

COMPREHENSIVE TAX COURSE

Course Topics by Module - LEARNING OBJECTIVES

Module 1

Chapter 1: General Material

- Determine who must file a return
- Determine who should file a return
- Identify filing requirements for most taxpayers and dependents
- Determine if the taxpayer is a resident or nonresident alien
- Determine which IRS forms to use
- Determine the due dates of various tax forms and understand how to apply for an extension of time to file
- Differentiate various accounting periods and methods
- Identify what filing status the taxpayer should use
- Understanding the W-2 form
- Understand the signature and identification number requirements of a paid preparer

Chapter 2: Standard Deduction and Exemptions

- Understand how to calculate the standard deduction and determine when to use it
- Define what constitutes an exemption and identify when the taxpayer can claim an exemption
- Understand support issues
- Understand the steps necessary to file a decedent's tax return
- Identify the rules for tax withholding and estimated payments

Chapter 3: Income

- Identify various types of employee compensation, including fringe benefits, tips, alimony, and other income
- Compute taxable and nontaxable income
- Identify earned and unearned income
- Identify where to report various forms of income
- Compute the taxable portion of sick pay
- Determine when it is appropriate to use Form 4852
- Be aware of Form 4137, Social Security Tax on Unreported Tip Income

Chapter 4: Interest and Dividend Income

- Know the different types of interest income
- Understand the difference between taxable and nontaxable interest
- Identify where to report interest income
- Understand how to report dividend income and nontaxable distributions
- Understand the client interview process

Chapter 5: Earned Income Credit

- Examine the most common tax credit, the Earned Income Credit
- Know the definition of earned income as it is related to the Earned Income Credit
- Identify the requirements for qualifying children for Earned Income Credit purposes
- Understand how taxpayers without children may qualify for Earned Income Credit
- Determine how to fill out Schedule EIC and where to put the information from that form on the 1040 or 1040A forms
- Examine IRS due diligence requirements

Module 1 Final Exam

Module 2

Chapter 6: Child Care and Other Credits

- Determine if the taxpayer qualifies for the child tax credit, child care credit, credit for the elderly and disabled, additional child tax credit, and/or education credits
- Identify the forms/worksheets necessary to claim the credit – Child Tax Credit Worksheet, Form 2441, Child and Dependent Care Expenses, Form 8863, Education Credits, and Form 1040 Schedule R, Credit for the Elderly or Disabled, Schedule 8812, Additional Child Tax Credit
- Explore other less common credits

Chapter 7: Retirement Income and Other Income Types

- Recognize retirement income, to include distinguishing between pensions and annuities
- Discuss specific types of pension plans, including SEP and SIMPLE plans, IRAs, qualified plans, and federal civil service retirement, along with distributions from such plans which are reported on Form 1099-R (Form CSA 1099R for federal civil service)
- Discuss government retirement benefit programs, specifically social security and railroad retirement and the applicable reporting forms (Forms SSA-1099, RRB-1099, and RRB-1099-R)
- Summarize other types of income, specifically barter, activities not for profit, partnership, and recoveries
- Identify how to report certain other types of income, such as rental of personal property, repayments, royalties, and income that is not taxed

Chapter 8: Adjustments to Income

- Explain the applicability and reporting of either adjustment related to employment
- Determine applicability and required reporting of any of the four business-related adjustments
- Determine applicability and required reporting of either of the retirement-related adjustments
- Explain the applicability and reporting of either adjustment related to education expenses
- Determine applicability and reporting of any of the three remaining major adjustments applicable to individual taxpayers
- Demonstrate awareness of the other less common adjustments which, if applicable, may be claimed on line 36 of Form 1040

Chapter 9: Itemized Deductions

- Determine whether standard or itemized deductions are the most advantageous for the taxpayer
- Describe the overall limitation on itemized deductions
- Explain eligible medical expenses and cite examples
- Identify what items qualify as deductible taxes
- Determine the types of interest which qualify as an itemized deduction
- Define an appropriate charitable contribution deduction and understand when Form 8283 is required
- Indicate how to report casualties and thefts and how to complete Form 4684
- Name various types of miscellaneous deductions and discuss applicability of the 2% limitation

