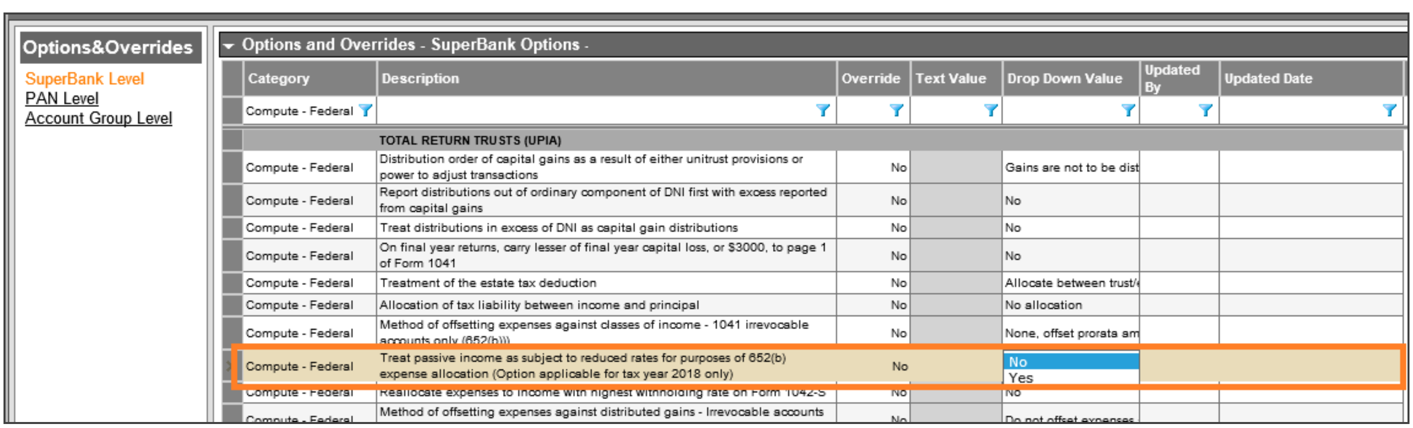
- Option for treatment of passive income for Section 652(b) expense allocation for 2018
- Updates for Form 461 for 2018 and forward

NEW FEATURES

The topics below describe features added with this release.

Options and Overrides

The **Treat passive income as subject to reduced rates for purposes of 652(b) expense allocation** Compute-Federal option (referred to as the **Treat passive income** option) was added. The option is applicable for tax year 2018 only and applies to 1041 and 5227 accounts. The default is to not treat passive income as subject to reduced rates. This option provides favorable treatment for passive income since it is likely to be Qualified Business Income (QBI).



This option applies only when either of the following selections is made for the **Method of offsetting expenses against classes of income** option:

- **Offset against lowest marginal tax rate income last**
- **Offset against lowest marginal tax rate income last and U.S. Government Interest next to last**

If one of above selections is made and the **Treat passive income** option is selected, expenses are offset against income (other than passive income and Section 199A REIT dividends) taxed at ordinary rates first, followed by passive income, Section 199A REIT dividends, then reduced rate income.

The following is an overview of how this option impacts the order in which expenses are offset against different classes of income:

- When the **Method of offsetting expenses against classes of income** option is set to **Offset against lowest marginal tax rate income last** and the **Treat passive income** option is set to **No** (not selected):
  1. Income subject to NII taxed at ordinary tax rates (40.8%)-Includes interest, nonqualified dividends (non-Section 199A REIT dividends), annuities from nonqualified plans, passive income
  2. Income not subject to NII taxed at ordinary tax rates (37.0%)-Includes other income subject to ordinary tax rates
  3. Section 199A REIT dividends (32.64%)
  4. Income subject to NII taxed at reduced tax rates (23.8%)-Includes qualified dividends
- When the **Method of offsetting expenses against classes of income** option is set to **Offset against lowest marginal tax rate income last** and the **Treat Passive income** option is set to **Yes** (selected):
  1. Income subject to NII taxed at ordinary tax rates (40.8%)-Includes interest, nonqualified dividends (non-Section 199A REIT dividends), annuities from nonqualified plans
  2. Income not subject to NII taxed at ordinary tax rates (37.0%)-Includes other income subject to ordinary tax rates
  3. Passive income (32.64%)
  4. Section 199A REIT dividends (32.64%)
  5. Income subject to NII taxed at reduced tax rates (23.8%) – Includes qualified dividends
- When the **Method of offsetting expenses against classes of income** option is set to **Offset against lowest marginal tax rate income last and U.S. Government Interest next to last** and the **Treat passive income** option is set to **No** (not selected):

