

For myI CLUB.com

2023 Club Federal Tax Printer

**USER
GUIDE**



Estimates Source: Thomson/Zacks

2004 2005 2006 2007 2008



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myICLUB.com

2023 Club Federal Tax Printer

for myICLUB.com

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Important Notice

We have done the utmost to make certain that the data that appears on tax forms produced by the Club Tax Printer is correct as based on the data in your current myICLUB.com files. myICLUB.com does not warrant the accuracy or completeness of the data on the printed tax forms. All responsibility for accuracy and completeness rests with your investment club and with the person who handles the tax matters for your club.

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Important: IRS Partnership Return Deadline

The deadline for filing partnership tax returns to the IRS and providing each partner with their Schedule K-1 is **March 15th**.

Many states have adjusted their partnership filing deadlines as well, so check with your state to confirm their filing deadline for partnership returns.

If necessary, partnerships may file for an automatic six-month extension of the IRS filing deadline using **IRS Form 7004** available from the IRS website.

Members of your club should not file their personal returns until they have received the appropriate information from the club.

Using the Club Tax Printer

This **Club Tax Printer** works with data from the **myICLUB.com** platform, performing certain calculations, and then generating tax forms with those calculated values. The program does not alter your original stored data.

To properly use this program, you must make sure all accounting records are up-to-date and accurate,

and all security and member settings in the myICLUB.com are complete and correct.

System Requirements

Use of the **Club Tax Printer** requires:

- Current myICLUB.com subscription.
- Current generation web browser (Internet Explorer, Microsoft Edge, Google Chrome, Mozilla Firefox, Apple Safari).
- Internet access.
- Adobe Acrobat Reader 6.0 or higher, available free from www.adobe.com.

Unsupported Partner Types & Investments

The **Club Tax Printer** does not support investments in (or in securities that hold) cryptocurrencies, equity options, precious metals, commodities, or master limited partnerships. The accounting program at myICLUB.com may be able to accommodate these securities, but services of a professional tax preparer may be required to generate the required tax filings.

The **Club Tax Printer** does not support the IRS filing requirements of general partnerships that include foreign (non-U.S.) individuals or corporations as partners. Consult the IRS website or a professional tax preparer to understand how to accommodate these types of partners.

Installing, Registering, and Running the Club Tax Printer

No installation or registration is needed for the **Club Tax Printer for myICLUB.com** after it has been purchased. Visit the **Taxes** tab of your **myICLUB.com** club website and click the appropriate button to run the program to generate your Federal or State returns.

Understanding “Draft” and “Final” Forms

The **Club Tax Printer** is often distributed before final forms have been released by the IRS and states. When you initially access the program, it may display preliminary forms with a “**DRAFT**” watermark.

Draft forms may not be used to file a return with the IRS or your state. They are provided so that you may get a head-start on the preparation of forms, diagnose technical problems, and ensure that your tax printer and club accounting tool are working properly prior to preparing a final return.

To check the release status for IRS and state forms, please check the home page of www.iclub.com regularly through the tax season. Please do not contact customer support to ask about the status of forms.

The myICLUB.com **Club Tax Printer** is updated automatically. Whenever you run the program from the **Taxes** tab, it will always be the most current release.

What’s New for the 2023 Tax Year

There are no substantive changes to partnership tax law affecting investment clubs for the 2023 tax year.

About “Problem Securities”

Some securities pose problems for investment clubs due to the additional complexity required to accommodate them in partnership accounting. Some of these securities are relatively easy to manage, and just make the treasurer do a bit of additional work.

Others, though, require workarounds, manual calculations, and hand-entries in printed tax forms in order

to properly report them to the IRS. In some cases, your club might be required to file state tax returns in a number of additional states.

Another problem is that some of these securities may not report to shareholders until March 15th—the same deadline that your club is required to meet with its tax returns. Holding these securities could cause your club, and potentially all members, to request filing extensions from the IRS and state tax agencies.

myICLUB.com recommends that investment clubs avoid the following securities:

- Real Estate Investment Trusts (REITs).
- Business Development Companies (BDCs).
- Special Purpose Acquisition Companies (SPACs).
- Royalty Trusts.
- Publicly Traded Partnerships (PTPs).
- Master Limited Partnerships (MLPs).
- Commodities.
- Precious metals.
- Options.
- Exchange-Traded Funds (ETFs) that hold precious metals or commodities directly.
- Cryptocurrencies.