Chapter 10: Electronic Filing

- Summarize the rules and regulations governing electronic filing
- Describe the various methods of receiving a refund through electronic filing
- Identify the warning signs of taxpayer fraud
- Indicate the requirements for signing electronic returns
- Determine how to correct an electronic return rejected by the IRS

Module 2 Final Exam

Module 3

Chapter 11: Employee Business Expense and Miscellaneous Itemized Deductions

- Understand expenses that qualify as employee business expenses
- Differentiate between the Standard Mileage Rate and the Actual Auto Expense methods of tracking auto expenses
- Identify what expenses are deductible for the business use of a home
- Understand deductible travel expenses and deductible entertainment expenses

Chapter 12: Education Tax Benefits

- Identify who can claim Education Tax Credits
- Define what expenses qualify under the available credits
- Differentiate between the American Opportunity Credit and the Lifetime Learning Credit
- Name adjustments to Qualified Education Expenses
- Recognize the MAGI phase out limits for Educational Tax Credits
- Compute the Student Loan Interest Deduction
- Identify expenses which qualify for work-related education

Chapter 13: Capital Gains and Losses

- Comprehend how capital gains and losses are treated on a tax return
- Understand the proper tax treatment of an installment sale
- Compute the potential gain on the sale of a home or personal residence
- Understand what constitutes a like-kind exchange
- Calculate and understand nonresident withholding on real property

Chapter 14: Depreciation and Disposition of Business Property

- Classify the different types of property eligible for depreciation
- Differentiate between various depreciation methods
- Describe how repairs and replacements affect the basis of property
- Define the terminology unique to depreciation transactions
- Compute the Section 179 deduction
- Introduce the students to the reporting of dispositions of business property
- Discuss specific guidelines related to the final repair regulations

Chapter 15: Self-Employment Income

- Provide the definition of a sole proprietor
- Differentiate between an independent contractor and statutory employee
- Describe the requirements for deducting self-employed health insurance and retirement plan contributions
- Differentiate between activities that qualify as a business and which ones qualify as a hobby
- Describe the advantages and disadvantages of selecting sole proprietorship as the form of business entity
- Differentiate between income and non-income items
- Describe the Uniform Capitalization Rules
- Define the terminology unique to inventory valuation

Module 3 Final Exam

Module 3

Chapter 16: Rental Property

- Gather and report rental income
- Categorize deductible rental expenses
- Describe examples of repairs and improvements to rental property
- Determine the nuances of renting vacation homes and other dwelling units
- Define the limits on rental and passive activity losses
- Describe the rules for property and how they may change if the taxpayer is a real estate professional

Chapter 17: Alternative Minimum Tax, Injured and Innocent Spouse, Less Common Credits, and Penalties

- Discuss the application of the Alternative Minimum Tax (AMT) to taxpayers
- Determine who is considered an innocent spouse and who is considered an injured spouse
- Summarize other types of less common credits
- Describe the civil and criminal penalties applicable to taxpayers who do not comply with income tax laws

Chapter 18: Payments, Extensions, Amended Returns, Preparer Regulations

- Compute the “kiddie” tax
- Describe how to file an amended return
- Define the due dates for tax payments
- Determine the “nanny” tax

Chapter 19: Tax Law Updates 2015 & ACA 2014/2015

- Recognize new tax rates
- Identify features of the Affordable Care Act (ACA)
- Identify the rules of same-sex marriages
- Calculate the new 0.9% Medicare Tax
- Calculate the 3.8% surtax on Net Investment Income
- Identify the new electronic filing requirements for electronic signature
- Identify employer’s responsibilities in regard to the ACA

Chapter 20: Ethics and Responsibilities of Tax Professionals

- Describe professional responsibilities in tax return preparation
- Discuss IRS rules as defined in Circular 230
- Identify the requirements that must be met to practice before the IRS
- Explain violations of the IRS rules as defined in Circular 230 and their penalties

