

2025 Technical, Legislative, and Agency Adjustments

Changes made to tax forms

Form 8865	IRS updated address fields and added a new line 8b. The new line indicates that the owner of a qualified business unit (QBU) with a functional currency different than its owner (including a foreign disregarded entity, foreign branch, or foreign partnership) is required to file Form 8964 and related schedules. Filers also has to identify the number of Forms 8964 being attached.
Sch K-1 (Form 8865)	IRS is including a new reporting requirement under Box 20, code ZZ- Other which include information capital gains from the sale of certain farmland under section 1062.
Sch K-3 (Form 8865)	We removed the checkboxes from the top of the form and added new line F to include check boxes: (1) Final K-3 (2) Amended K-3 (3) Reserved for future use. The reserved for future use checkbox may be used in the future if the administrative adjustment request (AAR) process is updated. In Part IV, added two new lines, 3a and 3b. Line 3a is to report the income and gain from the sale or other disposition of section 367(d)(4) intangible property. Line 3b is to report the income and gain from the sale or disposition of certain other property.
Form 1045	IRS added line 2c and a new check box to indicate Form 1045 is being resubmitted (in response to IRS correspondence). Line 17 was previously used for dual entries, IRS removed the excess child tax credit (CTC). In addition, IRS added the 34 and 35 to implementen EO 14247.
Form 5695	IRS made significant changes to Part II to reflect the requirement that taxpayers claiming the 25C credit for specified property placed into service after 12/31/24 include on their return the unique qualified product identification number (PIN) assigned to the property by a qualified manufacturer (QM). IRC 25C(h).
Form 3800	New line B is added. Filers indicate if they are transferors or transferees of credits under section 6418. If so, they complete and attach a transfer election statment. In Part IV. Carryovers of General Business Credits (GBCs), IRS unshaded line 1q (Form 7218) and 1gg (Form 7211) to report carryonver of the credits.
Sch A (Form 3800)	New Schedule A (Form 3800) , Transfer Election Statement is to be completed by transferors and transferees making credit transfer elections under section 6418.
Form 1040	IRS made significant changes to Dependents section and expanded the information being collected in one place. In addition, new checkboxes and/or entry spaces has been added to lines 1, 3, 4, 5, 6, 7, 26 and 27.

Form 8949	<p>Part I, IRS added boxes G, H, and I to indentify short-term transactions reported on Form 1099-DA. Box C will now be used for short-tem transaction not reported on Form 1099-B or 1099-DA.</p> <p>Part II, IRS added boxes J, K, and L to indentify long-term transactions reported on Form 1099-DA. Box F will now be used for short-tem transaction not reported on Form 1099-B or 1099-DA.</p>
Form 4562	<p>IRS added multiple lines to increase compliance and awareness of reporting requirements.</p> <ul style="list-style-type: none"> * New line 19h to report 50-year property. * New line 20e to report 50-year property. * New line 23a to enter the portion of the basis attributable to capitalized interest costs under section 263A(f). New line to enter all other Section 263A(f) costs other than the capitalized interest cost under under section 263A(f). * new line 24c with checkboxes for taxpayers to report whether the aircraft is owned, leased, or chartered.
Sch K-2 (Form 8865)	<p>IRS added new line "B" for two check boxes:(1) <input type="checkbox"/> Amended K-2 and (2) <input type="checkbox"/> Reserved for future use.</p> <p>In Part IV, IRS added two new lines, 3a and 3b. Line 3a is to report the income and gain from the sale or other disposition of section 367(d)(4) intangible property. Line 3b is to report the income and gain from the sale or disposition of certain other property.</p>
Sch 1-A (Form 1040)	<p>P.L. 119-21 created four new deductions that both itemizers and non-itemizers can take. These new deductions include No Tax on Tips (sec.70201), No Tax on Overtime (sec.70202), No Tax on Car Loan Interest (sec. 70203), and the Enhanced Senior Deduction (sec.70103). This is a new form created to capture these new deductions.</p>
Sch 2 (Form 1040)	<p>Modifications to Part II: Line 4: Added checkboxes to eliminate the write-ins for Forms 4361 and 4029. We added a third checkbox and entry space for the write-ins for "Exempt-Notary," "Exempt Community Income," and "Exempt-See Attached Statement."</p> <p>Line 10: Reserved for future use. Removed Repayment of the First Time Homebuyer Credit. The repayment period ended in 2024.</p> <p>P.L. 119-21, SEC. 70437, for tax year 2025, fiscal year Form 1040 filers will report the current year tax payment installment, the taxpayer will enter the 25% installment payment from Form 1062 using Schedule 2, line 17z. Taxpayers will enter the amount of the installment payment on Schedule 2, line 17z and enter "1062I" to indicate the payment of the installment.</p>
Sch 3 (Form 1040)	<p>For tax year 2025, fiscal year Form 1040 filers will report the 100% of deferred tax/net tax liability from Form 1062 using Schedule 3, line 13z. Taxpayers will enter the full amount of the deferral/net tax liability on Schedule 3, line 13z and enter "1062NL" to indicate the deferral (P.L. 119-21, SEC. 70437)</p>