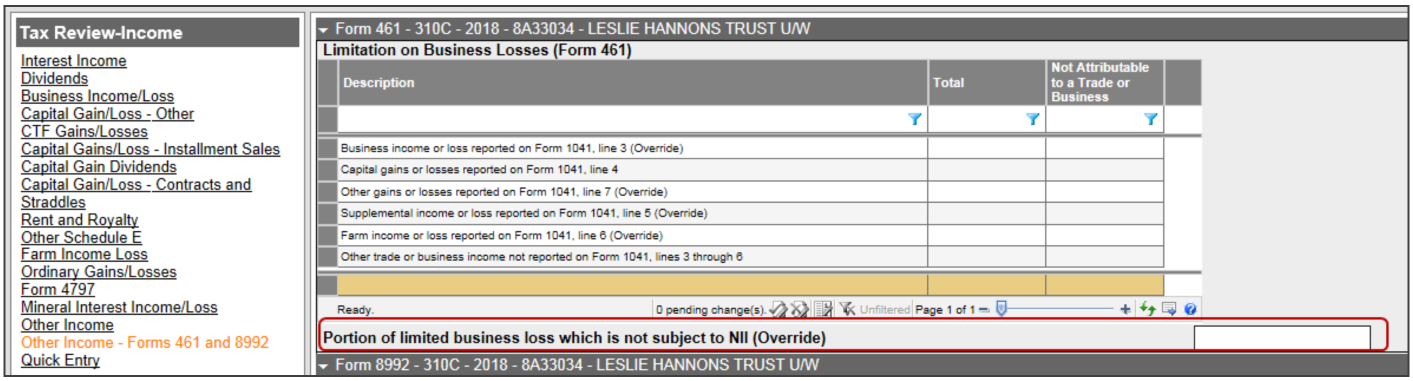
1. Non-U.S. Government income subject to NII taxed at ordinary tax rates (40.8%)-Includes non-U.S. Government interest/nonqualified dividends (non-Section 199A REIT dividends), annuities from nonqualified plans, passive income
2. U.S. Government interest/dividends subject to NII taxed at ordinary tax rates (40.8%)-Includes U.S. Government interest and U.S. Government interest reported as dividends (non-qualified)
3. Income not subject to NII taxed at ordinary tax rates (37.0%)-Includes other income subject to ordinary tax rates
4. Section 199A REIT dividends (32.64%)
5. Non-U.S. Government Income subject to NII taxed at reduced tax rates (23.8%)-Includes non-U.S. Government interest reported as dividends (qualified)
6. U.S. Government Income subject to NII taxed at reduced tax rates (23.8%)-Includes U.S. Government interest reported as dividends (qualified)

- When the **Method of offsetting expenses against classes of income** option is set to **Offset against lowest marginal tax rate income last and U.S. Government Interest next to last** and the **Treat passive income** option is set to **Yes** (selected):

1. Non-U.S. Government income subject to NII taxed at ordinary tax rates (40.8%)-Includes non-U.S. Government interest/nonqualified dividends (non-Section 199A REIT dividends), annuities from nonqualified plans
2. U.S. Government interest/dividends subject to NII taxed at ordinary tax rates (40.8%)-Includes U.S. Government interest and U.S. Government interest reported as dividends (non-qualified)
3. Income not subject to NII taxed at ordinary tax rates (37.0%)-Includes other income subject to ordinary tax rates
4. Passive income (32.64%)
5. Section 199A REIT dividends (32.64%)
6. Non-U.S. Government Income subject to NII taxed at reduced tax rates (23.8%)-Includes non-U.S. Government interest reported as dividends (qualified)
7. U.S. Government Income subject to NII taxed at reduced tax rates (23.8%)-Includes U.S. Government interest reported as dividends (qualified)