Module 4 Final Exam



Comprehensive Tax Course

Module 1

Table of Contents

Reading Assignments

Syllabus

Introduction

CHAPTER 1: GENERAL MATERIAL	1.1
Overview	1.1
Chapter Description	1.1
Learning Objectives	1.1
Key Terms	1.1
The Evolution of Taxation	1.1
What Is a Tax Preparer and What Is His Role	1.7
Who Should File a Return	1.8
Reasons for a Taxpayer to File a Return, Even When Not Required	1.8
Additional Reasons a Taxpayer Must File	1.8
Filing Requirements for Most Taxpayers	1.9
Exhibit 1-1: 2014 Filing Requirements for Most Taxpayers	1.10
2015 Standard Deduction Amounts	1.10
2015 Exemption Amount is \$4,000	1.10
Dependent Filing Requirements	1.11
Exhibit 1-2: 2014 Filing Requirements for Dependents	1.12
Which Forms Should be Used	1.13
Form 1040EZ	1.13
Form 1040A	1.14
Form 1040	1.15
When Taxes Must be Filed	1.17
Where to File	1.18
How to file	1.18
How to Pay Amounts Due	1.18
Accounting Periods	1.19
Accounting Methods	1.19
Social Security Number (SSN)	1.19
Taxpayer Doesn't Have an Original/Copy of Social Security Card	1.21
Filing Status	1.21
Single	1.21
Married Filing Jointly	1.22
Filing Status for Same-Sex Married Couples	1.22
Married Filing Separately	1.22
Head of Household	1.23
Qualifying Widow(er) with Dependent Child	1.24
Cost of Maintaining a Household	1.25
Resident and Nonresident Aliens	1.26
Wages and Reading W-2 Forms	1.28
Paid Preparer's Signature	1.34
Paid Preparer Identification Number	1.35
Third Party Designee	1.35
Required Retention of Records	1.36

Get Started Preparing a Return.....	1.36
Interview Process	1.37
Research and Documentation.....	1.38
Chapter Study Questions.....	1.39
Learning Activity	1.43
Learning Activity Questions	1.45

CHAPTER 2: STANDARD DEDUCTION AND EXEMPTIONS..... 2.1

Overview	2.1
Chapter Description.....	2.1
Learning Objectives	2.1
Key Terms.....	2.1
Standard Deduction	2.1
Standard Deduction Amount	2.2
Standard Deduction for Age 65 and Older or Blind.....	2.3
Standard Deduction for Dependents.....	2.5
Who Should Itemize	2.7
Married Persons Who Filed Separate Returns.....	2.7
Exemptions	2.9
Personal Exemptions.....	2.9
Dependent Exemptions	2.9
Dependent Taxpayer Test.....	2.11
Joint Return Test	2.11
Citizen or Resident Test.....	2.11
Qualifying Child	2.12
Relationship Test.....	2.12
Age Test	2.12
Residency Test.....	2.13
Children of Divorced or Separated Parents or Parents Who Live Apart	2.14
Support Test (to be a Qualifying Child)	2.17
Joint Return Test (to be a Qualifying Child)	2.17
Special Rule for a Qualifying Child of More Than One Person	2.17
Qualifying Relative	2.20
Not a Qualifying Child Test.....	2.21
Member of Household or Relationship Test.....	2.23
Gross Income Test	2.24
Support Test (to be a Qualifying Relative)	2.25
Total Support.....	2.26
Multiple Support Agreement.....	2.29
Identification Number Requirement	2.30
Phase-Out	2.30
Decedents	2.30
Survivors.....	2.31
Income in Respect of the Decedent	2.31
Deductions in Respect of the Decedent.....	2.31
Balance Due Returns Versus Refund Returns	2.32
Tax Withholding	2.32
Exemption from Withholding.....	2.34
Tip Income	2.34
Taxable Fringe Benefits	2.35
Sick Pay.....	2.35
Pensions and Annuities	2.35
Gambling Winnings	2.35
Regular Gambling Withholding.....	2.36
Noncash Payments	2.36
Backup Withholding.....	2.36

Unemployment Compensation.....	2.36
1099 Income	2.37
Federal Payments	2.37
Backup Withholding.....	2.38
Estimated Tax	2.38
Penalty for Underpayment of Taxes.....	2.38
When to Pay Estimated Taxes	2.39
Other Types of Withholdings.....	2.39
Return Assembly and Processing.....	2.40
Interview Guidance	2.41
Standard Deduction.....	2.41
Standard Deduction for Dependents.....	2.41
Married Persons who Filed Separate Returns	2.41
Exemptions.....	2.41
Dependent Exemptions.....	2.41
Multiple Support Agreement.....	2.42
Identification Number Requirement.....	2.42
Income.....	2.43
Estimated Tax	2.43
Chapter Study Questions.....	2.45
Learning Activity.....	2.49
Learning Activity Questions	2.57