If your club owns any of these kinds of securities (including securities that hold any of the above securities), we advise selling all shares prior to the end of the calendar year, thus eliminating the need to accommodate them in tax returns in future years. myICLUB.com can only provide limited support on dealing with these securities in a partnership. *You may need to consult a professional tax preparer in order to generate an accurate return.*

Preparing Your Investment Club's Data

Before generating tax forms, make sure that your club accounting data is properly prepared. We recommend waiting until you have all necessary data and have reconciled all accounts before completing the tax forms.

Necessary data includes year-end brokerage and bank statements; records of all buys, sells, dividends, interest, and service charges through December 31st; and Form 1099s issued by your financial institutions.

It is unlikely that you will have this information before mid-February.



We recommend that you view the “Closing the Books at Year-End” webinar video available in the **Videos** area of your club’s myICLUB.com website. A copy of the myICLUB.com “Club Audit Procedures Checklist” is also downloadable from the File Storage area of your club website.

Once you have all the necessary data and the club has conducted its annual audit, close the books for the year, including creating a year-end **Valuation Statement** and **Allocating Income and Expenses**.

Generating Your Investment Club's Federal Tax Forms

To prepare your club’s tax returns, you must answer several questions. The Club Tax Printer’s Q&A format makes it easy for you to provide the required information.



We recommend that you view the current year's "Preparing Club Taxes" webinar video available in the **Videos** area of your club's myICLUB.com website for complete details on the entire tax preparation process for investment clubs. As procedures and regulations change from year-to-year, it's a good idea to view each year's webinar as a refresher even if you are an experienced club treasurer.

Additional Information for REITs/Mutual Funds/"Other" Securities:

- If your club owned a Real Estate Investment Trust (REIT), mutual fund, or security classified as "Other," you will be prompted to enter the amount of any qualifying dividends and unrecaptured Section 1250 gains that have been reported on Form 1099 for those securities. (If your club did not own any of those securities, you will not see this screen.)

Club Information and Questions:

- **Club Address:** Enter your club's legal address as registered with the IRS. Note: If your club's address has changed since your last filed return, you must complete and send Form 8822-B "Change of Address or Responsible Party" before filing your current year return.
- **Date business started:** The date that your club formed as a partnership.
- Check the **Amended Return** box only if you are filing an amended return.

Continue, answering the following questions with the appropriate responses:

- **Type of partnership:** Most investment clubs are formed as domestic general partnerships.
 - Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? Mark appropriately. If your club includes members of the same family, use the provided worksheet to calculate the appropriate ownership percentage for each member. If any individual member's constructive ownership is above 50%, Schedule B-1 will be generated as part of the return and you should answer "Yes."
 - Is this partnership a publicly traded partnership as defined in section 469? Mark appropriately. Most clubs will leave this unchecked.
 - Does the partnership satisfy **all four** of the following conditions?
 - a) The partnership's total receipts for the tax year were less than \$250,000.
 - b) The partnership's total assets at year-end were less than \$1 million.
 - c) Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.
 - d) The partnership is not filing and is not required to file Schedule M-3. Schedule M-3 is required if the partnership has assets of \$10 million or more, or receipts of \$35 million or more, or includes a "reportable entity partner" (REP) (a partnership or corporation) that controls 50% or more of the partnership. Most BetterInvesting-style investment clubs will not meet this requirement.

Mark appropriately. Most clubs will check this box. **Schedules L, M-1, and M-2 will be generated if item (a) or (b) above is not met. If all four conditions are met, these schedules are not required.**

- During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? Mark appropriately. Most clubs will leave this unchecked.

- At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property? “Tenancy-in-common or other undivided interest in property” typically applies to real estate property and is not supported by myICLUB.com for investment club transactions in securities. Mark appropriately. Most clubs will leave this unchecked.
- If the partnership is required to file form 8858, Information of Return of U.S. Persons with Respect to Foreign Disregarded Entities, enter the number of Forms 8858. Mark appropriately. A “foreign disregarded entity” is a business entity that is separate from its owner, but is considered to be the same as the owner for federal tax purposes. For foreign disregarded entities, the IRS considers transactions between the foreign business and the owner to be taxed as the owner’s income. Most clubs will leave this blank.
- At any time during the calendar year 2020, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account or other financial account)? If “Yes” enter the name of the foreign country. Fill in appropriately. Most clubs will leave this blank. *Note: Owning a non-U.S.-based company in a U.S.-based brokerage firm is **not** considered holding a foreign financial account.*
- Does the partnership have any foreign partners? If "Yes", enter the number of forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. **Note that myICLUB.com and the Club Tax Printer do not support the required reporting for partnerships that include foreign partners. Consult the applicable IRS instructions or a qualified accountant or tax professional for assistance.**
- Enter the number of Forms 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships, attached to this return.
- IRS Center. Partnerships **do not** send their tax forms to the same place as individuals. Choose the appropriate IRS center for your club from the list. **Note that the address is simply a city and ZIP code.**

