July 30, 2019

Unsupported Calculations and Situations in the 2018 TurboTax Individual Federal Tax Software Program

Income

1. **Form W-2 - Agent Reporting**: A W-2 with agent reporting contains the words 'Agent For' in Box C and the agency is:
   - Acting as an agent for two or more employers or is an employer and is acting as an agent for another employer, AND
   - Pays Social Security wages on behalf of more than one employer, AND
   - The total of the Social Security wages from these employers is greater than the $127,200 Social Security wage base.

     The taxpayer should manually calculate the excess Social Security tax withheld. Add the amounts on the 'agent reporting' W-2s that appear in Box 4, Social Security tax withheld less the wage base. Enter the excess amount on form 1040, near line 71.
2. **Form SSA-1099 / Form RRB-1099 Repayments**: If repayments of social security benefits result in a negative amount in Box 5 on Form SSA-1099 or RRB-1099, you may be eligible to take a deduction for this amount. The program does not automatically calculate this deduction. See IRS Publication 525 for more information.
3. **State and Local Tax Refunds Entered Directly on Forms (not Interview Screen)**: If entering state and local refund amounts directly on forms (not entering on TurboTax's step-by-step interview screens), do not enter Form 1099-G, box 2, state and local income tax refunds on Form 1099-G; instead enter on the Federal Carryover Worksheet.
4. **State and Local Income Tax Refunds from Years Prior to 2017**: If you received a state or local income tax refund for years prior to 2017 during 2018, you will need to determine what portion (if any) of that refund is taxable. You can calculate this amount using the worksheets in Internal Revenue Service Publication 525, Taxable and Nontaxable Income. See the "Recoveries" section of the publication. Once determined, enter the taxable amount of the refund in column (d) of line 37 of the State and Local Income Tax Refunds Worksheet. The taxable amount will be reported on line 10 of Form 1040.
5. **Nondeductible IRAs – Excess Reconversion (Form 8606)**: The calculation of an "excess reconversion" of a traditional IRA to a Roth IRA is not supported by the program. This situation occurs when a taxpayer converts (conversion #1) a traditional IRA to a Roth IRA, then converts the amount back (re-characterizes) to a traditional IRA. The taxpayer then converts the same amount again (conversion #2) to a Roth IRA and then re-characterizes it again back to a traditional IRA in the same year.
6. **Retirement Plan Distributions Received from Decedents Other Than a Spouse (Form 8606)**: The preparation of Form 8606 from other than the taxpayer's or spouse's own IRA or Roth IRA account is not supported. If the traditional IRA has a basis, or the distribution is from a Roth IRA, then the taxable amount must be calculated manually on a Form 8606 for the decedent.
7. **Sale of Qualified Small Business Stock and At-Risk Limitations**: The program does not adjust your basis on Form 6198 by the gain on the sale of the qualified small business stock. You can manually enter the gain, if any, on line 3 of Form 6198.
8. **At-Risk Limitations (Form 6198)**: For activities other than Schedule K-1s, the program does not calculate the amount of Alternative Minimum Tax At-Risk disallowed losses. You will need to track all At-Risk carryovers for AMT purposes separately.

9. **At-Risk Limitations (Form 6198) for Schedule K-1s**: When there is a carryover from the prior year of outside Section 1231 loss allowed flowing to Form 4797, the program does not calculate the amount allowed.
10. **Medicare Advantage Distribution (Form 8853) and High Deductible Health Plan**: If there is an entry on Line H of the Medicare Advantage Distribution Smart Worksheet we assume that the Fair Market Value of the account assets at December 31, 2017 does not exceed 60% of the High Deductible Health Plan deductible and compute the related Line J amount accordingly. If this is not correct, you must use the worksheet in the IRS instructions to calculate the Line J amount and use the desktop version of the program to override the Line J amount.
11. **Coverdell Education Savings Accounts**: Earnings on Coverdell Education Savings Account (ESA) distributions made after a beneficiary reaches age 30 are taxable unless the beneficiary is a special needs beneficiary. TurboTax does not verify the age of the beneficiary when distributions are entered on Form 1099- Q. Only expenses incurred before the beneficiary reached age 30 should be entered in the program if the distribution is from an ESA.
12. **Installment Sales (Form 6252):** This program does not support installment sales on a stock that is not Section 1202 Qualified Small Business Stock.
13. **Sale of Qualified Small Business Stock and Installment Sales (Form 6252)**: For sales of Qualified Small Business Stock, the program does not apply the Section 1202(b) gain limitation to the exclusion. If you have a gain in excess of the Section 1202(b) limit, you must split the disposition and enter it as two separate transactions. Check the "Yes" box on Line E of the Form 6252 General Information Smart Worksheet only for that portion of the sale that does not exceed the gain limitation.
14. **Like-Kind Exchanges (Form 8824)**: Any loss on other property given up shown on line 14 is treated as either trade or business, or investment income depending on your entries in the smart worksheet for Additional Information Regarding Unlike-kind Property Given Up. Losses on personal use property, which must be limited to zero, are not supported. A "summary" Form 8824 is not automatically created when there is more than one Form 8824 in the tax return. Multi-asset exchanges are not supported when lines 12 through 18 are left blank and the correct amount is entered directly on line 19. Form 8824 does not provide for any differences for alternative minimum tax (AMT) for gains reported on lines 14, 24, 35, and 36. Any AMT differences for these lines must be entered directly on Form 6251. If an exchange with a related party occurred in a prior year and the property has now been sold and line 24 must be reported as taxable in the current year, you may need to make entries directly on Form 4797 to correctly split the amount on line 24 of Form 8824 between ordinary income recapture and other reportable gain.
15. **Sales of Business Property and Cancellation of Debt**: When section 1250 property is disposed of as part of cancellation of debt and reported on the Canceled Debt Worksheet, section 1250 depreciation expense recapture is not supported for AMT purposes. Depreciated property disposed of as part of a cancellation of debt and reported on the Canceled Debt Worksheet, will be assumed to have AMT accumulated depreciation equal to the regular accumulated depreciation. Form 6251, Alternative Minimum Tax (AMT), line 2k (Disposition of Property) will need to be overridden if the AMT applies and there is an adjustment needed due to a difference between AMT and regular depreciation.
16. **Bond Sales (Schedule D)**: If a bond is purchased on the secondary market at a price below par, its “market discount” is the difference between the purchase price (plus accrued interest and OID, if any) and its stated redemption price at maturity. The program does not facilitate reporting the sale of such a bond. If you recognize that a bond sales transaction requires reporting an amount attributable to market discount, compute the amount manually. Facts to be considered may include,

but are not limited to: type of bond, maturity date, redemption price at maturity, choice of method employed to report market discount, choice of method to compute accrued market discount (where applicable). Once this value is determined, it should be reported as an interest income item. In reporting the bond disposition, adjust the "Cost Basis Amount" to include the amount already reported as interest income. Depending on the circumstances of your transaction and the choices you make, you may also need to attach a statement to your return.

