



## NAVIGATING THE *NEW* FORM 1040

In 2018 the IRS introduced a new, shorter version of Form 1040 and relocated many items that resided on the old “long form” to six new supplementary schedules. For 2019, the IRS has again redesigned Form 1040, consolidating the six supplementary schedules to three and moving some items back to Form 1040. Here are the changes for the 2019 Form 1040 system.

### Form 1040

#### *Front (Page 1) - Personal information*

- Filing status checkboxes; name, address, and SSN for taxpayer and spouse, if applicable; standard deduction checkboxes; and dependent information all remain on the front of the form.
- The health insurance coverage checkbox is eliminated.
- Foreign address information is moved from Schedule 6 to this section.

#### *Income, adjustments, and deductions*

- The lines for income, adjustments to income, AGI, standard/itemized deductions, qualified business income deduction (QBID), and taxable income are moved from the back to the front of the form.
- Note: total income is on line 7b, AGI is on line 8b, and taxable income is on line 11b of the 2019 1040.
- IRA distributions and pension distributions are on separate lines.
- Capital gain is moved from Schedule 1 back to this section.
- Two new forms are referenced to calculate the QBID: Form 8995 for the simplified calculation or Form 8995-A for the complex calculation.

#### *Back (page 2)*

#### *Tax, credits, and payments*

- The lines for taxes, nonrefundable and refundable credits, payments (including income tax withheld), and refund or amount owed remain on the back of the form.
- The EIC, additional child tax credit (ACTC), and refundable American opportunity credit (AOC) are on dedicated lines (the ACTC and AOC are so-named, rather than just showing form numbers).
- Total tax, total refundable credits, and total payments lines are clearly marked in bold.
- *Signature blocks*
- Third party designee information is moved from Schedule 6 to this section.
- Taxpayer, spouse, and paid preparer signatures are moved from the front to the back of the form on the bottom.

### Schedules

The 2018 Schedules 2 and 4 are consolidated on the 2019 Schedule 2, the 2018 Schedules 3 and 5 are consolidated on the 2019 Schedule 3, and the 2018 Schedule 6 is eliminated with all information moved to the 2019 Form 1040. The 2018 schedules generally used the “old” 1040 line numbers for each relocated item (ex. taxable refunds were on line 10 of the 2017 Form 1040 and line 10 of the 2018 Schedule 1). For 2019, each of the three schedules has its own numbering sequence starting with “1.”

#### *Schedule 1 Additional Income and Adjustments to Income*



- A new checkbox has been added for virtual currency: *At any time during 2019, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency?*
- Taxpayers who are required to complete Schedule 1 should check “yes” or “no” as appropriate.
- Taxpayers who do not have virtual currency transactions and no other Schedule 1 items do not have to include the schedule just to check “no.”
- The lines for alimony received and alimony paid now include an entry for the date of the original divorce or separation agreement.
- “Line 21 income,” i.e. other income, is now line 8.
- A dedicated line for the tuition and fees deduction has been added.
- Total additional income transfers to Form 1040, line 7a; total adjustments transfer to Form 1040, line 8a.

#### *Schedule 2 Additional Taxes*

- *Part I – Tax*, includes the AMT and excess advance premium tax credit (APTC).
- *Part II – Other Taxes*, includes the items that were on the 2018 Schedule 5, such as SE tax, the 10% penalty on early withdrawals from IRAs, and the net investment income tax.
- Total tax from Part I of this schedule transfers to Form 1040, line 12b and total other taxes from Part II transfer to Form 1040, line 15.

#### *Schedule 3 Additional Credits and Payments*

- *Part I – Nonrefundable Credits*, such as the foreign tax credit and nonrefundable education credits.
- *Part II – Other Payments and Refundable Credits*, includes the items that were on the 2018 Schedule 5, such as estimated taxes and the net PTC to be refunded.
- Total nonrefundable credits transfer to Form 1040, line 13b; total other payments and refundable credits transfer to Form 1040, line 18d.

#### **About the Form 1040-SR**

The IRS has also rolled out the new Form 1040-SR, *U.S. Tax Return for Seniors*. The new form has larger print and includes a standard deduction chart on page 1. Otherwise, all line items are the same and the form utilizes the same three supplementary schedules and the same instructions as the “regular” Form 1040 uses. Taxpayers who were born before January 2, 1955, may use this form. Joint filers may use the form if either spouse meets the age requirement.

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