



# Tax Forum | 2020

IRS Nationwide

## Highlights of Tax Changes From a Tax Forms Perspective

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## Seminar 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), Self-Employment Tax

- 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 3<sup>rd</sup> 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

## 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



## 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

## 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

## 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](mailto:TaxForms@irs.gov) and include “NTF” in subject for questions about content of forms, instructions, or publications