17. **Dealers in Regulated Futures Contracts (Form 6781 – Straddles and Contracts)**: The program does not support all of the reporting required of dealers in regulated futures contracts. A dealer is someone who is licensed in securities and has an established place of business and regularly purchases securities for resale to customers. Among other requirements, dealers must report gain or loss on the sale of regulated futures contracts as self-employment income on Schedule SE.
18. **Foreign Earned Income (Form 2555)**: The program does not automatically allocate any foreign earned income that may relate to another tax year or allocate any deductions that may or may not relate to foreign earned income.
19. **Foreign Earned Income (Form 2555)**: The program does not automatically calculate a portion of rental income as foreign earned income regardless of the amount of personal services involved. The program does not consider any portion of Schedule C income to not be earned income regardless of the capital investment involved in the production of income. The program does not automatically allocate any moving expense reimbursement or allowance as relating to earned or unearned income.
20. **Foreign Earned Income (Form 2555) and Farmers and Fishermen Income Averaging**: When Schedule J, Income Averaging for Farmers and Fishermen, and Form 2555, Foreign Earned Income, are both part of the tax return the program does not support the Form 1040 Foreign Earned Income Tax Calculation.
21. **Foreign Earned Income (Form 2555) and Tax for Certain Children (Form 8615)**: When Form 8615, Tax for Certain Children Who Have Investment Income, and Form 2555, Foreign Earned Income, are both part of the tax return the program does not support the Form 1040 Foreign Earned Income Tax Calculation.
22. **Long Term Care Insurance Contracts (Form 8853) and Multiple Payees, Same insured**: If multiple payees receive long term care benefit payments for the same insured person, the program cannot calculate the correct taxable amount. Refer to the IRS instructions for Form 8853 to calculate the taxable amount manually and enter the result on Form 8853, page 2, line 26.
23. **Long Term Care Insurance Contracts (Form 8853) and Multiple Long Term Care Periods**: If there are multiple payment periods during the year, the program cannot calculate the correct taxable amount. An example of multiple periods would be if the insurance company pays the first 30 days at one rate and the next 30 days at another rate. Two periods exist: a 30-day period and a 60-day period. Refer to the IRS instructions for Form 8853 to calculate the taxable amount manually and enter the result on Form 8853, page 2, line 26.
24. **State and Local Tax Refund Worksheet Recovery Exclusion**: The program does not support the recovery exclusion if you had taxable income on your 2017 Form 1040, line 10, but no tax on your Form 1040, line 11, because of the 0% tax rate on net capital gain and qualified dividends. See IRS Publication 525 for more information.
25. **Form 2555 Foreign Earned Income Exclusion and Taxable Foreign Scholarships**: The program does not support the scenario where a taxpayer has a taxable foreign scholarship on a W-2 that is eligible for the foreign earned income exclusion and enters the scholarship amount in the education expenses section. In addition, the program does not support the scenario where a taxpayer has a taxable foreign scholarship that is not on a W-2 and they want to indicate that the amount is for a scholarship on Line 7 of Form 1040 by inserting the text "SCH" next to line 1.

The program does allow the user to enter these scholarship amounts in the foreign earned income section and exclude the amount on Form 2555 without the accompanying "SCH" text on Line 1 of Form 1040.

26. **Form 1099-R -- Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**: A single Form 1099-R rolled into multiple types of retirement plans (IRA, Roth IRA, other qualified retirement plan, etc.) is not supported. In this situation you must determine the amount rolled into each type of plan. Then treat each part of the rollover as a separate distribution and enter on multiple 1099-R worksheets.
27. **Controlled Foreign Corporations**: The 962 Election by an individual shareholder of a controlled foreign corporation to be taxed as a domestic corporation is not supported.
28. **Nominee Dispositions**: The program does not support reporting a transaction for which you received a Form 1099-B or 1099-S as a nominee for the actual owner of the property.
29. **District of Columbia Enterprise Zone Assets**: The program does not support reporting the exclusion of gain from the disposition of District of Columbia Enterprise Zone (DC Zone) assets.
30. **Wash Sale Loss Disallowed on Employer Stock (Form 8949)**: The program does not support the calculation of a disallowed wash sale loss adjustment on Form 8949 when employer stock is sold. Employer stock is stock acquired through various employer-sponsored plans, such as an Employee Stock Purchase Plan, an Incentive Stock Option Plan, a Restricted Stock Plan, or a Restricted Stock Unit Plan.
31. When **Box 7 of Form 1099-B** is checked, the program does not limit losses based on gross proceeds from a reportable change in control or capital structure reported in Box 6 of that form.
32. **Empowerment Zone**: The program does not support the postponing of gain from the rollover of Empowerment Zone Assets.
33. **Roth to Health Savings Account:** The program does not support trustee-to-trustee transfers from a Roth IRA to a Health Savings Account.
34. **Medicaid Waiver**: The program does not support excluding Medicaid waiver payments from income.
35. **Sale of Home Holding Period when Converted to Rental or Business Use**: If a residence is converted from personal to rental or business use, the holding period for the sale of the rental or business portion will be calculated from the acquisition date of the property (if entered) rather than from the date the property was placed in service.
36. **Original Issue Discount (OID) (Schedule B):** If you received a 1099-OID reporting OID income on a contingent payment or inflation-indexed debt instruments, stripped bonds or coupons, or debt instruments purchased at a premium that have not been adjusted by your financial institution, you may need to recalculate your OID income as described in IRS Publication 550. The recalculated amount should be entered in the program instead of the reported amount from Form 1099-OID. The program does not facilitate the calculation of OID income.
37. **Global Intangible Low-taxed Income (Form 8992):** We do not support the inclusion of global intangible low-taxed income generated by controlled foreign corporations (CFCs). Under the Tax Cuts and Jobs act, a U.S. person that owns at least 10 percent of the value or voting rights in one or more CFCs will be required to include its global intangible low-taxed income as currently taxable income, regardless of whether any amount is distributed to the shareholder. A U.S. person includes U.S. individuals, domestic corporations, partnerships, trusts and estates.
38. **Vow of Poverty by Clergy:** If you are a member of a religious order and have taken a vow of poverty, you are exempt from paying SE tax on your earnings for ministerial services you perform as an agent of your church or its agencies. We do not support this election.
39. **Deferral of Income Attributable to Qualified Stock:** We do not support the election to defer income attributable to qualified stock under Code Section 83(i). Generally effective with respect to

stock attributable to options exercised or restricted stock units (RSUs) settled after Dec. 31, 2017, a qualified employee can elect to defer, for income tax purposes, recognition of the amount of income attributable to qualified stock transferred to the employee by the employer. (Code Sec. 83(i), as amended by Act Sec. 13603(a)).

40. **Carried Interest:** We do not support Code section 1061 for the change of carried interest being treated as short term capital gains for a 3 year period instead of a 1 year period. This change was a part of the Tax Cuts and Jobs Act.

Business (general)

1. **Business Vehicle Dispositions and Mixed Percentage of Use**: The program does not handle dispositions when business use percentage changes from year to year. Please refer to tax help for these worksheets for more information.
2. **Form 4562 - Depreciation and Amortization**: The program does not automatically calculate the following depreciation items:
   - The General Asset Account election
   - Short year depreciation calculations
   - Calculation of the depreciation deduction under IRC section 168(f)(1) based on units of production
   - Calculation of the depreciation deduction for railroad grading and tunnel bores
   - Qualified New York Liberty Zone leasehold improvements are not separately identifiable in TurboTax for purposes of applying the 5 year straight line /9 year ADR depreciation method and exclusion from the 30% special depreciation. You may use asset type "other" to work around this limitation.
   - For more information about the above items, refer to Tax Help for Asset Entry Worksheet, Car and Truck Worksheet, or Vehicle Expense Worksheet.
3. **Allowable Depreciation and Iowa tax return**: The program does not support the required re-computation of allowable depreciation for Iowa purposes when 30% bonus depreciation was claimed for an asset on the Federal return after May 5, 2003 because there was a binding contract to acquire the asset before May 6, 2003. In this case the asset does not qualify for any bonus depreciation in Iowa. You must compute what the current year Iowa deduction would be for the asset without any basis adjustment for bonus depreciation, and then enter the difference between the current year's federal depreciation deduction and your recomputed current year Iowa depreciation deduction as an Iowa adjustment.
4. **Taxable Income Limitation for Section 179 (Form 4562)**: If you have a trade or business loss subject to the at-risk limitation (Form 6198), the program uses the unlimited loss to compute the taxable income limitation for section 179 on Form 4562, line 11.
   This would affect your return only if you also had trade or business income from another activity. In this case you may need to adjust the taxable income on Form 4562: Depreciation Information, line 3b to reflect the limited loss. If you are reporting a trade or business activity on Schedule E or Form 4835 that qualifies for the Section 179 expense deduction, enter the net income on the Depreciation Options Worksheet, line 3b, for it to be included in the Section 179 limitation calculation.
5. **100% Bonus Depreciation (Form 4562)**: The program does not support the extended placed in service deadline for 100% bonus depreciation for certain long-production period property and certain aircraft. Accordingly, the program will only allow 100% bonus depreciation on assets placed in service after 9/8/2010 and before 1/1/2012.
6. **Property Acquired by Like-kind Exchange or Involuntary Conversion (Form 4562)**: The program does not fully support the new regulations (1.168(i)-6T). These regulations require property acquired by like-kind exchange or involuntary conversion to be depreciated as two separate assets. The remaining basis of the old asset continues to be depreciated as if the disposition never happened. Any additional money paid is depreciated as new property. The following items in the regulations are not supported:
   - The regulations for vehicles. Instead, only the election out of the regulations is supported. The election out treats the entire cost of the new vehicle as new property.
   - The use of the optional MACRS tables to compute depreciation for the new property. Only the

