

ONESOURCE TRUST TAX

RELEASE NOTES

VERSION 19.03.01

Document Version 1

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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

For documentation and other product information, access [Customer Community](#) then search Knowledge Center. To read a digital version of Release Notes, click [here](#).

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).

Options and Overrides - SuperBank Options -							
Category	Description	Override	Text Value	Drop Down Value	Updated By	Updated Date	
Compute - Federal							
TOTAL RETURN TRUSTS (UPIA)							
Compute - Federal	Distribution order of capital gains as a result of either unitrust provisions or power to adjust transactions	No		Gains are not to be dist			
Compute - Federal	Report distributions out of ordinary component of DNI first with excess reported from capital gains	No		No			
Compute - Federal	Treat distributions in excess of DNI as capital gain distributions	No		No			
Compute - Federal	On final year returns, carry lesser of final year capital loss, or \$3000, to page 1 of Form 1041	No		No			
Compute - Federal	Treatment of the estate tax deduction	No		Allocate between trust/s			
Compute - Federal	Allocation of tax liability between income and principal	No		No allocation			
Compute - Federal	Method of offsetting expenses against classes of income - 1041 irrevocable accounts only (652(b))	No		None, offset prorata am			
Compute - Federal	Treat passive income as subject to reduced rates for purposes of 652(b) expense allocation (Option applicable for tax year 2018 only)	No		No Yes			
Compute - Federal	Reallocate expenses to income with highest withholding rate on Form 1042-S	No		No			
Compute - Federal	Method of offsetting expenses against distributed gains - Irrevocable accounts	No		Do not offset expenses			

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.

The screenshot shows the 'Tax Review-Income' interface. On the left is a navigation menu with links: Interest Income, Dividends, Business Income/Loss, Capital Gain/Loss - Other, CTF Gains/Losses, Capital Gains/Loss - Installment Sales, Capital Gain Dividends, Capital Gain/Loss - Contracts and Straddles, Rent and Royalty, Other Schedule E, Farm Income/Loss, Ordinary Gains/Losses, Form 4797, Mineral Interest Income/Loss, Other Income, Other Income - Forms 461 and 8992, and Quick Entry. The main area displays 'Form 461 - 310C - 2018 - 8A33034 - LESLIE HANNONS TRUST U/W'. Below this is a table titled 'Limitation on Business Losses (Form 461)' with columns: Description, Total, and Not Attributable to a Trade or Business. The table lists various income and loss categories with corresponding values. At the bottom, a red box highlights the field 'Portion of limited business loss which is not subject to NII (Override)' with a text input area.

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.

The screenshot shows the 'Sale Detail' interface for a sale on 1/31/2019. It includes fields for Settlement Date, Trade Date, Total Units (0.0000), Sales Price (0.00), and Registration Code (0). There are checkboxes for various sale types: On 1099-B, Ordinary, Change in control or capital structure, Maturities, Sale of Collectibles, Related Party Sale, Sale of SBC Stock, Free Delivery, and Sold Out of Position. A red box highlights the checkbox 'Capital gain/loss attributable to trade or business (Form 461)', which is checked. Below this are dropdown menus for 'Distribution in kind for' and 'For benefit of', both set to 'N/A'.

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.

The screenshot shows the 'TSTPART001 Partnership K-1 One' form. On the left is a 'Tax Review-Income' sidebar with links like 'Interest Income', 'Dividends', 'Business Income/Loss', etc. The main area shows 'Part III - Partner's Share of Current Year Income, Deductions, Credits, and Other Items'. Within this section, there are several checkboxes: 'Print K1 Status diagnostic' (checked), 'Capital gains/losses are attributable to trade or business for Form 461' (unchecked), and 'Treat all items (int, div, gains, etc.) as attributable to trade/business for Form 461' (unchecked and highlighted with an orange box). Other options include 'Gains/Losses listed on lines below are passive', 'Sec. 1231 gains/losses below are portfolio', and 'K1 Status: Draft'. At the bottom, there's a table with columns 'Line', 'Description', 'Current Year', and 'Prior Year'.

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

For documentation and other product information, access [Customer Community](#) then search Knowledge Center. To read a digital version of Release Notes, click [here](#).

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](#).