Opting Out of Schedules K-2 and K-3

Schedules K-2 and K-3 are used to report foreign source income. The IRS allows partnerships to opt out of generating these lengthy schedules if four conditions are fully met:

1. The partnership has no or limited foreign activity.
 - If there is activity, it must be passive (such as investment income).
 - Taxes paid (or withheld) and/or accrued must be less than \$300.
 - A payee statement (such as a brokerage firm's Form 1099) must be received.
2. The partnership's partners are restricted to the following:
 - U.S or resident alien individuals.
 - Domestic trusts (grantor or non-grantor).
 - Domestic estates of deceased persons.
 - Not a foreign estate or trust.
 - Not a foreign individual (an individual who does not have resident alien status).
3. All partners must be notified the partnership intends to exclude Schedule K-3 from its Form 1065 filing no later than when a club furnishes schedule K-1 to partners.
4. No partner requests a Schedule K-3 before one month prior to the club filing form 1065.

myICLUB.com recommends that investment clubs opt out of these schedules if at all possible. Foreign source income and tax withholding is reported to partners on Schedule K-1 which should be more than adequate for most individuals.

If an investment club meets the above criteria, a club administrator may use the notification system in the club's myICLUB.com website to notify members of its intent to not file Schedules K-2 and K-3. This tool is available in the **Taxes** tab of the club's website.

If a member **does** request a Schedule K-3 (for instance, if they have a significant amount of foreign income to report on their personal return and are claiming a personal foreign tax paid credit using IRS Form 1116), then the myICLUB.com Club Tax Printer can generate a K-3 for that partner only as well as the Schedule K-2 for the club return.

Reporting Security Cost Basis on Sales

If your club sold securities during the year, then the **1099-B Cost Basis worksheet** will appear at this point. According to IRS regulations, brokerage firms must report to the IRS the cost basis of any securities that were sold from customers' accounts in the tax year. Security transactions where the brokerage is required to report cost basis to the IRS are called "Covered Securities" on the Form 1099-B that is provided by the club's brokerage.

In some cases, such as for stocks purchased prior to 2011 or for stocks transferred into an account, the brokerage may not know or be required to report the basis. These transactions appear on the 1099-b as "Non-covered Securities." The account holder must still report their cost basis and thus any gains or losses on their tax return.

For the tax lot of each covered security sold during the year, enter the cost basis reported by your brokerage firm on Form 1099-B. **Enter the amount reported even if it is different from the amount reported by your myICLUB.com records.**

Note: The field for brokerage-reported tax basis does not need to be entered for shares of non-covered securities.

- If the basis is not provided by your brokerage, check the box in the column labeled "**Basis is '0' or labeled 'non-covered security' on 1099.**" This may be the case for securities purchased prior to 2011.
- If no Form 1099 was received from your brokerage for the sale, check the box in the column labeled "**No 1099 received for sale.**"
- If your brokerage reports the cost basis for multiple lots with a date marked "**Vari-**
ous," you can **Group** the appropriate lots in the worksheet so that the lots reported on your tax return will match what the brokerage reports.
- Click the **Save** button as you enter values to preserve the entries until you generate your final return.
- When finished, click **OK** to continue.

Opting Out of IRS Partnership Audit Rules

Effective January 1, 2018, the IRS implemented a new centralized partnership audit regime. **We recommend that clubs opt out of the new rules if possible** using a "Section 6221(b) election." Clubs that have 100 or fewer partners and have no trusts as partners are generally eligible to opt out. Click **Yes** to make the election to opt out of the rules.

If making this election, Schedule B-2 will be generated. If filing a paper return, all partners must sign the form.

If you **do not opt out** of the partnership audit rules, you must appoint a **Partnership Representative** each year. This may be a club member or a third party such as an accountant or attorney, and must have a substantive presence in the United States. This is the individual that the IRS will contact if the partnership is audited by the IRS, and the partners are bound by the representative's actions and decisions.

Tax ID Numbers & Partner Entity Types

A Social Security or other IRS tax identification number is required for each partner. If you have not saved these numbers in the member's profile, you must enter them while preparing the tax form OR write them in by hand on the completed return and schedules (if filing a paper return).



A Tax ID number for each member is required for the club's tax returns. If the message **No Tax ID Entered** shows up next to a member's name, that member's Social Security Number was not entered in the club's records. Fill it in by hand after you have printed the appropriate tax form. e-Filing is not permitted if members' Tax ID numbers are not entered in the recordkeeping program or when generating the club's tax return.