computation method is supported.

- The depreciation computations on the new property, when the old property was also acquired by like-kind exchange or involuntary conversion.

7. **Section 179 Recapture (Form 4797)**: Recapture amounts under section 179 and 280F (b) (2) do not automatically flow to the appropriate forms. You must manually enter these amounts as other income on the appropriate activities.
8. **Disposition of Non-depreciable Personal Property Used in a Trade or Business**: According to the IRS, if you have a gain or loss from the disposition of non-depreciable personal property (i.e., a collectible) used in a trade or business, the gain or loss should be taxed at the 28 percent rate. Additionally, if you sell your interest in a partnership, S corporation or estate/trust and part of the gain on the sale is due to unrealized appreciation from collectibles, this should be treated as gain from the sale of the collectible, taxed at the 28 percent rate. These types of dispositions cannot be associated with a particular activity in the program. If the activity is not subject to the passive activity rules, then enter the gain or loss on Schedule D. If the activity is subject to the passive activity rules, the program does not support this calculation.
9. **Passive Losses (Form 8582)**: The program does not support the calculation of allowable loss when the installment method of reporting the disposition of an entire interest in a passive activity is used and the activity has an overall loss. **Note:** If you do not elect the installment method to report the gain on disposition, the overall loss is deductible in full in the year of the disposition. The program does not support reporting self-charged interest income or expense related to a passive activity as either passive activity gross income or passive activity deduction unless the self-charged interest is reported on a form or schedule marked as a passive activity. See the IRS Instructions for Schedule K-1 for more information. The program does not support reporting the following items as passive activity income or loss or deduction: Commercial revitalization deductions (except those that are reported on a Partnership or an S Corporation Schedule K-1) or casualty gain or losses reported on Form 4684. If you are a real estate professional, you materially participated in a PTP (Publicly Traded Partnership), and you have passive activities that are reported on Form 8582 (Passive Activity Loss Limitations), verify that the modified adjusted gross income on Form 8582, line 7, is correct and modify if necessary. The program will not flow to Form 8582 former passive activities when the current year gain from the activity is more than the prior year unallowed passive loss from the activity. Maintain records to verify that there was a prior year passive loss carryover which reduces the current year gain.
10. **Canceled Debt and Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment) (Form 982)**: When a canceled debt is excluded from income you may have to take into account a reduction of tax attributes or elect to reduce the basis of depreciable property. The program does not automatically perform the reduction nor does it automatically carry forward any adjusted amounts due to the reduction of tax attributes from discharge of debt. For more details please refer to IRS publication 4681 (Cancelled Debts, Foreclosures, Repossessions and Abandonments), IRS publication 225 (Farmers Tax Guide) and publication 525 (Taxable and Nontaxable Income).
11. **At-Risk Limitations (Form 6198)**: For activities other than Schedule K-1s, the program does not calculate the amount of Alternative Minimum Tax At-Risk disallowed losses. You will need to track all At-Risk carryovers for AMT purposes separately. The program does not adjust your basis on Form 6198 by the gain on the sale of the qualified small business stock. You can manually enter the gain, if any, on line 3 of Form 6198.
12. **Net Operating Loss**: If after completing your tax return you have a negative amount on Form 1040, line 7, and you had a loss from a business activity such as those reported on Schedules C, E, F, or resulting from dispositions on Form 4797, or sustained a casualty loss, you may have a Net Operating Loss (NOL). The program does not calculate the amount of NOL to be carried back or forward to another year. To determine your NOL, if any, refer to Form 1045, Schedule A (not included with this program). Also

refer to IRS Publication 536 for details about the NOL calculation.

13. **Self-Employed Health Insurance Deduction and related Health Coverage Credit**: If an entry is made for self- employed health insurance premiums on Schedule C (Profit or Loss from Business), Schedule F (Profit or Loss from Farming), or Schedule K-1 for Partnerships (Box 13, Code M for Amounts paid for Medical insurance), the program will calculate the Self-Employed Health Insurance Deduction for these premiums. If Form 8885, Health Coverage Tax Credit, is being claimed for these same medical insurance premiums, a double benefit is received (a credit and a deduction) which is not allowed. Only the credit OR the deduction can be claimed. Either do not enter these premiums on Schedule C, Schedule F or Schedule K-1 for Partnerships OR do not enter them on Form 8885, Health Coverage Tax Credit.
14. **Self-Employed Health and Long-Term Care Insurance Deduction**: To determine net profit from a trade or business, if either optional method was used to figure the net earnings from self-employment, the program will not use this optional method amount to limit the self-employed health insurance deduction.
15. **Form 8881 linked to Schedule C, Schedule F, or Form 4835**: If a Credit for Small Employer Pension Plan Startup Costs is claimed from two or more different business activities (for example, from a Schedule K-1 for a Partnership and from a Schedule C, Profit or Loss from Business), and the credit before limitation is greater than $500, the deduction for pension plan startup costs on the business activity may be reduced by too large of a credit amount. This occurs only if the Form 8881 is linked to a Schedule C (Profit or Loss from Business), Schedule F (Profit or Loss from Farming) or Form 4835 (Farm Rental Income and Expenses). In this situation, unlink the activity (Schedule C, F or Form 4835) from the Form 8881, and enter the pension plan startup costs from the activity directly onto line 1 on Form 8881 and on the first line of Pension Plan Startup Costs Smart Worksheet on the activity form (Schedule C, F or Form 4835). Determine the amount of credit that is being allowed from the activity after taking into account the credit claimed on the Schedule K-1. Then on the activity form (Schedule C, F or Form 4835) Pension Plan Startup Costs Smart Worksheet, enter the amount of the credit on Form 8881 relating to the costs from this activity on the second line.
16. **Deposits into Capital Construction Funds**: If you are operating a commercial fishing vessel and have an agreement under the Merchant Marine Act of 1936 to deposit funds into a capital construction account, the reduction in taxable income is not supported by the program.
17. **Disposition of Depreciable Property Not Used in a Trade or Business**: The program does not support sales of depreciable property that is not used in a trade or business. Assets entered on an Asset Entry Worksheet are considered to be used in a trade or business.
18. **Premium Tax Credit with Shared Allocation and the Self-Employed Health Insurance Deduction:** Shared policy allocations of a Form 1095-A linked to self-employment income is not supported.
19. **Limitation on Business losses (Form 461):** We do not support form 461 for a noncorporate taxpayer and whose net losses from all of their trades or businesses are more than $250,000 ($500,000 for married taxpayers filing a joint return).
20. **Limitation on Excess business interest (Form 8990):** We do not support Form 8990 to calculate how much business interest expense can be deducted or carried forward.