CHAPTER 3: INCOME3.1

Overview	3.1
Chapter Description.....	3.1
Learning Objectives	3.1
Key Terms.....	3.1
Gross Income.....	3.1
Wages and Other Compensation.....	3.1
Form 4852	3.3
Corrected Form W-2 or Form W-2C.....	3.4
Income of a Child.....	3.5
Scholarship and Fellowships.....	3.5
Employer Provided Educational Assistance Program	3.6
Adoption Assistance Program.....	3.7
Sick Pay	3.7
Medical Expense Reimbursement	3.8
Employer Paid Disability Insurance Premiums	3.9
Employer Provided Meals and Lodging	3.9
Cafeteria Plans.....	3.9
Employer Provided Group Term Life Insurance.....	3.9
Fringe Benefits	3.10
Tip Income	3.12
Allocated Tips	3.13
Dividends	3.15
Capital Gains and Losses	3.15
State Tax Refunds	3.15
Recoveries of Items Previously Deducted	3.17
Alimony	3.18
Definitions.....	3.18
Alimony Requirements	3.18
Reporting and Deducting Alimony Payments.....	3.18
Mortgage Payments	3.20
Taxes and Insurance.....	3.20
Alimony Recapture Rule.....	3.20

Child Support	3.20
Business Income	3.21
Income from Rents, Royalties, Partnerships, Estates and Trusts	3.21
Schedule K-1	3.21
Farm Income	3.22
Unemployment Compensation	3.22
Social Security and Equivalent Railroad Retirement Benefits (Tier 1)	3.24
Paying Back Items Previously Taxed	3.24
Clergy	3.25
Other Income (Line 21)	3.25
Prepaid Income and Assignment of Income	3.26
Advanced Earnings	3.26
Community Property Issues	3.26
Bartering	3.27
Examples of Nontaxable Income	3.28
Foreign Income	3.34
Interview Guidance	3.34
Chapter Study Questions	3.37
Learning Activity	3.41
Learning Activity Questions	3.47

CHAPTER 4: INTEREST AND DIVIDEND INCOME 4.1

Overview	4.1
Learning Objectives	4.1
Key Terms	4.1
Schedule B	4.1
Part I	4.1
Part II	4.1
Part III	4.1
Interest Income	4.2
When to Report Interest Income	4.2
Constructive Receipt	4.2
FORM 1099-INT	4.4
Taxable/Nontaxable	4.6
Dividends which are Interest	4.6
Money Market Funds	4.7
Gifts for Opening Accounts	4.7
Prepaid Insurance Premiums	4.7
Interest Subject to Penalty for Early Withdrawal	4.7
U.S. Obligations	4.7
Treasury Bills	4.7
Treasury Notes and Bonds	4.8
Savings Bonds	4.8
Education Savings Bond Program	4.8
Reduce Expenses	4.9
Tax-Exempt Interest	4.9
Municipal Bonds	4.10
Dividend Income	4.11
Where to Report Dividend Income	4.11
Where to Report Common Types of Investment Income	4.12
Form 1099-DIV	4.13
Ordinary Dividends	4.14
Qualified Dividends	4.14
Holding Period	4.15
Qualified Foreign Corporation	4.16
Readily Tradable Stock	4.17
Capital Gain Distributions	4.17
Mutual Funds	4.17
Nontaxable Distributions	4.17

Return of Capital.....	4.17
Reinvested Dividends.....	4.17
Liquidating Dividends	4.18
Exempt Interest Dividends	4.18
Foreign Taxes Paid	4.18
Interviewing Clients	4.19
Common Interview Mistakes	4.19
Interview Guidance.....	4.20
Interest Income	4.20
Dividend Income	4.20
Common Preparation Mistakes.....	4.21
Exhibit 4-1 - Interview Questions.....	4.25
Sample Tax Organizer #1.....	4.27
Sample Tax Organizer #2.....	4.53
Chapter Study Questions	4.67
Learning Activity	4.71
Learning Activity Questions.....	4.81

