

Postcard-Sized Tax Form on Permanent Vacation After a Year

By Allyson Versprille

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- Tax preparers complained smaller tax form made things more confusing
- 1040 grows to two pages again for next year's filing season

Republicans touted a postcard-sized individual tax form as they tried to sell the 2017 tax overhaul to the public—that vision was short-lived.

The IRS ditched the smaller Form 1040 after one filing season, bending to pressure from outside groups and tax professionals who complained it created unnecessary complications.

"The postcard was a mess," said Ryan Ellis, a conservative tax lobbyist who also owns and operates a tax preparation service in the Washington, D.C. area.

Before 2018, the 1040 form was the size of two full sheets of paper. To create a smaller tax filing form, the Treasury Department moved some lines for reporting additional income, credits, and other deductions to six new accompanying schedules.

When the IRS released the smaller individual income tax return form in June 2018, Treasury Secretary Steven Mnuchin touted it as delivering on the Trump administration's promise to make it easier for Americans to file their taxes.

"The new, postcard-size Form 1040 is designed to simplify and expedite filing tax returns, providing much-needed relief to hardworking taxpayers," Mnuchin said in a statement the day the form was released.

Swift Pushback

But complaints about the changes came quickly: the National Association of Tax Professionals told the IRS in a July 2018 comment letter that it received "overwhelmingly unfavorable" feedback from hundreds of members.

"Treasury Secretary Steven Mnuchin told the media that the administration's main objective was to simplify the forms," the association said. "In our opinion, making the form smaller and removing lines only to move them to other schedules does not equate to simplification."

Scattering information that used to fit on two pages across multiple different attachments required taxpayers and their advisers to toggle back-and-forth and made everything much more confusing, Ellis said.

The IRS heard the concerns and is redesigning the 1040 that people will use to file their 2019 tax returns next year. The agency July 11 unveiled a draft form that looks closer to the Form 1040 that existed prior to 2018 with a two-page baseline form and three schedules, as opposed to six.

The 2019 draft has a more “intuitive flow” than the postcard, said Mark Steber, senior vice president and chief tax officer at Jackson Hewitt Tax Service Inc.

“That makes customer interaction a little easier,” he said.

But Steber also noted that the changing forms don’t actually affect that many taxpayers because tax filing “isn’t done as it was generations ago on paper forms spread out on the dining room table.”

Political Reaction

More than 90% of people file their tax returns electronically and will never actually interact with a hard copy. But Democratic lawmakers—who have condemned the tax overhaul as a partisan law that mostly helps corporations and the wealthy—are highlighting the demise of the postcard-sized 1040 as another failure of the tax law.

Senate Finance Committee ranking member Ron Wyden (D-Ore.) said the departure from the postcard proves that Republicans failed to deliver on their pledge to simplify the tax code.

Meanwhile, House Ways & Means Chairman Richard Neal (D-Mass.) described the smaller tax form as an unrealistic promise.

“We never believed that it would be a postcard. Never. Not for a moment,” Neal said. “I heard that over and over again during my time and career and I think that makes more for a good photograph than it does for a good policy.”

Ways & Means ranking member Kevin Brady (R-Texas), who chaired the committee during the tax law’s passage and often carried around a mock-up of a tax-filing postcard, was unmoved by the change. When asked what went wrong with the postcard-sized tax form, Brady touted tax code changes that he said have made tax filing easier.

Fewer taxpayers need to itemize due to a higher standard deduction, more than four million taxpayers are benefiting from changes to the alternative minimum tax, and filing for small businesses is easier under the new law, Brady told reporters.

—With assistance from Kelly Zegers, Kaustuv Basu, and Colin Wilhelm in Washington.

To contact the reporter on this story: Allyson Versprille in Washington at aversprille@bloombergtax.com

To contact the editors responsible for this story: Patrick Ambrosio at pambrosio@bloombergtax.com; Colleen Murphy at cmurphy@bloombergtax.com

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IRS, Faced With Major Pushback, Shelves Postcard-Sized 1040

By: Chris Gaetano

Published Date: Jul 30, 2019

Form 1040 Department of the Treasury—Internal Revenue Service **U.S. Individual Income Tax Return 2018** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

☐ Married filing separate return ☐ Qualifying widow(er) ☐ Head of household

Your first name and initial Last name Your social security number

Standard deduction: ☐ Someone can claim you as a dependent ☐ You were born before January 2, 1954 ☐ You are blind

Spouse or qualifying person's first name and initial (see inst.) Last name Spouse's social security number

Standard deduction: ☐ Someone can claim your spouse as a dependent ☐ Your spouse was born before January 2, 1954 ☐ Your spouse itemizes on a separate return or you were dual-status alien

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign. ☒ If you want \$3 to go to this fund (see inst.) ☐ You ☐ Spouse

City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule G. ☐ Full-year health care coverage (see instructions)

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> If qualifies for (see inst.):
				Child tax credit Credit for other dependents

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately reflect all amounts and sources of income I received during the tax year. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? ☐ See instructions. Keep a copy for your records.