Business (Schedule C)

1. **Schedule C - Clergy Housing Expenses**: For members of the clergy who have a housing allowance, the program does not automatically allocate expenses on Schedule C associated with only the taxable portion of your income. You must manually allocate the clergy expenses that are applicable to your taxable income and enter those amounts on Schedule C. If you are subject to self-employment tax, the remainder of your expenses is entered in Part II, line 5c of the Schedule SE Adjustments Worksheet.

2. **Self-Employed Ministers**: Self-employment earnings on the Schedule SE Adjustments Worksheet may also need to be adjusted for ministers who are self-employed. The program uses the earnings reportable for income tax purposes and any housing allowance entered on Schedule C or the Form W-2 Wage and Tax Statement.
3. **Home Sale with Current Year Office in the Home Depreciation**: If you sold your main home and during the year of the sale you deducted depreciation for an office in the home on Form 8829, Expenses for Business Use of Your Home, for Schedule C, Profit or Loss from Business, and the main home is eligible for the home sale exclusion, no gain on the sale of the office will be included in the calculations for At-Risk Limitations or Passive Activity Limitations.
4. **Claiming the Self-Employed Health Insurance Deduction with the Premium Tax Credit**: When both the self-employed health insurance deduction and the premium tax credit are involved in a return there situations where the circular calculation that this involves does not converge to amount that is within $1. See IRS publication 974, the Self-Employed Health Insurance Deduction and Premium Tax Credit section for more details. When this is the case the tax return can alternate between two significantly different states. This commonly occurs where the self-employed health insurance deduction causes the federal poverty level to be under 400% but then the Premium Tax Credit provided reduces the self-employed health insurance deduction, then the federal poverty level goes over 400% and no Premium Tax Credit is available. In this case you should refer to IRS publication 974, the Self-Employed Health Insurance Deduction and Premium Tax Credit section for the calculation requirements.

Business (Schedule E)

1. **Office in the Home at Vacation Home**: If you operated an office-in-the-home in a vacation home that was rented out or in a property with partial rental use, use the Schedule E Worksheet to determine the personal amount of qualified mortgage interest, qualified mortgage insurance premiums, and real estate taxes. Enter the qualified mortgage interest in the "Allocated to Personal Use" column on a copy of the Home Mortgage Interest Worksheet and link Form 8829 to the Home Mortgage Interest Worksheet. Enter the real estate taxes and qualified mortgage insurance premiums from the "Allocated to Personal Use" column on the Form 8829 as an indirect expense. You will also need to use the override feature to delete the amount on line 5a of the Tax and Interest Worksheet.
2. **Rent a Room in Your Home to Your Employer**: If you rent a room in your home to your employer, you must report the rental income you receive, but you are only allowed to deduct expenses that would otherwise be deductible on Schedule A, such as the rental portion of mortgage interest and real property tax. The program does not automatically limit expenses under this situation.
3. **Real Estate Professionals**: The election for real estate professionals to aggregate their activities under IRC 469(c) (7) is not supported.
4. **Casualty Loss on Rental Property**: If you incur a casualty loss on a rental property that is also used as a residence, the allowed casualty loss must be allocated between Schedule A, Itemized Deductions, and Schedule E, Supplemental Income and Loss. The program does not do this allocation automatically. Read the instructions for Worksheet 5-1 in IRS Publication 527, Residential Rental Property, for how to complete Form 4686, Casualties and Thefts, in this situation.
5. **Investment Interest Expense from Royalties**: The program does not automatically include interest expense from royalties entered on Schedule E as part of the total investment interest expense on Form 4952. Enter those amounts on Form 4952 Worksheet, line 2. If your investment interest is

limited, you will need to adjust the royalty interest expense on Schedule E as part of the total expense on Form 4952. If your investment interest is limited, you will need to adjust the royalty interest expense on Schedule E. To do this use the Income tab at the top of the screen to take you to the appropriate Schedule E.

6. **Personal Use Days:** The program uses the number of personal use days to determine whether the property qualifies as a residence and also to determine the expense allocation between rental and personal use days.

Business (Schedule K-1)

1. **Partnership Loss, Self-Employment Income, Passive Activity Losses, and At-Risk Limitations**: If you have partnership losses subject to passive activity loss limitations or at-risk limitations, the program does not automatically make adjustments to self-employment income. You must enter any applicable adjustments on the Schedule SE Adjustments Worksheet.
2. **Partnership Loss Greater than Adjusted Basis**: You may not claim your share of a partnership loss (including a capital loss) to the extent that it is greater than the adjusted basis of your partnership interest at the end of the partnership's tax year. The program does not compute the adjusted basis of your partnership interest. Accordingly, do not enter losses on the Schedule K-1 worksheets which exceed your adjusted basis.
3. **Passive Activity Self-charged Interest Income/Expenses**: The program does not support reporting self- charged interest income or expense related to a passive activity as either passive activity gross income or passive activity deduction. See the IRS Instructions for Schedule K-1 for more information.
4. **Income/Deductions/Credit Not on K-1**: The program does not automatically flow through the tax return any specific income, deduction or credit items that are not identified on the K-1 worksheets or included as part of the TurboTax Interview.
5. **Partnership K-1 Foreign Income**: If you received a Partnership K-1 that shows you received foreign income, you may need to make manual entries on Form 2555 and Form 1116. You need to make entries directly on Form 2555 and Form 1116 if you:

- Received a K-1 from a partnership that shows that you received foreign income in the Foreign Income and Taxes section (Line 16), AND
- That foreign income was earned income (i.e., income that you had to work to receive - such as wages), AND
- That foreign earned income is eligible to be excluded on Form 2555, Foreign Earned Income, AND
- You claim either the foreign earned income exclusion and/or the foreign housing exclusion or deduction on Form 2555 for this foreign earned income, AND
- You're claiming a foreign tax credit on Form 1116 for foreign taxes paid on the K-1 foreign earned income. You cannot claim a foreign tax credit (Form 1116) on income that is excluded through the foreign earned income exclusion (Form 2555). In this situation, enter the information on the partnership K-1 Worksheet as it is shown on your K-1. Then go to Schedule K-1 Partnership Additional Info Worksheet 1, Box 16, Foreign Transactions and link the foreign tax to a Form 1116, including which column of Form 1116 the information should flow to. Check the box on Line 3c that says "If also filing Form 2555, Foreign Earned Income Exclusion, check if earned income from this activity is already entered on Form 2555." Next, manually enter the foreign income and deduction information directly on Form 2555 and complete Form 2555. Once you have completed Form 2555 and determined your foreign earned income exclusion and/or foreign housing exclusion or deduction, go to the Form 1116 Computation Worksheet you linked the K-1 to. On that worksheet, check the "general limitation" box at the top of the worksheet and in the column that you linked the K-1 to , in the "Income Excluded on Form 2555 Smart Worksheet," select which copy of Form 2555 the income was excluded on. Enter the country name and any deductions related to this income that were not excluded on Form 2555 as well as the date the foreign tax was paid or accrued and check the "paid" or "accrued" box. Also complete line 12 for any of the foreign taxes that are allocable to the income excluded on Form 2555.

6. **Estate or Trust K-1 with an Increasing Research Credit:** If the Schedule K-1 (1041) from an estate or trust includes an increasing research credit (Box 13, Code I), the program does not support the eligible small business provision that may allow the credit to offset alternative minimum tax.