Note: The myICLUB.com Club Tax Printer does not support partnerships with non-U.S. ("foreign") partners. Contact our Support team for additional information.

You must also select the entity type for each partner: Individual, Corporation, Estate of Deceased Member, Eligible Foreign Entity, or Trust.

Note: If you have a Trust as a partner, you **may not** make a Section 6221(b) election and the above election option will be changed to **No**.

Note: The myICLUB.com Club Tax Printer does not support partnerships with S-Corporations as members. Contact our Support team for additional assistance in making the manual adjustments necessary to complete a return with an S-Corporation partner.

Generating and Printing Your Tax Forms

You are nearly ready to finalize your Club Federal Tax Return. We recommend that you generate a complete return, then click the links to download and/or print the returns.



You may regenerate your **Club Tax Returns** as often as required before filing. In fact, it can be a good idea to carry out one or more "practice runs" before finalizing the return, verifying that the details on your club's return are correct after each run.

The 1065/K-1 software prints the following forms and schedules:

- **Form 1065:** U.S. Partnership Return of Income, pages 1-4.
- **Schedule D (Form 1065):** If your club has no capital gains or losses for the year, this schedule is unnecessary and will not be printed. There also may be supplemental pages printed such as Form(s) 8949.
- **Form(s) 8949:** These forms itemize the gains/losses from stock sales. The results from these forms are also transferred to Schedule D. If your cost basis matches your brokerage's cost basis for a specific tax lot, that lot does not appear on Form 8949 but is included in a summary line on Schedule D.

- **Supporting schedules for Schedule K:** Partners' Shares of Income, Credits, Deductions, etc. There also may be supplemental pages printed.
- **Schedule K-2:** Only if applicable.
- **Schedules L, M-1, and M-2:** Only if required.
- **Schedule K-1 and K-1 Instructions:** For each partner.
- **Schedule K-3:** For each partner (if applicable).

Not all pages of Form 1065 and associated schedules will contain data. In most cases, the first page of Form 1065 contains no data except identification, date information, and the number of attached Schedule K-1s. This is typical for investment partnerships.

e-Filing Your IRS Return

Once the tax preparation wizard has been completed, users may proceed to e-File their returns.

The IRS and myICLUB.com both recommend that investing partnerships e-File their tax returns. myICLUB.com is an **Approved IRS e-Filing Provider** for investing partnership returns.

To e-File, look for the button that will appear at the bottom of the Club Tax Printer screen after generating or regenerating your return. Follow the prompts to confirm data, and once you are satisfied that the return is complete, click the button to e-File.

A Submission ID number will be provided once your return is accepted by the IRS, which may take 24 hours or longer.

No mailed return is required, though partners must still be provided with their Schedule K-1s and K-3s. A PDF of the IRS return and associated schedules is provided for saving and/or printing.

What to Send to the IRS

If not e-Filing, the **Club Tax Printer** software prints IRS acceptable schedules required for filing the return by mail. Investment clubs should send one copy each of:

- 1) **Form 1065** (plus **Schedule D** and supplementary schedules as necessary. If your club has no gains or losses in the year, Schedule D will not be printed.)
- 2) **A Schedule K-1 and K-3** (if applicable) for each member.

Make sure to send your return via Registered Mail or Certified Mail or with Return Receipt Requested and save the confirmation. Be sure a mailing date is stamped on your USPS receipt. If the IRS loses or does not receive your return, having confirmation that your return was mailed promptly can prevent your club from paying large fines.

In recent years, the Internal Revenue Service has accepted returns from other Private Delivery Services (PDSs) that qualify to meet its "timely mailing as timely filing/paying" rules for tax returns. Consult the IRS website to learn the specific DHL Express, FedEx, and UPS service levels that are acceptable for use, as well as the addresses to use.

What to Give to Members

Club members must be provided a copy of their respective Schedule K-1s for use in preparing their personal tax returns by March 15th. A copy of each member's K-1 and K-3 (if applicable) is to be kept with their tax records and is not filed with the IRS. You must also provide each member of your club with a copy of the K-1 instructions, found on page 2 after you generate your complete forms.

myICLUB.com members may print their own Schedule K-1 and K-3 (if applicable) by logging in to the website and going to the Taxes tab, then looking for their personal download link.

Members who withdrew during the year must also be provided with a K-1, K-3 (if applicable), K-1 instructions, and a copy of the Withdrawal Report for their final distribution. Since they will not be able to access the club's website, the treasurer should arrange for delivery of these forms using an alternative method.

