Release Notes for CflrSuite 2020-1a

- Updated the California Earned Income Credit to allow credit for earned income to $30,000 per California Revenue and Taxation Code §17052.
- Updated the Executioner install package.
- Fixed an issue with date controls used in Executioner.

Release Notes for CflrSuite 2020-1

- Dissomaster now complies with California Rule of Court 5.275 regarding display of the **LIA range**.
- DissoMaster now contains 2019 actual taxes along with 2020 and 2021 actual and estimated taxes.
- Pressing "**Ctrl+p**" in DissoMaster reports page will now display print preview dialog.
- DissoMaster now computes **Young Child Tax Credit (YCTC)** when calculating CA EITC
- Executioner now allows "Start Date" and "End Date" in "New Payment Schedule" dialog to be set by editing text in the control.
- Fixed an issue in Executioner caused by rounding of Daily Interest Rate that resulted in errors in Form EJ-130.

This update contains numerous bug fixes and enhancements, some of which include:

DissoMaster 2018-2

- Fixed bug which caused trial versions to receive error message upon conclusion of trial period.
- Fixed bug which prevented name and firm name from appearing on report footer.
- Made Save and Cancel buttons on QBID worksheet static.

Propertizer 2018-2

- Fixed bug which caused incorrect printing.

Thank you for your continued support of DissoMaster and for your comments about the software program. Your feedback is very important to us. Please contact us with comments or suggestions at (800) 747-3161 or west.cflr@thomson.com. For technical support or content support call (800) 953-4357.

DissoMaster 2018-1

- New Key code. All users have been issued new key codes. Simply enter your Thomson Reuters account number and email address and the new key code will seamlessly be authenticated and take you to DissoMaster. Don't know your account number? Contact The Rutter Group at 800-747-3161, x3 or west.rutter_customer_service@thomson.com to retrieve it. You'll still be able to access DissoMaster while waiting.

- Added QBID tab. The QBID tab allows you to create a worksheet to calculate the qualified business income deduction. The deduction is transferred to the main screen.

- TCJA effects. Tax year 2019 spousal support is nondeductible for the payor and nontaxable to the payee for federal tax purposes.

- Added: (Deductible) and (Nondeductible) labels next to the county SS on the Results screen. Deductible refers to federal taxes as California law remains unchanged and SS paid is still deductible for California state taxes.

- Fixed: various bugs

Propertizer 2018-1

- Fixed bug that caused renumbering and sorting.

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Notes and tax tips from version 2017-2:

DissoMaster Version 2017-2

DissoMaster 2017-2 incorporates tax updates from the Tax Cuts and Jobs Act of 2017 (TCJA). Most TCJA personal income tax changes sunset after 2025; changes re spousal support deductibility are “permanent.

This updated instruction set (2/15/2018) includes general changes and additional information and examples on the TCJA’s qualified business income deduction, including taxable income limitations. While DissoMaster Classic 2017-2 includes most TCJA changes, DissoMaster Classic will not be updated to 2018-1. Classic 2017-2 does not include the new pass-through business income deduction discussed below. Cases with this deduction should use DissoMaster. DissoMaster imports DissoMaster Classic case files. To assist in your transition to DissoMaster, free training is available at (800) 953-4357.

Below is a list of significant TCJA-related DissoMaster changes and comments.

Absent from the change list below is mortgage interest. The maximum amount of acquisition debt permitted to generate itemized interest deductions for new loans is reduced by TCJA, and deductible home equity interest is repealed if not used for acquisition debt — but the way you enter them in DissoMaster is the same. With the reduction in eligible itemized deductions and the near doubling of the standard deduction, there will be far fewer cases using itemized deductions going forward.

In the change list below, all figures are annual and apply to 2018 unless noted otherwise.

DissoMaster 2017-2 TCJA CHANGE LIST

1. Changes in individual tax rates and brackets. (Listed in Tax Data tab.
2. Personal and dependent exemptions are now $0. The Child Tax Credit remains tied to dependent exemptions.
3. The standard deduction nearly doubles. Additional standard deductions for senior and blind continue.
4. Charitable contributions: 50% cap raised to 60%.
5. Itemized deduction cap on state tax is now $10K ($5K MFS). This applies to property tax plus the higher of state income tax or sales tax.
6. Medical expense floor returned to 7.5%-of-AGI for 2017 and 2018.
7. Miscellaneous itemized deductions repealed.
8. Overall phaseout of itemized deductions repealed.
9. Individual Alternative Minimum Tax reduced, thus fewer AMT cases.
10. Child Tax Credit increased to $2K per kid ($1,400 refundable).
11. New Family Tax Credit (uncommon special user entry required)

There is a new $500-per-dependent credit (Family Tax Credit) for certain dependents ineligible for the $2,000 CTC. DissoMaster calculates this for a child too old for the $2,000 credit. To add the credit for other dependents, use nontaxable income. As always, provide birth dates for children both to figure credits and to order them for child support allocation.