Itemized Deductions (Schedule A)

1. **Self-Employed Health Insurance and Non-Dependent Children**: If the taxpayer has itemized deduction for self-employed health insurance that includes an increase in premiums due to the addition of a non-dependent child under age 27, the itemized deduction will include the portion of the premium allocable to that non- dependent child, when in fact premiums paid for most non-dependents are not an allowable deduction. You must make a negative adjustment on the Medical Expenses Worksheet to correct.
2. **Mortgage Interest Reduced by Mortgage Credit**: When reducing deductible mortgage interest by any mortgage interest credit claimed on Form 8396, the program reduces line 8a of Schedule A (mortgage interest reported on Form 1098). It does NOT reduce line 8b (mortgage interest NOT reported on Form 1098). If you have mortgage interest NOT reported on Form 1098, you will need to make sure that the amount on Schedule A line 8b is reduced by any mortgage interest credit you claimed on Form 8396 for that mortgage. You may need to override amounts on lines 5d and 5e on the Tax and Interest Deduction Worksheet to remove the amount of mortgage interest credit claimed on Form 8396. You may also need to enter the amount of your mortgage interest NOT reported on Form 1098 (reduced by the mortgage interest credit from Form 8396) on line 6a of the Tax and Interest Deduction Worksheet.
3. **Non-cash Charitable Contributions (Form 8283)**:
    - TurboTax does not group similar donated items for which a deduction of more than $5,000 is claimed for Section B of Form 8283. In this case, separate Section Bs of Form 8283 must be completed for each recipient organization.
    - TurboTax does not support reporting groups of items valued at over $5,000 donated to separate organizations, where the valuation of the items donated to each organization is less than $5,000, which must be reported in Section B of Form 8283.
4. **Charitable Contributions Carryover**: Schedule A does not limit charitable contributions carryover when an NOL (Net Operating Loss) carryover from a prior year exists. Refer to IRS Publication 526 for details on calculating your charitable contributions carryover from a prior year in this situation. You can enter this information on the Carryover Worksheet. To do this select the Deductions and Credits tab and choose the charitable donations carryover. The Interview screens will take you to where you can enter the appropriate donation carryovers.
5. **Office in the Home at Vacation Home**: If you operated an office-in-the-home in a vacation home that was rented out, use the Schedule E Worksheet to determine the personal amount of qualified mortgage interest, qualified mortgage insurance premiums, and real estate taxes. Enter the qualified mortgage interest in the "Allocated to Personal Use" column on a copy of the Home Mortgage Interest Worksheet and link Form 8829 to the Home Mortgage Interest Worksheet. Enter the real estate taxes and qualified mortgage insurance premiums from the "Allocated to Personal Use" column on the Form 8829 as an indirect expense. You will also need to use the override feature to delete the amount on line 5a of the Tax and Interest Worksheet.
6. **Deductible Home Mortgage Interest Worksheet**: You can deduct home mortgage interest on the first $750,000 ($375,000 if married filing separately) of indebtedness incurred on or after December 16, 2017, or $1 million ($500,000 if married filing separately) for loans taken out prior to that date. Home mortgage interest paid must be manually entered on the Deductible Home Mortgage Interest Worksheet. The Worksheet does not does not use existing interest amounts that have been imported into the program on Forms 1098 or entered on the Home Mortgage Interest Worksheet. The Worksheet assumes that payments entered have been made evenly and regularly over the period the loan was outstanding. The Worksheet does not calculate the office in home or vacation rental portion of home mortgage interest applicable to these activities. You will need to manually

adjust the interest deduction amount on form 8829 and/or the Schedule E Worksheet if they are subject to limitations. Refer to IRS Publication 936 for help if necessary.

7. **Multiple State Sales Tax**: If you and your spouse live in different states, the IRS has not released guidance for the computation of the sales tax deduction using the State Sales Tax Tables. The program does not handle this situation.
8. **Qualified Conservation Contributions**: The program does not support the calculation for Qualified Conservation Contributions or the charity limits for these types of contributions. For details refer to the IRS instructions for Form 8283.
9. **Agriculture or Livestock Contributions**: Charitable contributions made by qualified farmers or ranchers of property used in agriculture or livestock production is now allowed up to 100% of Adjusted Gross Income (AGI). The AGI limits for other charitable contributions will apply. The program does not support this 100% deduction, standard contribution rates will apply.
10. **Social Security Repayments**: If repayments of social security benefits result in a negative amount in Box 5 on Form SSA-1099 or RRB-1099, you may be eligible to take a deduction for this amount. The program does not automatically calculate this deduction. See IRS Publication 525 for more information.
11. **Performing Artists**: The program does not test if related performing-arts business expenses are more than 10% of gross income from performance of those services. This is a requirement for taking these expenses as a deduction against Adjusted Gross Income (AGI) on Form 2106. Be sure that the expenses qualify before claiming them as a deduction on Form 2106.
12. **Net Operating Loss**: If after completing your tax return you have a negative amount on Form 1040, line 41, and you had a loss from a business activity such as those reported on Schedules C, E, F, or resulting from dispositions on Form 4797, or sustained a casualty loss, you may have a Net Operating Loss (NOL). The program does not calculate the amount of NOL to be carried back or forward to another year. To determine your NOL, if any, refer to Form 1045, Schedule A (not included with this program). You will probably also benefit by reviewing IRS Publication 536 for details about the NOL calculation.
13. **Damage from Corrosive Drywall**: The special procedure under which you may be able to claim a casualty loss deduction for amounts you paid to repair damage to your home and household appliances that resulted from corrosive drywall is not supported by the program. For details, see the IRS Pub. 547, Casualties, Disasters, and Thefts.
14. **Restricted Stock Donations**: The valuation of stock donated with restrictions to a qualified charitable organization and determination of the related deduction are not supported.
15. **First-Time Homebuyer Credit**: The program does not support the case in which two taxpayers on the same return are repaying a homebuyer credit (on Form 5405) that was originally claimed by each independently.
16. **Imported Donations from ItsDeductible**: If you've already imported data from ItsDeductible and attempt to import again using a different User ID, the program will prompt you to either delete the previously imported data or to skip/abort the current import. If you select "Delete Imported Data" and then immediately check Import History, the imported ItsDeductible data will still be shown.
17. **Investment Interest Expense carryovers:** An allowed investment interest carryover will be reported on Schedule A, line 9 even if the carryover was originally from a Schedule K-1 (Form 1065) and reported on Schedule E, page 2.
18. **Investment Interest Expense from a Pass-Through Entity:** Investment interest reported on a Schedule K-1 from a pass-thru entity in which some investment is not at-risk will be subjected to at-risk limitations prior to calculations of allowed investment interest on Form 4952.
19. **Legal Fees for Unlawful Discrimination Lawsuits:** This is not supported in TurboTax.

