



Highlights of Tax Changes From a Tax Forms Perspective

November 17, 2020



Objectives

- Knowledge of major income tax changes for tax year 2020
- Knowledge of major tax form changes from 2019 to 2020
- Knowledge of new tax forms for tax year 2020



Info on Changes to Tax Forms

- Drafts of tax forms, instructions, and some publications (“tax products”) are posted at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms) before the final release is posted at [IRS.gov/LatestForms](https://www.irs.gov/LatestForms)
- 500+ “Product pages” ([IRS.gov/Form1040](https://www.irs.gov/Form1040), [IRS.gov/W4](https://www.irs.gov/W4), [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA), etc.) provide links and show any changes that impacted the product after its initial final release; those changes are also at [IRS.gov/FormChanges](https://www.irs.gov/FormChanges)
- All revisions of all tax products are at [IRS.gov/AllForms](https://www.irs.gov/AllForms)



Recent Tax Laws

- Further Consolidated Appropriations Act of 2020
- Families First Coronavirus Response Act (FFCRA)
- Coronavirus Aid, Relief, and Economic Security Act (CARES Act)



Further Consolidated Appropriations

- P.L. 116-94, Enacted 12/20/2019
- Setting Every Community Up for Retirement Enhancement (SECURE)
- Taxpayer Certainty and Disaster Tax Relief Act of 2019



SECURE Act

- Small employer automatic enrollment credit—Form 8881, Credit for Small Employer Pension Plan Startup Costs and Auto-Enrollment
- Kiddie tax changes—Instructions for Form 8615, Tax for Certain Children Who Have Unearned Income, impacted for 2018, 2019 and 2020
- Retirement savings and pension changes
- Distribution changes



Taxpayer Certainty and Disaster Tax Relief Act

- Individual Extenders
- Business and Energy Extenders
- Disaster Tax Relief



Individual Extenders

- Exclusion for discharge of qualified principal residence indebtedness
- Mortgage insurance premiums
- Medical expense deduction floor
- Tuition and fees deduction



Disaster Tax Relief

- Retirement fund withdrawals
- New employee retention credit—Form 5884-A, Employee Retention Credit
- New casualty loss rules—Form 4684, Casualties and Thefts



Coronavirus Tax Changes

- Deferral of payment of employment taxes for employers and self-employed
- Sick and Family Leave credits
- Additional \$300 charitable contribution above-the-line deduction
- Recovery Rebate credit



Deferral of Employment Taxes

- Payment of part of employer share of social security tax may be deferred.
- Generally, half due 12/31/21, half 12/31/22
- Figured on employment tax return or new Part on Schedule SE, Self-Employment Tax
- Reported on Schedule 3, line 12e



Sick and Family Leave Credits

- Employers claim on employment tax return
- Self-Employed claim on new Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals
- Also applies to certain household employers



New Form 7202

- Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals, calculates refundable credits for sick and family leave as a result of the coronavirus
- The sum of the sick leave credit and the family leave credit will be included on Schedule 3 (Form 1040), line 12b
- Each spouse may be eligible to file Form 7202



Schedule SE (Form 1040)

- Short Schedule SE calculation removed
- Maximum deferral of part of self-employment tax figured in new Part III
- Each spouse may be eligible to defer tax on their Schedule SE



Form 1040, U.S. Individual Income Tax Return

- Removed Paid Preparer's 3rd Party Designee Checkbox
- Virtual currency question added
- Estimated tax payments line added
- New above-the-line deduction for charitable contributions
- Recovery rebate credit on new line 30



Question: Form 1040-SR

Can someone who is filing Form 1040-SR, U.S. Tax Return for Seniors, itemize deductions?

Yes or No?



Form 1040-SR U.S. Tax Return for Seniors

- Remains identical to Form 1040--Same changes
- Form 1040-SR will be four pages for 2020 to preserve bigger entry spaces and fonts
- All lines and line numbers are exactly the same as Form 1040; the only differences are font size and entry space (and page count) are bigger and Form 1040-SR has a standard deduction chart



Question: Recovery Rebate Credit

What was the last year there was a recovery rebate credit?