CHAPTER 5: EARNED INCOME CREDIT5.1

Overview	5.1
Learning Objectives	5.1
Key Terms.....	5.1
Credits.....	5.1
Earned Income Credit.....	5.2
Earned Income	5.2
Nontaxable Combat Pay Election	5.3
Community Property	5.3
Valid Social Security Number	5.4
Taxpayer.....	5.4
Qualifying Child	5.4
Eligibility Rules for EIC.....	5.5
Adjusted Gross Income	5.5
Married Filing Separately	5.6
Qualifying Child.....	5.6
Relationship Test.....	5.8
Age Test	5.8
Joint Return Test	5.9
Residency Test.....	5.9
A Qualifying Child of More Than One Person.....	5.10
Which Person Will Claim the EIC?	5.10
What if Another Person Claims EIC Using This Child?	5.11
If the Other Person Cannot Claim the EIC	5.11
Special Rule for Divorced or Separated Parents or Parents who Live Apart.....	5.14
You Cannot Be a Qualifying Child of Another Person	5.15
Child of a Person Not Required to File a Return	5.16
EIC for Taxpayers Without Qualifying Children	5.17
Schedule EIC and Worksheets	5.18
Earned Income Credit Limitations.....	5.28
EIC Disallowed.....	5.29
EIC Examination Procedures	5.30
Supporting Documents.....	5.31
Due Diligence.....	5.35
Suggested Additional Safeguards.....	5.35
Special Rules	5.39
Interview Guidance	5.40

Chapter Study Questions.....	5.43
Learning Activity.....	5.47
Learning Activity Questions	5.57

Glossary

Index

Appendices



Comprehensive Tax Course

Module 2

Table of Contents

Reading Assignments

Syllabus

Introduction

CHAPTER 6: CHILD CARE AND OTHER CREDITS.....	6.1
Overview.....	6.1
Learning Objectives.....	6.1
Key Terms	6.1
Credits	6.1
Child Tax Credit.....	6.1
Qualifying Child.....	6.2
Qualifying Child of More Than One Person	6.3
Who Must Use Pub. 972.....	6.3
Phase-out.....	6.4
Additional Child Tax Credit.....	6.4
Child and Dependent Care Expenses	6.10
Qualifying Person Test	6.13
Child of Divorced or Separated Parents or Parents Living Apart	6.13
Earned Income Test.....	6.14
<i>Rules for Student-Spouse or Disabled Spouse</i>	6.14
Work-Related Expense Test.....	6.15
Joint Return Test.....	6.15
Provider Information.....	6.15
Employer Dependent Care Assistance.....	6.16
Forfeitures.....	6.17
Credit for the Elderly or the Disabled	6.18
Foreign Tax Credit.....	6.20
Adoption Credit.....	6.21
Excess Social Security or Railroad Retirement Tax Withheld.....	6.22
Education Credits	6.23
No Double Benefit Allowed	6.25
Adjustments to Qualified Education Expenses	6.26
Repayment of an Education Credit.....	6.27
American Opportunity Credit.....	6.27
Calculation of the American Opportunity Credit	6.28
Lifetime Learning Credit	6.30
Calculation of the Lifetime Learning Credit.....	6.30
Mortgage Interest Credit.....	6.32
Motor Vehicle Credits	6.32
Plug-in Electric Drive Motor Vehicle Credit.....	6.32
Alternative Motor Vehicle Credit	6.33
Alternative Fuel Vehicle Refueling Property Credit	6.33
Credit to Holders of Tax Credit Bonds.....	6.34
Residential Energy Credits.....	6.35
Nonbusiness Energy Property Credit	6.35
Residential Energy Efficient Property Credit	6.36

First-Time Homebuyer Credit	6.39
Repaying the First-Time Homebuyer Credit (Purchases in 2008)	6.39
First-Time Homebuyer Credit Claimed on 2009 or 2010 Tax Return	6.40
<i>Other Credits</i>	6.40
<i>Interview Guidance</i>	6.41
Child Tax Credit and Additional Child Tax Credit	6.41
Child and Dependent Care Expenses	6.41
Credit for the Elderly or the Disabled	6.42
Foreign Tax Credit	6.42
Adoption Credit	6.43
Excess Social Security and Railroad Retirement Tax Withheld	6.43
Education Credits	6.43
Residential Energy Credits	6.43
Retirement Savings Contributions Credit	6.44
First-time Homebuyer Credit	6.44
Chapter Study Questions	6.47
Learning Activity	6.51
Learning Activity Questions	6.59