Other Deductions and Adjustments

1. **Education Tuition and Fees**: Automatic Education Optimizer does not support the following scenarios:
    - More than 5 students.
    - Returns where an add back of the Tuition and Fees Deduction for purposes of modified adjusted gross income will result in a disallowance of the Lifetime Learning Credit.
    - Distribution from Coverdell Education Savings Account (ESA) reported on Form 1099-Q.
    - Distribution from Section 529 Qualified Tuition Plan (QTP) reported on Form 1099-Q.
    - Proceeds from series EE and I U.S. savings bonds used to pay education expenses reported on Form 8815.
    - Any differentiation between expenses paid by the taxpayer and expenses paid by others for purposes of determining the education credits or the tuition and fees deduction.
2. **Education Expenses**: The program does not make a current year adjustment for 1098-T line 10 if the refund was for current year expenses. Manually reduce your education expenses by the amount of the refund.
3. **Performing Artists**: The program does not test if related performing-arts business expenses are more than 10% of gross income from performance of those services. This is a requirement for taking these expenses as a deduction against Adjusted Gross Income (AGI) instead of taking them as a miscellaneous itemized deduction on Schedule A. Be sure the expenses qualify before claiming them as a deduction for AGI.
4. **Employer contributions to Medical Savings Account (Form 8853)**: If an employer makes contributions to your MSA, the program will not compute the amount of any excess employer contribution or any applicable penalty. Overrides of the appropriate fields on Form 8853 may be necessary.
5. **Archer MSAs and Long-Term Care Insurance Contracts (Form 8853)**: The program does not support multiple Form 8853 statements for taxpayer or spouse. The program will generate a single statement if the taxpayer has a MSA and is also the beneficiary of an additional MSA due to the death of the account holder.
6. **Health Savings Accounts (HSAs), Form 8889**: The program does not support multiple forms 8889 for taxpayer or spouse. The program will generate a single Form 8889 if the taxpayer has a HSA and is also the beneficiary of an additional HSA due to the death of the account holder.
7. **Keogh, SEP, and SIMPLE Contributions**: Contributions to more than one retirement plan are not supported by the program. For more information and suggestions for accommodating multiple-plan situations, see the Tax Help for the Keogh, SEP, and SIMPLE Contribution Worksheet. Note that for purposes of the Keogh/SEP self-employment income calculation, farm optional income, nonfarm optional income, church employee wages when no social security wages are reported on W-2 and the following categories included on the Schedule SE Adjustments Worksheet: other SE farm profit or loss, SE exempt farm profit or loss, other SE income reported on Form 1040, line 1, clergy Form W-2 wages, clergy housing allowance from Form W-2 Worksheet, clergy business deductions, other SE nonfarm profit or loss, SE exempt nonfarm profit or loss, notary public income are not included. Elective deferrals to an Individual 401(k) plan must be coordinated with any other elective deferrals to ensure that the total for the year does not exceed $18,500 ($24,500 if age 50 or older). Other elective deferrals include deferrals to employer provided retirement plans shown in Box 12 of Form W-2 and any contributions to a SIMPLE plan. Review all your elective deferrals for the year to be sure you have not exceeded the maximum. The program does not perform this limitation. Contributions to self-employed retirement plans must be limited to net self-employment income aggregated for all businesses with respect to which such plan is established. The program does not perform this limitation.
8. **Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent**: In certain cases, you need to attach a Form 8332, Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent that was not prepared by TurboTax to your own return. You can e-file your return, then mail in the Form 8332 with Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return. Check the box on Form 8453 indicating you are mailing in Form 8332.

9. **Qualified Disaster Retirement Plan Distributions and Repayments (8915B):** The program does not support exceeding the $100,000 limit; for example, if you were affected by multiple disasters such as the CA wildfires and a hurricane in the same year.
10. **Code P in W-2, Box 12**: TurboTax does not support Code P (Excludable moving expense reimbursements paid directly to employee) in Box 12 for a move that occurred in 2017.
11. **Catch-up contributions to 403(b):** Catch-up contributions to 403(b) for employees with 15 years of service are not supported.
12. **Investment Fraud:** The program does not support tax losses from investment fraud.
13. **1099-C Cancellation of Debt:** The IRS has strict guidelines for canceled debt that is not directly related to the purchase of a main home. There are several options specific to each taxpayer's situation that determine how to report this debt. To determine which apply to you, see IRS publications 4681 and 544 at IRS.gov. In some situations, canceled debt can be excluded from taxable income. These situations might include bankruptcy or insolvency.

Tax Credits

1. **Residential Energy Credits (Form 5695)**: We do not support the situation when a married couple owns and occupies a house with either another married couple or a single filer.
2. **Dependent Care Expenses (Form 2441)**: The program does not support a credit for child and dependent care expenses if the taxpayer is a dependent of someone else and the person qualifying for the dependent care expenses is disabled.
3. **Additional Child Tax Credit (Schedule 8812)**: If you worked for a railroad as an employee representative the alternate calculation for certain filers who have three or more qualifying children based on Tier 1 and Medicare tax is not supported. If the alternate calculation produces a higher credit for a railroad employee representative the additional child tax credit may be overstated.
4. **Child Tax Credit (Schedule 8812):** If you have a dependent that qualifies for the child tax credit, has an ITIN and the answer in Part I for that child is just “No”, they do not meet the substantial presence test, and the program does not support claiming the child tax credit for that dependent.
5. **Earned Income Credit and Information to Claim Earned Income Credit After Disallowance, Form 8862**: The program does not support the situation of claiming the earned income credit when the taxpayer on a non-married filing jointly return when it has been indicated that the taxpayer can be claimed by someone else, even if the taxpayer is not claimed, and the person not claiming the taxpayer is not required to file a tax return or files a return only to get a refund of income tax withheld or estimated tax paid.
6. **Qualified Adoption Expenses (Form 8839)**: If you and another person (other than your spouse if married filing jointly) each paid qualifying adoption expenses or each received employer-provided adoption benefits to adopt the same child, the program does not support dividing the credit limit between the two of you.
7. **First-Time Homebuyer Credit**: The program does not support repayment of the credit by both spouses on a joint return when each spouse received the credit received independently. Only one repayment can be made per return.
8. **First-Time Homebuyer Credit and Repayment of the Credit (Form 5405)**: We do not support the situation of selling a home because it was destroyed, condemned or you were told (by a government or public official) the house would be condemned.
9. **Credit for Small Employer Health Insurance Premiums (Form 8941)**: The program does not automatically calculate the following items (refer to Form 8941 IRS instructions for further guidance):
    - Qualifying employees
    - Full-time equivalent employees
    - Average wages of your full-time equivalent employees
    - Qualifying premiums paid.

10. **General Business Credits from Publicly Traded Partnerships**: If you have a general business credit that has been reported to you on a Schedule K-1 from a publicly traded partnership, you may need to do a separate calculation to determine how much of the credit is allowable. A listing of which credits are general business credits is shown in Part III of Form 3800. Prepare a separate Form 8582-CR: Passive Activity Credit Limitations, using only the income from the publicly traded partnership. You may need to complete a page 3 of Form 3800 for that publicly traded partnership and then include the amount of credit, or appropriate portion, on the applicable line(s) in parts one or two of Form 3800. For more information, see the "Credits from PTPs" section in the Government Instructions.
11. **Carryforward of General Business Credits**: If you used the transfer feature and have carried back any portion of a disallowed credit from 2017, you will need to adjust the amount that was transferred to 2018. If Form 3800 was not included in the 2016 federal income tax return, enter any carryover of general business credit from any of the individual credits that make up the General Business Credit. If you have any carryforward of general business credits, other than on Form 3800, Part III, line 1, enter the carryforward directly on the applicable form. This would include carryforwards to Form 8586. The individual business credits are not tracked separately. The credit carryforward for any credit that is being recaptured must be reduced by the amount being recaptured. The credit carryforward must also be reduced by any credit that has reached its maximum carryforward life. The program does not create supporting schedules for Lines 4 and 34. If you are printing and filing the tax return and have an amount on either line, you will need to create a supporting schedule. Our notes feature may be sufficient for you to create your schedule. If you are filing electronically, these schedules are not required.
12. **Passive Activity Credit Limitations (Form 8582-CR)**: Credits claimed on a Publicly Traded Partnership K-1 are not limited by the passive activity credit limitations.
13. **Foreign Tax Credit (Form 1116)**: If you had foreign source qualified dividends or had a gain on line 13 of your Form 1040 and any part of that gain was derived from foreign source capital gains or losses, the program does not calculate the amount of foreign source qualified dividends or foreign source capital gain or loss that will go to Form 1116. To correct the situation, you may need to do some manual calculations. See the IRS instructions for Form 1116 to determine whether you need to make some adjustments to your dividends or capital gain or loss amount. Gross income from all sources is automatically calculated by the program. However, in certain instances, you may need to modify this amount. The program includes in gross income the amounts reported on a Schedule K-1 for "gross income from all sources" in the foreign transaction section of the K-1. If there isn't an amount in that section, the program includes in gross income the amounts that flow to Schedule E, page 2, income columns. These amounts as reported on Schedule E, page 2, are NET amounts (income minus related expenses) rather than GROSS amounts (income without being reduced by related expenses). Therefore, you may need to adjust your gross income from all sources to include your Schedule K-1 GROSS income rather than the NET income. There is an enterable field on Form 1116 above line 3e for you to enter an adjustment amount. Other manual calculations may also be necessary in certain circumstances. For example, the program does not automatically calculate the following:
    - The required reduction of taxes on income excluded on Form 2555 (Foreign Earned Income Exclusion)
    - If any foreign earned income is excluded on Form 2555, allocation of the deductions related to foreign source income

