

SMALL BUSINESS II TAX COURSE

Course Topics by Module – LEARNING OBJECTIVES

Module 1

Chapter 1: Partnership Issues

- Define types of partnerships and explain the differences between each of them.
- Discuss factors involved in determination of the existence of a bona fide partnership.
- Describe sections of the Articles of Partnership and the importance of this document to success of the partnership.
- Explain the application of the rules for termination of a partnership.
- Calculate partners' adjusted bases and capital account balances.
- Discuss partnership recourse and nonrecourse liabilities, partnership distributions, and transactions between partners and partnerships.
- Differentiate between partner's capital account and capital interests.
- Summarize the concept of partnership distributions and the effect(s) of various types of distributions.
- Differentiate between various types of transactions between partners and partnerships.

Chapter 2: Partnership Issues: Part 2

- Discuss the basis of contributed property in various circumstances.
- Describe common partnership elections, including Section 754 elections.
- Explain gain or loss treatment upon disposition of a partner's interest in the partnership under various circumstances.
- Examine the proper reporting of partnership income and distributive share items on the partnership tax return.
- Summarize potential IRS penalties which may be levied on Partnerships.

Chapter 3: Corporation Issues (Part 1)

- Discuss the corporate structure.
- Summarize the rights and liabilities of shareholders.
- Explain the tax laws as they apply to corporations.
- Discuss selection of an accounting period.
- Summarize various accounting methods which may be used and their applicability to various situations.
- Explain the tax treatment of capital contributions from shareholders and nonshareholders.

Chapter 4: Corporation Issues (Part 2)

- Discuss the different types of stock distributions and the proper tax reporting requirements for those distributions.
- Summarize the requirements for estimated tax payments and identify potential penalties.
- Describe certain reportable transactions, special provisions, and preference items which may require reporting forms.
- Explain the permissible dividends-received and charitable contributions deductions for a corporation.
- Indicate the proper treatment of capital losses and net operating losses in determining taxable income for a corporation.
- Describe other potential corporate tax items such as at-risk and passive activity limits, the potential applicability of the alternative minimum tax, and the possibility of an accumulated earnings tax.

Chapter 5: S-Corporations

- Discuss the S-corporation corporate structure and the need for reasonable compensation
- Discuss the S-corporation election.
- Explain the allocation of income, losses, and deductions to shareholders.
- Determine shareholder's basis and applicability of loss limitations.
- Explain the tax reporting requirements for S-corporations.

Module 1 Final Exam

Module 2

Chapter 6: Fringe Benefits, Business Tax Credits, Amended Returns

- Understand the reporting requirements and taxation rules for various types of fringe benefits.
- Describe the special requirements for partners, shareholders, and highly compensated employees that apply to the different types of fringe benefits.
- Calculate the value of fringe benefits in order to determine the amount of taxable income to be charged to employees by correctly applying the IRS fringe benefit valuation rules.
- Describe taxpayer eligibility for various tax credits,
- Understand the carryback and carryforward requirements for the credits
- Demonstrate the credit ordering rule.
- Understand the filing requirements for amended business returns for C corporations, S corporations, and partnerships.
- Describe the correct method for amending other business returns such as Forms W-2, W-3, 941 and 940.

Chapter 7: Form 990-EZ

- Students will be able to explain which annual information return (form type) should be filed: 990-N, 990-EZ, or 990
- Students will calculate various parts of the tax return including income and expenses and determine when schedules is required.
- Students will determine which schedules are necessary by applying the various IRC Sections.

Chapter 8: Form 1041 - Trusts

- Describe common types of trusts
- Recognize when it is necessary to file a trust return
- Understand how to file a trust return and affiliated Schedule K-1s
- Understand the definition of an abusive trust
- Describe the penalties are involved in trusts

Chapter 9: Form 1041 - Estates

- Recognize when it is necessary to file a estate return
- Understand how to file a estate return and affiliated Schedule K-1s
- Understand the definition of an abusive estate
- Describe the penalties are involved in estate

Chapter 10: Part One: Tax Practitioner Regulations and Penalties – Part Two: Taxes and Tax Research

Part One: Tax Practitioner Regulations and Penalties

- Identify the persons eligible to fully represent taxpayers before the Internal Revenue Service and explain the rules and boundaries applicable to limited practice without enrollment.
- Determine when persons are not eligible to exercise the privilege of limited practice before the Internal Revenue Service and identify actions that are considered to be “disreputable conduct”.
- Learn the effective date for Section 6694 and 6695 tax preparer penalties under the regulations issued as Treasury Decision (T.D.) 9436.
- Be able to define the standards of “more likely than not”, “reasonable basis” and “substantial authority” and understand their applications to client tax returns.
- Learn what constitutes proper disclosure of tax positions.
- Understand the concepts of “disclosure” and “use” of tax return information and the appropriate consent forms necessary to ensure compliance with IRS Section 7216.

Part Two: Taxes and Tax Research

- Review the history of federal income taxes, the legislative process.
- Learn helpful procedures for tax research projects.

Module 2 Final Exam