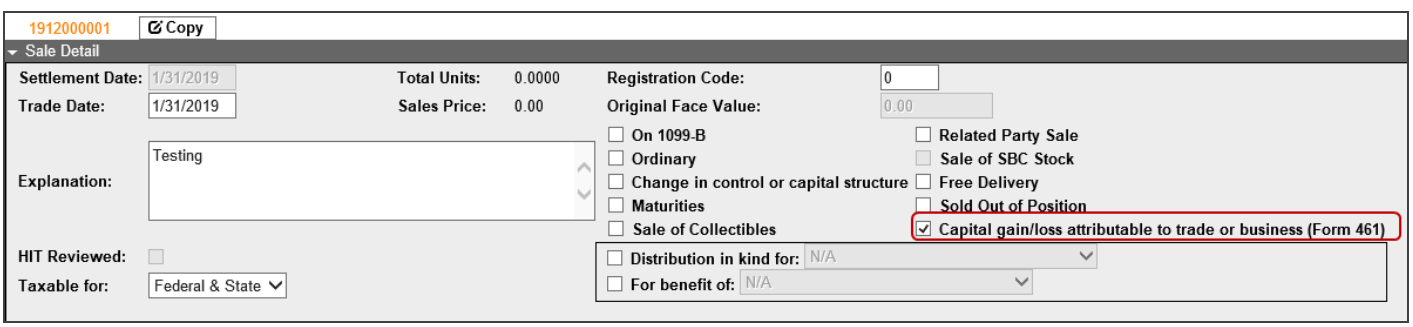
Form 461 Limitation on Business Losses

For tax year 2018 and forward, the **Portion of limited business loss which is not subject to NII (Override)** field was added to the **Form 461** collapsible section on the Other Income-Forms 461 and 8992 page. To access the **Form 461** collapsible section, click the **Tax Review-Income** main topic then click the **Other Income-Forms 461 and 8992** subtopic.



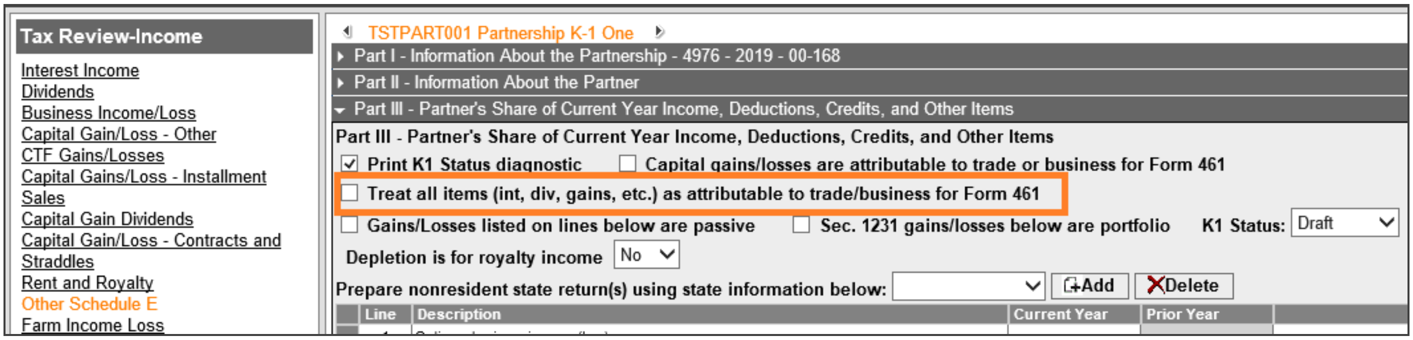
Form 461 Option on Sales Detail

For tax year 2018 and forward, the **Capital gain/loss attributable to trade or business (Form 461)** check box was added to the **Sale Detail** collapsible section on the Sales page. When selected, the capital gain/loss from the sale is considered attributable to a trade or business for purposes of Form 461, and the capital gain/loss does not appear as an adjustment on Form 461, Part II.



Form 461 Option on Other Schedule E Activities

For tax year 2018 and forward, the **Treat all items (int, div, gains, etc.) as attributable to trade/business for Form 461** check box was added to the Part III collapsible section for each K-1 type (Partnership, Estates/Trusts and S-Corp). To access the Part III collapsible section, click the **Tax Review-Income** main topic then click the **Other Schedule E** subtopic.



When the check box is selected:

- All items (including interest, dividends and capital gains) from the K-1 is considered as trade or business for purposes of Form 461
- Capital gain/loss from the sale do not appear as an adjustment in Form 461, Part II
- Interest or dividends are included on line 8 of Form 461 and do not appear as an adjustment in Form 461, Part II

FIXES

For a complete list of ONESOURCE Trust Tax fixes (closed issues), search Trust Tax Known Issues.

KNOWN ISSUES

For a complete list of ONESOURCE Trust Tax known (open) issues, search Trust Tax Known Issues.

ONESOURCE TRUST TAX ADMINISTRATOR WORKSTATION 19.03.01 RELEASE NOTES

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RELEASE HIGHLIGHTS

Updated the version number to 19.03.01. No new features are included in this release.

FIXES

For a complete list of Administrator Workstation fixes (closed issues), search Trust Tax Known Issues.

KNOWN ISSUES

For a complete list of Administrator Workstation known (open) issues, search Trust Tax Known Issues.