Your signature Date Your occupation

Spouse's signature. If a joint return, both must sign. Date Spouse's occupation

Paid Preparer's Print/Type preparer's name Preparer's signature PTIN

Firm's name Firm's EIN

Check it: ☐ 3rd Party Designee ☐ Self-employed

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2018)

Touted as a way to simplify tax filing, the IRS's postcard-sized Form 1040 has proven to be massively unpopular in the single year it's been in use, prompting the service to redesign the form to make it closer to the pre-2018 version, according to [Bloomberg](https://news.bloombergtax.com/daily-tax-report/postcard-sized-tax-form-on-permanent-vacation-after-a-year) (<https://news.bloombergtax.com/daily-tax-report/postcard-sized-tax-form-on-permanent-vacation-after-a-year>).

The postcard-sized 1040 was rolled out last year (<https://www.nysscpa.org/news/publications/the-trusted->

[professional/article/treasury-secretary-says-to-expect-postcard-sized-1040-062218](https://www.nysscpa.org/news/publications/the-trusted-professional/article/treasury-secretary-says-to-expect-postcard-sized-1040-062218)) as part of the Tax Cuts and Jobs Act. Treasury Secretary Tim Mnuchin said the size reduction is meant to indicate that the recent tax law simplified the tax code enough that people will spend less time filling out forms. [Practitioners \(https://www.nysscpa.org/news/publications/the-trusted-professional/article/proposed-1040-is-postcard-sized-but-attached-schedules-retain-complexity\)](https://www.nysscpa.org/news/publications/the-trusted-professional/article/proposed-1040-is-postcard-sized-but-attached-schedules-retain-complexity), however, were skeptical of this claim: While the form was indeed physically smaller, more than half of the 78 line items on the previous Form 1040 were moved to six separate schedules that needed to be attached to the new form. Many warned that it would add needless complexity to the form, an especially perverse outcome given the redesign's purpose.

And, indeed, [many tax professionals \(https://www.nysscpa.org/news/publications/the-trusted-professional/article/practitioners-describe-an-exceptionally-vexing-tax-season-071619\)](https://www.nysscpa.org/news/publications/the-trusted-professional/article/practitioners-describe-an-exceptionally-vexing-tax-season-071619) said that the new form was the cause of a great deal of frustration and confusion on the part of clients. NYSSCPA member **Richard Greenfield**, who sits on the Taxation of Individuals Committee, said that "it took much more time to look at a return because you had to look all over the place, where all the information was coming from, and it was just completely unnecessary to do what they did."

Barry Kleiman, another committee member, reported similar issues, saying that "we're all used to seeing the Form 1040 how we normally see it," but "now, it's a lot of flipping back and forth to the schedules."

The new 1040 wasn't easy for the IRS either: A [report from the Treasury Inspector General for Tax Administration \(https://www.nysscpa.org/news/publications/the-trusted-professional/article/tigta-says-new-1040-stressed-irs-capacity-042219\)](https://www.nysscpa.org/news/publications/the-trusted-professional/article/tigta-says-new-1040-stressed-irs-capacity-042219) said that it created a lot of extra work for IRS staff, who needed to make extensive revisions to other forms and regulations that referenced it. TIGTA said that the IRS had to revise other tax forms, instructions, and publications with updated reference to the new Form 1040 and remove references to eliminated tax forms such as Form 1040A and 1040EZ. Overall, the change required further revisions to 113 other forms, 66 sets of instructions, and 64 publications. In addition, because of the timing of the redesign decision, the IRS had to update some tax forms that were already released as final.

Beyond all this, TIGTA noted that the new Form 1040 is missing places to enter the date of divorce or separation on Schedule 1, additional income and adjustments to income, to determine if taxpayers are eligible to deduct alimony payments.

However, Bloomberg noted that about 90 percent of people file electronically, making the entire postcard-sized redesign moot for most.

Click here (/news) to see more of the latest news from the NYSSCPA.

- Check out **The TP Archives** (/news/publications/the-trusted-professional/the-trusted-professional-archives).

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Caution: *DRAFT—NOT FOR FILING*

This is an early release draft of the 2019 IRS Form 1040, U.S. Individual Income Tax Return, which the IRS is providing for your information, review, and comment. There is a 30-day comment period for this draft form (see below). **Do not file draft forms.** Also, do **not** rely on draft forms, instructions, and publications for filing. We generally do not release drafts of forms until we believe we have incorporated all changes. However, in this case **we anticipate it is likely that this form will change at least slightly before being released as final.** Whether we make changes to this draft or not, we will post a new draft later this summer with our standard coversheet (this page) indicating we do not expect that draft of the form to change. Forms generally are subject to OMB approval before they can be officially released as final. Early release drafts are at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms), and may remain there even after the final release is posted at [IRS.gov/LatestForms](https://www.irs.gov/LatestForms). All information about forms, instructions, and publications is at [IRS.gov/Forms](https://www.irs.gov/Forms).