    The program does not calculate separate Forms 1116 for categories of income Section 901(j) or "Income re- sourced by treaty." If more than one copy of Form 1116 is completed using either of these categories of income, the second and all additional copies will be identified as "Statements" and only one Form

1116 with each of these categories of income will have Part III completed. The program completes Part IV (Summary of Credits from Separate Parts III) of the FIRST Form 1116 that is completed. It does not complete the Part IV Summary on the Form 1116 with the highest amount on Line 21. If there is passive category income that is treated as general category income because it is high taxed (HTKO), you must read the IRS Form 1116 instructions for line g and lines 2-5 and 13 on how to enter this income and the related foreign tax. Amounts automatically calculated on these lines must be overridden. The program does not calculate the Additional Foreign Tax Credit on U.S. Income Worksheet provided in Publication 514.

14. **Credit for Prior Year Minimum Tax (Form 8801)**: The program does not support the line 9 calculation for a child under age 24. Refer to Form 8801 IRS instructions for calculating line 9.
15. **Tax Credit Bond Holders**: The Credit to Holders of Tax Credit Bonds, Form 8912, such as Build America Bonds, is not supported by the program. To claim the credit, complete Form 8912 from the IRS website and enter the allowed credit from Form 8912, line 18, on Form 1040, line 54.
16. **Increasing Research Activities Credit (Form 6765)**: If claiming the increasing research activities credit, the General Business Credit (Form 3800) instructions explain how to limit the credit to the amount of tax attributable to the taxable income from the activity that generated the credit. Manually calculate and enter the limited credit, if applicable. If this credit is from a pass-through activity, you may report the reduced amount directly on the K-1 Worksheet.
17. **Limitation of the Small Wind Energy Property Credit (Form 3468)**: The program doesn't apply the $4,000 limitation for the Small Wind Energy Property Credit from the Investment Credit, Form 3468, if part of that credit is passive. When the taxpayer enters the amount of this credit on the Passive Credit Entry Worksheet for Form 8582-CR or enters the basis amount on a Schedule K-1 worksheet, the amount may need to be limited.
18. **Unsupported General Business Credit Forms with Limitations**: The program doesn't apply the $5,000 limitation for the Disabled Access Credit, Form 8826, or the $150,000 limitation for the Employer-Provided Child Care Facilities and Services Credit, Form 8882. If any portion of these credits are from passive activities and the taxpayer enters the amount of this credit on the Passive Credit Entry Worksheet for Form 8582-CR, limit the amount according to the form instructions. Similarly, if any of these credits are from a Schedule K-1, the amount may need to be limited.
19. **Claiming both the Health Coverage Tax Credit and the Premium Tax Credit**: The election to claim the Health Coverage Tax Credit (Form 8885) cannot be made for the same coverage in the same month as the Premium Tax Credit (Form 8962). The program will not adjust for this interaction automatically.
20. **Claiming the Self-Employed Health Insurance Deduction with the Premium Tax Credit**: When both the self-employed health insurance deduction and the premium tax credit are involved in a return there situations where the circular calculation that this involves does not converge to amount that is within $1. See IRS publication 974, the Self-Employed Health Insurance Deduction and Premium Tax Credit section for more details. When this is the case the tax return can alternate between two significantly different states. This commonly occurs where the self-employed health insurance deduction causes the federal poverty level to be under 400% but then the Premium Tax Credit provided reduces the self-employed health insurance deduction, then the federal poverty level goes over 400% and no Premium Tax Credit is available. In this case you should refer to IRS publication 974, the Self-Employed Health Insurance Deduction and Premium Tax Credit section for the calculation requirements.
21. **Premium Tax Credit with Shared Allocation and the Self-Employed Health Insurance Deduction:** Shared policy allocations of a Form 1095-A linked to self-employment income is not supported.
22. **Premium Tax Credit:** The program does not support the calculation of the premium tax credit for Aliens lawfully present in the United States that would qualify for the premium tax credit, when their household income is less than 100% of the federal poverty level, if advance premium tax credit payments are not made to their insurance provider.

23. **Passive Activity Credit Limitations (Form 8582-CR):** The program does not support calculating the tax attributable to net passive income if the return calculates the tax using Form 8615, Tax for Certain Children who have Unearned Income, Schedule J, Income Averaging for Farmers and Fishermen, or the Foreign Earned Income Tax Worksheet.
24. **Health Coverage Tax Credit (Form 8885):** The program does not support an advanced credit. If you received an excess advance monthly payment of the HCTC for any month not checked on line 1, you must reduce the amount on line 5 by the total of these payments. Use the Excess Advance HCTC Repayment Worksheet in the 8885 instructions.
25. **Qualified Small Employer HRA (QSEHRA) Reimbursement:** If you receive a code FF on your W-2 for an employer reimbursement of medical expenses you need to calculate if you were still eligible for any APTC (Advanced Premium Tax Credit). You can calculate this amount using the worksheets in Internal Revenue Service Publication 974.
26. **Rehabilitation Credit:** The program supports only one property qualifying for the rehabilitation credit. It does not support the required attachment for Form 3468 Part III when more than one property qualifies for the credit

Taxes

1. **Form 1099-Misc and Non-qualified Deferred Compensation**: If your Form 1099-Misc has an amount in box 15b for nonqualified deferred compensation plans under code section 409A, see IRS Publication 15-A for the calculation of the additional tax that must be reported on Form 1040.
2. **Uncollected Social Security and Medicare Tax on Wages (Form 8919)**: When filing Form 8919, the program does not support reason code combinations other than A, B, C, DG, EG, FG, G, or H. This is because you must file Form SS-8 if you select reason code D, E or F. Other reason codes combinations are not applicable.
3. **Alternative Minimum Tax (Form 6251)**: The program does not recalculate the computation of foreign tax credit in determining alternative minimum tax by farmers and fishermen using income averaging. This provision is expecting an IRS technical correction provision. Review line 10 of Form 6251 and make any adjustments necessary. The program does not support the at-risk loss limitation calculation for non-passive activities. In this situation, the amount of loss limitation should be entered on line 2n of Form 6251. Form 6251, line 2k also needs to be reduced by the depreciation adjustment for this activity. The program does not automatically calculate the related adjustments on line 3 for Section 179 expense, expenses for business or rental use of home, SE health insurance, etc. AMT adjustments related to the disposition of property resulting from refiguring casualty gain or loss to business or income-producing property reported on Form 4684, Casualties and Thefts are not automatically supported by the program. Any required adjustment should be entered directly on Form 6251. The program does not recalculate the computation of Form 8615, Tax for Certain Children Who Have Investment Income, for exclusion of the parent's Schedule J tax, for the purposes of Alternative Minimum Tax. If the parent's tax return included a Schedule J, the parent's tax return should be recalculated without Schedule J, and then Form 8615 recalculated with the resulting revised amounts.
4. **Underpayment Penalty (Form 2210)**: Form 2210 does not support the calculation of relief from underpayment penalty granted by the IRS due to disasters. Taxpayers affected by a disaster where the IRS provides relief should calculate the relief granted for the specific disaster and request a waiver on Form 2210.
5. **Form W-2 and Code Z**: If your Form W-2 has an amount with code Z in box 12 for non-qualified deferred compensation plans under code section 409A, see IRS Publication 15-A for the calculation of the additional tax that must be reported on Form 1040.