A: 2007

B: 2008

C: 2009



Recovery Rebate Credit

- Similar to 2008, taxpayers who didn't get some or all of the Economic Impact Payment they were entitled to will be able to claim the difference as a recovery rebate credit
- Claimed on new line 30 of Forms 1040 and 1040-SR
- Worksheet in instructions to figure the credit



Schedule 1 (Form 1040), Additional Income and Adjustments to Income

- Schedules 1, 2, and 3 (Form 1040) can now be filed with Form 1040-NR, in addition to being fileable with Forms 1040 and 1040-SR
- Virtual currency question removed from Schedule 1 to Forms 1040 and 1040-SR



Schedule 3 (Form 1040), Additional Credits and Payments

- Line for other credits on Schedule 3 expanded:
 - Line 12b added for qualified sick and family leave credits from Schedule H and new Form 7202;
 - Line 12e added for deferral of payment of taxes from Schedule H and Schedule SE.
- Estimated tax line removed from Schedule 3, added to Forms 1040 and 1040-SR (and 1040-NR)



Form 1040-NR, U.S. Nonresident Alien Income Tax Return

- Redesigned to have almost all the same line numbers as Forms 1040 and 1040-NR
- Will use Schedules 1, 2, and 3 (Form 1040)
- Will have 3 new, separate Schedules A, NEC, and OI (Form 1040-NR)
- Form 1040-NR-EZ, U.S. Income Tax Return for Certain Nonresident Aliens with No Dependents, obsolete for 2020



Question: Schedule LEP

Can Schedule LEP, Request for Change in Language Preference, be filed by itself, apart from being filed with the filer's 1040 series tax return?

Yes or No?



Schedule LEP (Form 1040), Request for Change in Language Preference

- Schedule LEP (Form 1040), Request for Change in Language Preference, is for Limited English Proficiency (LEP) filers
- Allows for individuals to indicate a preference for communications in a language other than English
- The IRS will only send communications (such as a notice) in the preferred language if the communication has been translated. A copy of the communication in English will also be provided



Question: Form 1040-X

Can Form 1040-X be efiled for a 2019 tax return if the original 2019 tax return was not efiled?

Yes or No?



Efile for Form 1040-X, Amended U.S. Individual Income Tax Return

- Form 1040-X now available to be efiled
- Filed as a refigured Form 1040 with Form 1040-X and an amended return indicator
- Form 1040-X can be efiled only for 2019 tax returns and subsequent years
- Original return must have been efiled



New Products List

- Schedule LEP (Form 1040)
- Form 7202
- Form 8915 series (Disaster Retirement Plan Distribution and Repayments)
- Schedules A, NEC, and OI for Form 1040-NR
- Spanish products



New Spanish Products

- Form 1040 will be available in Spanish for first time ever
- Form 1040-SR also
- Instructions for Forms 1040 and 1040-SR in Spanish
- Schedules 1, 2, and 3 will also be translated
- Other products will be translated into Spanish and other languages as resources allow



Form 1099-NEC, Nonemployee Compensation

- Form 1099-NEC has been restored (previously issued 1979-1982)
- Removes reporting of nonemployee compensation from Form 1099-MISC
- Due January 31
- All Forms 1099-MISC now due February 28



Additional Resources

- [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus), [IRS.gov/TaxReform](https://www.irs.gov/TaxReform)
- [IRS.gov/DraftForms](https://www.irs.gov/DraftForms), [IRS.gov/AllForms](https://www.irs.gov/AllForms),
[IRS.gov/LatestForms](https://www.irs.gov/LatestForms)
- [IRS.gov/FormChanges](https://www.irs.gov/FormChanges), [IRS.gov/FormsUpdates](https://www.irs.gov/FormsUpdates)
- [IRS.gov/Form941](https://www.irs.gov/Form941), [IRS.gov/Form1040](https://www.irs.gov/Form1040), etc.
- FAQs (links at [IRS.gov/Form941](https://www.irs.gov/Form941) and [IRS.gov/Coronavirus](https://www.irs.gov/Coronavirus))
- Email TaxForms@irs.gov and include “NTF” in subject for questions about content of forms, instructions, or publications