Also, note that almost every form and publication also has its own page on IRS.gov. For example, the Form 1040 page is at [IRS.gov/Form1040](https://www.irs.gov/Form1040); a Form W-8BEN-E page is at [IRS.gov/W8BENE](https://www.irs.gov/W8BENE); the Publication 17 page is at [IRS.gov/Pub17](https://www.irs.gov/Pub17); the Form W-4 page is at [IRS.gov/W4](https://www.irs.gov/W4); and the Schedule A (Form 1040) page is at [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA). Note that these are friendly shortcut links that will automatically redirect to the actual link for the page.

If you wish, you can submit comments about this draft form to WI.1040.Comments@IRS.gov. We cannot respond to all comments due to the high volume we receive. Please note that we may not be able to consider some suggestions until the subsequent revision. Please send comments no later than August 15.

Filing Status

☐ Single ☐ Married filing jointly ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying widow(er) (QW)

Check only one box.

If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ►

Your first name and middle initial	Last name	Your social security number
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions.		Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).		Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
Foreign country name	Foreign province/state/county	Foreign postal code
		If more than four dependents, see instructions and ✓ here ► <input type="checkbox"/>

Standard Deduction

Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness

You: ☐ Were born before January 2, 1955 ☐ Are blind Spouse: ☐ Was born before January 2, 1955 ☐ Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see instructions): Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

Standard Deduction for—

- Single or Married filing separately, \$12,200
- Married filing jointly or Qualifying widow(er), \$24,400
- Head of household, \$18,350
- If you checked any box under **Standard Deduction**, see instructions.

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRA distributions	4a	
c	Pensions and annuities	4c	
5a	Social security benefits	5a	
6	Capital gain or (loss), Attach Schedule D if required. If not required, check here	6	
7a	Other income from Schedule 1, line 9	7a	
b	Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income	7b	
8a	Adjustments to income from Schedule 1, line 22	8a	
b	Subtract line 8a from line 7b. This is your adjusted gross income	8b	
9	Standard deduction or itemized deductions (from Schedule A)	9	
10	Qualified business income deduction, Attach Form 8995 or Form 8995-A	10	
11a	Add lines 9 and 10	11a	
b	Taxable income. Subtract line 11a from line 8b	11b	

12a	Tax (see inst.) Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	12a	
b	Add Schedule 2, line 3, and line 12a and enter the total	12b	
13a	Child tax credit or credit for other dependents	13a	
b	Add Schedule 3, line 7, and line 13a and enter the total	13b	
14	Subtract line 13b from line 12b. If zero or less, enter -0-	14	
15	Other taxes, including self-employment tax, from Schedule 2, line 10	15	
16	Add lines 14 and 15. This is your total tax	16	
17	Federal income tax withheld from Forms W-2 and 1099	17	
18	Other payments and refundable credits:		
a	Earned income credit (EIC)	18a	
b	Additional child tax credit. Attach Schedule 8812	18b	
c	American opportunity credit from Form 8863, line 8	18c	
d	Schedule 3, line 14	18d	
e	Add lines 18a through 18d. These are your total other payments and refundable credits	18e	
19	Add lines 17 and 18e. These are your total payments	19	
Refund	20 If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you overpaid	20	
	21a Amount of line 20 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	21a	
Direct deposit? See instructions.	b Routing number <input type="text"/>	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
	d Account number <input type="text"/>		
	22 Amount of line 20 you want applied to your 2020 estimated tax	22	
Amount You Owe	23 Amount you owe. Subtract line 19 from line 16. For details on how to pay, see instructions	23	
	24 Estimated tax penalty (see instructions)	24	
Third Party Designee (Other than paid preparer)	Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions.		<input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No
	Designee's name <input type="text"/>	Phone no. <input type="text"/>	Personal identification number (PIN) <input type="text"/>
Sign Here	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Joint return? See instructions. Keep a copy for your records.	Your signature <input type="text"/>		Date <input type="text"/>
	Spouse's signature. If a joint return, both must sign. <input type="text"/>		Date <input type="text"/>
	Phone no. <input type="text"/>		Email address <input type="text"/>
Paid Preparer Use Only	Preparer's name <input type="text"/>		Preparer's signature <input type="text"/>
	Firm's name <input type="text"/>		Phone no. <input type="text"/>
	Firm's address <input type="text"/>		Firm's EIN <input type="text"/>