CHAPTER 7: RETIREMENT INCOME AND OTHER INCOME TYPES 7.1

Overview	7.1
Chapter Description	7.1
Learning Objectives	7.1
Key Terms	7.1
Pensions and Annuities	7.2
Specific Types of Pension Plans	7.3
SEP (Simplified Employee Pension)	7.3
SIMPLE Retirement Plan	7.3
Qualified Plan	7.4
Disability Income	7.5
Form 1099-R	7.7
Form CSA 1099R	7.9
Distributions	7.11
Early Distributions	7.15
Excess Contributions Tax for IRA	7.17
Rollovers and Transfers	7.17
Lump Sum Distributions	7.18
Government Retirement Benefit Programs	7.22
Social Security	7.22
When Taxable	7.25
How Much Is Taxable?	7.25
Railroad Retirement Benefits	7.27
Tier II Benefits	7.29
Other Types of Income	7.32
Bartering	7.32
Activity Not for Profit	7.33
Canceled Debts	7.33
Partnership and S Corporation Income	7.34
Reporting Certain Other Types of Income	7.35
Rental of Personal Property	7.35
Royalties	7.36
Nontaxable Income	7.37
Repayments	7.37
Interview Guidance	7.39
Retirement Income	7.39
Disability Income	7.39

Other Types of Income	7.39
Key Terms	7.41
Chapter Study Questions	7.43
Learning Activity	7.47
Learning Activity Questions.....	7.49

CHAPTER 8: ADJUSTMENTS TO INCOME..... 8.1

Overview.....	8.1
Chapter Description	8.1
Learning Objectives.....	8.1
Key Terms	8.1
Outline of Chapter Learning Materials.....	8.1
Employment-Related Adjustments	8.2
Educator Expenses.....	8.2
Moving Expenses	8.3
Business-Related Adjustments	8.5
Certain Business Expenses of Reservists and Others	8.5
Deductible Part of Self-Employment Tax.....	8.6
Additional Medicare Tax	8.7
Self-Employed Health Insurance Deduction.....	8.7
Domestic Production Activities Deduction	8.8
Retirement-Related Deductions	8.9
Self-Employed SEP, SIMPLE, and Qualified Plans.....	8.9
Qualified Plans.....	8.9
Exception for Retired Public Safety Officers.....	8.10
Where to Deduct Contributions.....	8.10
Individual Retirement Arrangement (IRA) Deduction	8.11
Modified AGI	8.13
Using Form 8606	8.18
Early Withdrawals	8.19
Roth IRAs.....	8.20
Qualified Distributions	8.20
Roth Qualifications.....	8.21
When an IRA Contribution Can be Made	8.24
Rollovers from Other Retirement Plans	8.26
Adjustments Related to Education Expenses	8.26
Student Loan Interest Deduction	8.26
Qualified Student Loan	8.27
Qualified Higher Education Expenses	8.27
Tuition and Fees Deduction.....	8.28
Qualified Tuition and Fees.....	8.30
No Double Benefit Allowed	8.30
Remaining Adjustments Related to Individual Taxpayers.....	8.31
Health Savings Account Deduction	8.31
The Benefits of an HSA	8.32
Eligibility Requirements for an HSA.....	8.32
Reporting Contributions on the Taxpayer's Return	8.32
Penalty on Early Withdrawal of Savings.....	8.33
Alimony Paid	8.33
Other Less Common Adjustments (Line 36, Form 1040).....	8.34
Interview Guidance.....	8.35
Short Reminders.....	8.35
Chapter Study Questions	8.39
Learning Activity	8.43
Learning Activity Questions.....	8.51