What to Keep for Club Records

The club should keep a copy of Form 1065, all accompanying forms and schedules, and any supporting statements as part of its permanent records, as well as proof of receipt of mailing. We recommend keeping electronic PDF files in addition to paper copies.

Common Problems and Release Notes

- In accordance with IRS guidelines, all values on the Federal tax forms are rounded to the nearest whole dollar amounts.
- The **Club Tax Printer**, in accordance with IRS rules, does not print a zero (0) on a form space where the value is zero. Such fields are left blank.
- If the program takes a long time to load your tax forms in Adobe Acrobat Reader, your computer may lack sufficient memory or free hard drive space. Select fewer forms to print faster, then repeat for remaining forms.
- Many fields on the tax forms will be blank and are intended to be blank. The same forms your club uses are used by partnerships that own property and have payrolls, neither of which applies to your investment club.
- Pertinent IRS forms, publications, and instructions are linked from the ICLUB.com FAQ.
- The **Club Tax Printer** does not support the IRS Section 754 Election.
- The **Club Tax Printer** software uses industry standard Adobe Acrobat Reader software to generate your tax forms. A free copy of Adobe Acrobat Reader can be downloaded from www.adobe.com.
- The **Club Tax Printer** will correctly allocate qualifying and non-qualifying dividends **only if all of the following conditions are met:**
 - All dividends linked to securities are entered properly in the books.
 - Ex-dividend dates are entered correctly for all common stock dividends.
 - REITs, mutual funds, and "other" (Limited and Publicly Traded Partnerships, etc.) securities are correctly identified.

Helpful Web Links

For more information about club tax filing, using the **Club Tax Printer**, and year-end accounting tasks, see the following pages on the ICLUB.com web site:

- **Club Tax Printer Product Info** www.iclub.com/taxes/
- **Frequently Asked Questions** www.iclub.com/faq/
- **Club Tax Principles** www.iclub.com/support/general_tax_principles.asp
- **Understanding Club Tax Season** www.iclub.com/support/tax_season.asp
- **Investment Club Learning Center** www.iclub.com/clubs/iclub_hub.asp
- **Free Club Webinars** www.iclub.com/clubs/webinar_information.asp

Requesting Technical Support

Each year, your club's members look to you to make sure their taxes are filed in time. And each year, from December to March, myICLUB.com's call volumes triple. We bring in extra help, update the FAQs, and give it our all to answer your questions. Your patience is appreciated. Here's looking forward to a successful tax season!

Technical Support is available on our web site at www.myiclub.com/support/. You may ask specific questions via our web form and review the *Frequently Asked Questions* section of the web site at www.myiclub.com/faq/ as well.

If you cannot solve your problem using the **Frequently Asked Questions** tool at www.iclub.com/faq/, the most efficient way to contact an myICLUB.com Technical Support Representative is to use our web help forms located at www.myiclub.com/support/. Our experts will then be able to retrieve and reply to your question quickly and efficiently.

Use the guide to help our experts quickly answer your questions. Write down the *precise wording* of any error message displayed when you have a problem, including the names of any files mentioned in the message. Be familiar with:

- The version of Windows or other operating system that you are using.
- The version of your web browser.
- The amount of memory (RAM) on your computer.
- The make and model printer if you have a question regarding printing.
- Any security, firewall, or antivirus software running on your computer (Kaspersky, McAfee, Norton, etc.).
- Your Club Tax Printer purchase date.

Terms Of Service (TOS)

Use of this product is governed by Terms Of Service, linked at the bottom of each page of the myICLUB.com website. These Terms Of Service are a legal contract between your investment club or you in your individual capacity, as the case may be, and ICLUBcentral Inc. By using the software, you are agreeing to be bound by the terms and conditions of this agreement, including without limitation the customer support provisions set out in the agreement. If you do not agree to such terms and conditions, you must discontinue use of the website and contact myICLUB.com. For more information, please write to myICLUB.com at 570 Kirts Blvd., Suite 237; Troy, MI 48084.

About myICLUB.com

myICLUB.com is the global leader in the development of software tools for investment clubs. We have been making club accounting and tax software since 1989, and our products are used by more investment clubs than any other in the world. Besides **myICLUB.com** (www.myiclub.com), our parent, ICLUBcentral Inc., also produces:

- **Newsletters** such as the market-beating **Investor Advisory Service** (www.investoradvisoryservice.com); the **SmallCap Informer** (www.smallcapinformer.com); and the **Dividend Informer** (www.dividendinformer.com);
- **Online tools** including a stock screener, **MyStockProspector.com** (www.mystockprospector.com); and a complete suite of online tools, data, and community for investors, **StockCentral.com** (www.stockcentral.com).