Form 7220	New Form 7220 , Prevailing Wage and Apprenticeship (PWA) Verification and Corrections. The purpose of the form is to allow the IRS to verify that taxpayers meet the recordkeeping requirements for claiming the increase credits under PWA. The form will also allow taxpayers to calculate PWA correction penalties.
Form 5471	IRS updated address fields and added a new line 3b, Schedule G. The new line indicates that if the corporation is required to file Form 8964. Filers also has to identify the number of Forms 8964 being attached.
Form 1040-NR	<ul style="list-style-type: none"> * We revised line 13c to capture the total from new Schedule 1-A (Additional Deductions). * Line 30 will now capture the refundable portion of the adoption credit from Form 8839. * We revised line 32 to capture the refundable portion of the adoption credit from Form 8839, in addition to the additional child tax credit from Schedule 8812 (Form 1040), the credit for amount paid with Form 1040-C, and the amount from Schedule 3 (Form 1040), line 15.
Form 1040-SS	IRS made significant changes to Dependents section. In addition, new checkboxes and/or entry spaces has been added to lines 1, 6, 8, and 10.
Form 8908	IRS added three new questions, questions A, B and C before Part I and a new Part III, Qualified Homes' Addresses.
Form 8933	In Part III, IRS added new lines 3g and 3h after 3f for displacement factor (DF) consideration. Also added new lines 4, 5, and 6 for credit before reduction, credit reduction for tax-exempt bonds, and credit after reduction.
Form 7207	Part II of Form 7207 has been updated to include new Line 6b for reporting the new critical mineral "metallurgical coal," effective for tax years beginning after July 4, 2025.
Form 8864	Form 8864 was revised to incorporate the changes that restored the qualified agri-biodiesel production credit according to P.L. 119-21, Section 70521(j). The qualified agri-biodiesel production credit was extended through 2026.
Form 8939	Line 11 was split into 3 sublines. Line 11a is the total adoption credit available for the year per child. Line 11b figures how much of the total credit is refundable, per child. Line 11c is the total refundable credit available to the taxpayer for the current year. This amount will be reported on line 13 and then carried over to Form 1040, 1040-SR, and 1040-NR line 30.
Form 1040X	We added a bullet list. The first bullet requires filers to attach to their Form 1040-X a completed Form 1040, 1040-SR, or 1040-NR with their changes. The second bullet requires taxpayers to attach supporting documents and new or changed forms to their Form 1040-X. We make it clear that the completion of Part II is required.

Form 8990	P.L. 119-21, section 70303(a) restored the deduction allowable for depreciation, amortization, or depletion attributable to a trade or business as an addition to tentative taxable income in calculating adjusted taxable income for purposes of the limitation on business interest expense under section 163(j). We are using line 11 (which was previously reserved) to report the allowable deductions for depreciation, amortization, or depletion
Form 6261	Line 1 has been split into Line 1a and Line 1b. Line 1b subtracts all below-the-line deductions except the senior deduction from AGI (P.L. 119-21 sec.70103, IRC 56(b)(1)(D)).
Form 1062	New Form 1062 is being created to allow taxpayers to elect under section 1062 to defer the net income tax attributable to the gain on the sale or exchange of qualified farmland property during the tax year. Form 1062 provides information to figure net 1062 tax liability.
Sch A (Form 1062)	We are creating a new Schedule A (Form 1062) for taxpayers to file for each qualified sale or exchange of qualified farmland for purposes of the section 1062 election.
Form 8839	Line 11 was split into 3 sublines. Line 11a is the total adoption credit available for the year per child. Line 11b figures how much of the total credit is refundable, per child. Line 11c is the total refundable credit available to the taxpayer for the current year. This amount will be reported on line 13 and then carried over to Form 1040, 1040-SR, and 1040-NR line 30.
Form 1116	Line 18. We revised line 18 to reflect recent legislative changes. Per IRC 904(b)(1) the taxable income reported on Form 1116, line 18, is computed without any deduction for personal exemptions under section 151. Section 70103 of P.L. 119-21 modifies section 151 to allow for a deduction for seniors from 2025 through 2028. This new deduction for seniors is considered a "personal exemption" as the term is used in IRC 904(b)(1); therefore, this exemption must be added back when reporting taxable income on Form 1116, line 18. We have modified line 18 accordingly.
Sch A (Form 8825)	IRS develop new Schedule A (Form 8825), Rental Real Estate Other Deductions, with the purpose to decrease the amount of white paper attachments and provide a standard reporting structure for taxpayers.
Form8964-ELE	New Form 8964-ELE, Section 987 Elections. IRS develop Form 8964-ELE to make or revoke elections under the section 987 regulations.