CHAPTER 9: ITEMIZED DEDUCTIONS 9.1

Overview.....	9.1
Chapter Description	9.1
Learning Objectives.....	9.1
Key Terms	9.1
Itemized Deductions or Standard Deduction.....	9.1
Married Filing Separately Taxpayers	9.2
Limitation on Itemized Deductions	9.3
Medical Expenses	9.5
Limitation of Medical Expense Deduction.....	9.6
Deductible Medical Expenses.....	9.6
Spouse and Dependent Medical Expenses.....	9.9
Medical Expenses for an Adopted Child.....	9.10
Nondeductible Expenses	9.10
Taxes Paid.....	9.12
State and Local Income Taxes	9.13
General Sales Tax	9.14
Real Estate Taxes	9.14
Personal Property Taxes	9.14
Foreign Taxes	9.15
Interest Paid	9.16
Home Mortgage Interest and Points.....	9.16
Mortgage Insurance Premiums.....	9.18
Qualified Mortgage Insurance.....	9.18
Special Rules for Prepaid Mortgage Insurance	9.18
Limit on Deduction	9.19
Investment interest	9.19
Contributions	9.20
Out-of-Pocket Expenses.....	9.21
Limitations of Deductible Charitable Contributions.....	9.21
Carryovers	9.22
Nonbusiness Casualty and Theft Losses.....	9.22
Miscellaneous Deductions.....	9.23
Subject to 2% Limit	9.24
Not Subject to 2% Limit-Schedule A, Line 28.....	9.25
Gambling Losses Up to the Amount of Gambling Winnings.....	9.25
Interview Guidance.....	9.26
Short Reminders.....	9.26
Chapter Study Questions	9.29
Learning Activity	9.33
Learning Activity Questions.....	9.41

Overview.....	10.1
Chapter Description	10.1
Learning Objectives.....	10.1
Key Terms	10.1
Electronic Filing	10.3
What is an Authorized IRS e-file Provider?	10.3
Credentials.....	10.3
Safeguarding IRS e-file.....	10.4
Safeguarding Taxpayer Information	10.4
PIN Program	10.5
Free File.....	10.7

Returns Not Eligible for IRS e-file	10.7
Submitting a Timely Filed Electronic Tax Return.....	10.8
Processing Return Information from Taxpayers	10.8
Receiving Refunds Through Electronic Filing	10.11
Electronic Refund Check (ERC) or Refund Anticipation Check (RAC)	10.11
Fee Restrictions	10.11
Direct Deposit	10.11
Acceptable Proof of Account	10.13
What Must Go to the IRS	10.14
What the Taxpayer Should Receive	10.15
Warning Signs of Taxpayer Fraud.....	10.16
Warning Signs of Potential Fraud	10.17
Verifying Taxpayer Identification Numbers	10.18
Be Aware of Non-standard Information Documents	10.19
Being Careful with Addresses.....	10.19
Avoiding Refund Delays	10.19
Requirements for Signing an Electronic Tax Return	10.20
Electronic Signatures for Taxpayers.....	10.21
IRS e-file Signature Authorization.....	10.21
Electronic Signatures for EROs	10.22
Paper Signatures	10.23
Sending Paper Signatures to the IRS.....	10.23
Correction of an Electronic Tax Return Rejected by IRS	10.23
Acknowledgments of Transmitted Return Data	10.23
Resubmission of Rejected Tax Returns	10.24
Key Terms	10.26
Chapter Study Questions	10.33
Learning Activity	10.37
Learning Activity Questions.....	10.49

Glossary

Index

Appendices



Comprehensive Tax Course
Module 3
Table of Contents

Reading Assignments

Syllabus

Introduction

CHAPTER 11: EMPLOYEE BUSINESS EXPENSE AND MISCELLANEOUS ITEMIZED DEDUCTIONS	11.1
Overview	11.1
Chapter Description	11.1
Learning Objectives	11.1
Key Terms	11.3
Miscellaneous Itemized Deduction Limitation	11.2
Employee Business Expenses	11.2
Auto Expense	11.4
Standard Mileage Rate	11.5
Actual Auto Expense	11.6
Office in Home	11.10
Exclusive Use	11.11
Regular Use	11.12
Trade or Business Use	11.12
Principal Place of Business	11.12
More Than One Trade or Business	11.13
Deducting Expenses	11.13
Depreciation	11.14
Safe Harbor Method	11.16
Travel Expenses	11.17
Tax Home	11.17
Travel and Transportation	11.18
Meals	11.18
Education	11.20
Business Gifts	11.20
Entertainment	11.20
Record Keeping	11.22
Reimbursements	11.22
Performing Artists	11.23
Other Expenses (Miscellaneous Itemized Deductions)	11.24
Not-for-Profit and Personal Property Rental (PPR) Expenses	11.24
Hobby Expenses	11.24
Business Use of Home Worksheet	11.24
Instructions for the Business Use of Your Home Worksheet	11.24
Chapter Study Questions	11.31
Learning Activity	11.35
Learning Activity Questions	11.45