12. Deduction on pass-through income (special user entry required).

(a) This is a significant new deduction that will be straightforward in some cases but complex in others. We provide here some general information; consulting your forensic will often be important. Also, rules and interpretations will change over time.

(b) Beginning in 2018, taxpayers may deduct up to 20% of "qualified business income" (QBI) from pass-through entities, including many sole proprietorships, S-corporations, LLPs, LLCs and partnerships with pass-through income. No deduction is available for C corporations or LLCs taxed as C corporations. The deduction may be limited or excluded based on a number of factors. Guaranteed payments for partner services and S-corp wages don't count as QBI. Nor do capital gains, interest income and dividends. See new IRC Section 199A.

(c) DissoMaster Version 2017-2 includes a new entry line — located above itemized deductions.

The factors used for the QBID are complex. E.g., some provisions apply to doctors and lawyers but not engineers and architects. Pass-through entities may reorganize to acquire the deduction. Technical corrections and/or IRS regulations and guidance will clarify many of the QBI issues under intense scrutiny and discussion within the accounting community. (d) There are different rules depending on the individual's taxable income. A highly simplified overview follows for estimation purposes.

Case 1: Individual's taxable income before the QBI deduction is below a threshold of $157.5K or $315K (MFJ).

The deduction is 20% of the lower of (1) QBI or (2) taxable income before the QBI deduction and net of capital gains.

Example 1:
Pat has $100K QBI and $150K taxable income, including spousal support paid or received in 2018, before the QBI deduction.

Result: QBI deduction = 20% x $100K = $20K.

Example 2:
In this example, Pat's taxable income becomes the limiting factor.

Pat, filing Single, has QBI of $100K, pays $10K spousal support in 2018 and claims a $12K standard deduction. Pat's taxable income is $78K (= $100K - $10K - $12K), which is less than QBI.

Result: QBI deduction = 20% x $78K = $15,600.

Case 2: Individual's taxable income is above $20
7.5K or $415K (MFJ). (Increases of $50K and $100K, respectively.)

Here, there are additional limitations to the 20%-of-QBI/TI, including:

(1) Wage and asset limits. The QBI deduction is limited to 50% of the party's allocable share of the entity's W-2 wages paid. Or, if larger, 25% of allocable W-2 wages paid plus 2.5% of the allocable acquisition cost of depreciable business property. Again, the QBI deduction cannot exceed 20% of the QBI or 20% of taxable income net of capital gains, whichever is lower.

Example 3:

Pat's taxable income and QBI are $400K and $300K, respectively. Pat's allocable share of the entity's wages paid and assets described are $50K wages paid and $100K qualified assets.

Result: QBI deduction is limited to the greater of $25K (=50%x$50K) or $15K (=25%x$50K + 2.5%x$100K). The $25K is not limited by 20% of QBI or 20% of taxable income net of cap gains in this example. QBI deduction = $25K.

(2) Specified service trade or business. For many but not all trades that rely on the "reputation or skill of one or more employees" the QBI Deduction is $0 above the $207.5K/$415K taxable income levels. These trades include, but are not limited to, the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, and financial and brokerage services. Practicing engineers and architects are not subject to the limitation.

Example 4:

Robin practices law and has taxable income of $500K.
Result: Being in a specified service business and over the taxable income limits, Robin's total QBI deduction is $0.

(3) Farmers have other limitations based on cooperative dividends.

Limitation phase-in: For taxable income between $315K to $415K (MFJ) or $157.5K to $207.5K (other statuses), any limitation phases in. This includes limitations based on wages, assets or specified trade.

(e) For 2018 cases with deductible spousal support, the QBI deduction changes AGI and therefore taxable income. After entering the deduction, recheck taxable income before the deduction and adjust the deduction if necessary. Taxable income is shown in the Cash Flow tab as well as in the tax reports.
(f) QBI, wages paid and qualified assets count only if domestic.