ONESOURCE TRUST TAX

RELEASE NOTES

VERSION 20.00.02

Document Version 1

THOMSON REUTERS®

DOCUMENT HISTORY

VERSION NUMBER	VERSION DATE	SUMMARY
1	January 30, 2020	Initial publication.

TABLE OF CONTENTS

ONESOURCE TRUST TAX 20.00.02 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 20.00.02 includes bug fixes and introduces the following features:

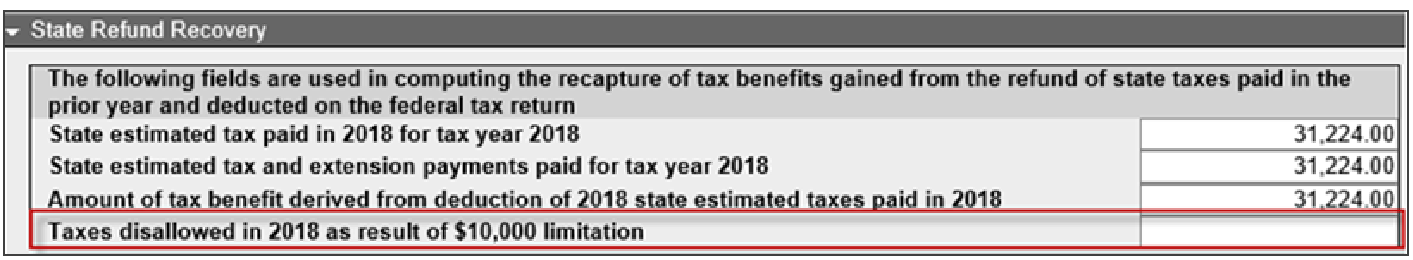
- State Refund Recovery calculations

NEW FEATURES

State Refund Recovery

Beginning in tax year 2019, the **Taxes disallowed in 2018 as result of $10,000 limitation** field was added to the **State Refund Recovery** collapsible section on the Other Income page. To access the Other Income page, click the **Tax Review-Income** main topic then click the **Other Income** subtopic.

The following graphic shows where the added field is located in the **State Refund Recovery** collapsible section:



For tax years 2020 and forward, this field automatically populates with information from the prior year return. For tax year 2019, this value was not saved from the 2018 tax return compute. Consequently, if taxes were disallowed as a result of the $10,000 limitation on the 2018 return, then the disallowed amount must be entered in the field if the return meets the following parameters:

- The **Only include refund for which tax benefit was derived in preceding tax year** Compute-Federal option is set to **Yes**.
- A state refund exists in the 2019 return.

The following graphic shows the **Only include refund for which tax benefit was derived in preceding tax year** Compute-Federal option:

	STATE TAX REFUND RECOVERY (Determination of amount to be included as Other Income on Form 1041)			
Compute - Fe...	Only include refund which resulted from overpayment of state tax which was actually paid in preceding tax year	No		No
Compute - Fe...	Only include refund for which tax benefit was derived in preceding tax year	Yes		Yes

The following severe diagnostic generates as part of the tax return print file for 2019 returns that meet the parameters listed above but have no amount entered in the **Taxes disallowed in 2018 as result of $10,000 limitation** field:

> State Tax Refund Recovery:
> Taxes allowed as a deduction on the 2018 Form 1041 were greater than or equal to $10,000. If taxes were limited to the $10,000 threshold on the 2018 return, please enter any amount which was disallowed on Tax Review-Income, Other Income, State Refund Recovery collapsible section in the field provided.

IRS Revenue Ruling 2019-11 provides guidance on state refund recovery as it applies to the $10,000 tax limitation. The Revenue Ruling does not address the order in which the $10,000 limit is applied (state income tax versus real estate tax on non-rental property). As the examples in the Revenue Ruling indicate, if a portion of prior year tax was disallowed as a result of the $10,000 limitation, then all or a part of the state refund will not be considered for inclusion as other income.

The amount of state refund to be excluded equals the lesser of the state refund or the amount of tax disallowed in the prior year. Stated differently, the amount of state refund to be included in other income is equal to the state refund less the amount of tax disallowed in prior year (limited to zero).

The following example is similar to Situation 3 in Revenue Ruling 2019-11:

In 2019, there is $7,200 of state refund, and the **Only include refund for which tax benefit was derived in preceding tax year** Compute-Federal option is set to **Yes**.

In 2018, $4,500 of tax was disallowed as a result of the $10,000 limitation (the total tax subject to the limit was $14,500).

If the 2019 return is processed without entering the $4,500 of 2018 taxes disallowed in the **Taxes disallowed in 2018 as result of $10,000 limitation** field , then a severe diagnostic generates to indicate input is needed in the field. The disallowed tax amount of $4,500 should be entered before reprocessing the return.

Since the current year state refund exceeds the amount of tax disallowed in prior year, the $4,500 of the state refund would not be considered for inclusion as other income. The following graphic shows this determination:

```
OTHER INCOME
------------

   NOT INCLUDED IN SECTION 1411 NET INVESTMENT INCOME
   --------------------------------------------------

     STATE TAX REFUND - PRINCIPAL                       7,200.00
     LESS: STATE REFUND NOT SUBJECT TO RECOVERY         4,500.00
                                                    ------------
   TOTAL (ROUNDED)                                                  2,700.00
                                                                ------------
TOTAL OTHER INCOME                                                  2,700.00
                                                                ============

STATE REFUND RECOVERY DETERMINATION
-----------------------------------
   STATE TAX REFUND (AMOUNT REPORTED ON 1099-G TO IRS)              7,200.00
   AMOUNT OF TAX DISALLOWED IN PRIOR YEAR AS
     RESULT OF $10,000 LIMITATION                       4,500.00
                                                    ------------
     STATE REFUND TAXABLE AS OTHER INCOME
       (ADJ FOR PRIOR YEAR $10,000 LIMITATION)                      2,700.00
                                                                ============
```

FIXES

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

KNOWN ISSUES

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

ONESOURCE TRUST TAX INSIGHT 20.00.02 RELEASE NOTES

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RELEASE HIGHLIGHTS

ONESOURCE Trust Tax Insight version 20.00.02 includes bug fixes and a version change.

FIXES

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

KNOWN ISSUES

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