6. **Tax on Lump-Sum Distributions (Form 4972)**: If a person receives a lump-sum distribution from his or her own retirement plan and, in the same year, another lump-sum distribution as a beneficiary of an employee who died, and both distributions qualify for special averaging on Form 4972, only one distribution can be reported on Form 4972 for the year. Normally this situation would need to be reported on two Forms 4972. However, the program only supports one Form 4972 for the taxpayer and one for the spouse. The second Form 4972 can be prepared manually, and the tax from that form can be entered on the Form 1040 worksheet, on line D of the Tax Smart Worksheet above line 11.
7. **Transactions with Foreign Trusts/Tax on Accumulation Distribution**: If you are subject to tax on an accumulation distribution from a foreign or domestic trust, you must obtain Form 3520 and/or Form 4970 from the IRS. Any tax you owe as a result of completing these forms must be added to line E of the 1040 Worksheet, on the Additional Other Taxes Smart Worksheet above Line 62. This will add the taxes due to Line 62c of Form 1040, Schedule 4
8. **Net Investment Income Tax (Form 8960):** The program does not automatically support the following scenarios for the calculation of Net Investment Income Tax (NIIT). Make any necessary adjustments on the Form 8960 worksheet:
    - Any adjustment to the gain or loss from the disposition of an interest in a partnership or S corporation that should be included on line 5c.
    - Activities involving trading in financial instruments or commodities which should be included in NII regardless of material participation.
    - Any adjustment to interest or dividend income or to capital gain/loss that is not related to an activity.
    - Net operating loss for NIIT purposes.
    - Any other adjustments or deductions not accounted for on the Form 8960 worksheet.
9. **Form 965-A:** We do not support calculating the tax on income that has been deemed repatriated.

Miscellaneous

1. **Family and Dependent Situations**: If the grandparent is living all year with the (adult) child and grandchild and the grandchild is the qualifying child of both, the program does not support the situation of the grandparent taking the Earned Income Credit and/or Child and Dependent Care Credit when the parent of the child has released the dependency to the other parent via Form 8332 or other custody agreement.

    If the taxpayer was claimed or could have been claimed as a dependent on another taxpayer's return, the taxpayer may be able to take Child and Dependent Care Credit for a qualifying disabled person who could have been his or her dependent except that the taxpayer could be claimed as a dependent on someone else's return. The program does not support this situation of the taxpayer claiming the dependent care expenses for the disabled qualifying person.

    If the taxpayer has a disabled qualifying child (for Earned Income Credit purposes) over 18 years old, who is not a full-time student, and provides over half of his or her own support, the child may still qualify the taxpayer for the Earned Income Credit. The program does not support this specific situation. For married filing jointly couples, if the dependent is not a blood relative, half- or step-relative, foster or adopted relative of either the taxpayer or the spouse, OR for any other filing status where the dependent is an in-law of the filer:
    - The dependent is under the age of 18 or 19-23 and a full-time student, and lived with the taxpayer (and spouse, if applicable) more than half the year, and the dependent did not provide more than 1/2 their own support; OR
    - The dependent is any age, disabled and did not live with the taxpayer (and spouse, if applicable) all year.
2. **Direct Deposit of Refund to More Than One Account (Form 8888)**: Form 8888 will not support splitting your refund between a direct deposit and also receiving a check. The user will only be allowed to

choose direct deposit or get a check for any portion of their refund not used to purchase bonds on Form 8888.

3. **W-4 Worksheet**: The program does not calculate withholding to exceed 80% of salary. In that situation, make supplemental estimated tax payments if you are in this situation.
4. **Importing data from a W-2, 1099, or 1098**:
    - Be aware that amounts larger than 9,999,999.99 will not import. Be sure that you review your imported data carefully.
    - **1099-OID and 1099-INT** – Market Discount is not supported for import. You will need to manually enter.
    - **1099-B** – Regulated Futures Contracts, Foreign Currency Contracts and Section 1256 Option Contracts are not supported for import.
5. **Large Number Calculations**: The program does not handle the rare event of the entry of numbers greater than $9,999,999.99 or intermediate calculations that require more than 9 digits.
6. **Community Property**: The program does not automatically support the community property reporting requirements for individuals who are married filing separately or who are registered domestic partners and have community property. These requirements are listed in IRS Publication 555, Community Property. The program does not support the IRA deduction calculation or other specialized calculations for RDP/California same-sex spouses. See IRS Publication 555, Community Property.
7. **Changing Filing Status from Married Filing Jointly**: The program does not automatically support changes required to carryover items when an individual is married filing jointly in one year and then changes to a different filing status in the next year. Examples of carryover items that may be impacted are capital loss carryovers, passive loss carryovers, taxability of a state tax refund, and carryovers of any other deduction or credit.
8. **Married Filing Separate with Nonresident Alien Spouse**: The program does not support filing without an ITIN or SSN for the nonresident alien spouse.
9. **Other Unsupported Situations**: The program does not support any specific income, deduction or credit items that are not identified on a form or worksheet or included as part of the TurboTax Interview.
10. **Filing Status of State Returns**: TurboTax doesn't automatically optimize filing status for non-community property state returns. We will select by default the same filing status as your federal return.
11. **Federal and State Interaction**: TurboTax does not make recommendations based on optimizing across both the federal and state returns. The recommendations are specific to the return being prepared.
12. **Form 8903, Domestic Production Activities Deduction:** We do not support Form 8903. For fiscal year K-1s, 2017 fiscal year that ends in 2018, you will need to manually complete Form 8903. Enter the amount from Form 8903, line 25 on Schedule 1 (Form 1040) line 36 write-in field.
13. **Quicken or QuickBooks Import**:
    - To import your data, you must track your financial data in Quicken 2014 or later, or QuickBooks 2014 or later. If you have an earlier version of Quicken, you can import using TXF. If you have the multi-user version of the QuickBooks program, note that only the QuickBooks Administrator can import QuickBooks data to TurboTax. QuickBooks must also be in single-user mode.
    - Car and truck expenses: You may import Quicken data to only one Car and Truck Expense Worksheet per activity.
    - If you had short sales in Quicken, use the TXF import. Review your Schedule D carefully.
    - Some capital gain transactions with a net gain of zero may not import. Review your Schedule D carefully.
    - Imported transactions must be in US dollars. TurboTax doesn't support foreign currency.

- Tips and Education Expenses are no longer supported for import. You will need to enter these manually.

14. **Other Imports**:
    - As mentioned earlier, amounts larger than 9,999,999.99 will not import. Be sure that you review your imported data carefully.
    - 1099-OID and 1099-INT – Market Discount is not supported for import. You will need to manually enter.
    - 1099-B – Regulated Futures Contracts, Foreign Currency Contracts and Section 1256 Option Contracts are not supported for import.
    - You can import up to 2,100 transactions using a desktop version of TurboTax and 500 transactions using TurboTax Online.