CHAPTER 12: EDUCATION TAX BENEFITS..... 12.1

Overview	12.1
Chapter Description	12.1
Learning Objectives	12.1
Key Terms	12.1
Introduction	12.1
Recap of the American Opportunity Credit.....	12.2
Calculation of the American Opportunity Credit.....	12.2
Who Can Claim the Credit?	12.4
Who Cannot Claim the Credit?	12.5
Qualifying Expenses	12.6
Qualified Education Expenses	12.6
No Double Benefit Allowed	12.7
Adjustments to Qualified Education Expenses	12.7
Expenses That Do Not Qualify.....	12.8
Who Is an Eligible Student?	12.9
Recap of the Lifetime Learning Credit.....	12.11
Calculation of the Lifetime Learning Credit.....	12.11
Who Can Claim the Credit?	12.12
Who Cannot Claim the Credit?	12.13
Qualifying Expenses	12.14
Qualified Education Expenses	12.14
No Double Benefit Allowed	12.15
Adjustments to Qualified Education Expenses	12.15
Expenses That Do Not Qualify.....	12.16
Who Is an Eligible Student?	12.16
Comparison of the American Opportunity and Lifetime Learning Credits	12.17
Who Can Claim a Dependent’s Expenses – All Education Credits	12.18
Tuition and Fees Deduction.....	12.19
Who Can Claim the Deduction?.....	12.19
Who Cannot Claim the Deduction?.....	12.20
What Expenses Qualify.....	12.20
Qualified Education Expenses	12.21
No Double Benefit Allowed	12.22
Adjustments to Qualified Education Expenses	12.22
Expenses That Do Not Qualify.....	12.23
Who Is an Eligible Student?	12.23
Who Can Claim a Dependent’s Expenses.....	12.23
Calculation of the Tuition and Fees Deduction	12.25
Effect of the Amount of Your Income on the Amount of Your Deduction.....	12.26
Student Loan Interest Deduction	12.27
Qualified Student Loan.....	12.28
Who Can Claim the Deduction?.....	12.29
Effect of the Amount of the Taxpayer’s Income	12.29
Coverdell ESA.....	12.30
Qualified Tuition Program (QTP)	12.37
Early IRA Distributions	12.40
Education Savings Bond Program.....	12.40
Employer-Provided Educational Assistance	12.41
Business Deduction for Work-Related Education.....	12.42
Chapter Study Questions	12.47
Learning Activity	12.51
Learning Activity Questions	12.59

CHAPTER 13: CAPITAL GAINS AND LOSSES..... 13.1

Overview	13.1
Chapter Description	13.1
Learning Activity	13.1
Key Terms	13.1
Capital Gains and Losses.....	13.1
Capital Assets.....	13.3
Holding Period.....	13.3
Calculating the Sales Price	13.3
Capital Gains Tax Rates.....	13.5
Capital Gain Distributions	13.6
Reporting Capital Gains and Losses	13.10
Form 8949.....	13.10
Exception One.....	13.12
Exception Two.....	13.12
Schedule D (Form 1040).....	13.13
Basis of Property	13.14
Inherited Property.....	13.15
Gifts.....	13.15
Sale of Stock and Mutual Funds.....	13.15
Adjusted Basis	13.16
Involuntary Conversions	13.17
Bad Debts	13.18
Sale of Personal Residence	13.18
Maximum Exclusion	13.19
Reduced Maximum Exclusion.....	13.20
Nonqualified Use.....	13.21
Sale of Rental Property, Second Homes or Vacation Homes	13.21
Basis of a Home	13.22
Settlement Statement.....	13.22
Increases Basis.....	13.23
Decreases Basis	13.24
Installment Sales	13.24
Property Settlement	13.25
Chapter Study Questions	13.27
Learning Activity	13.31
Learning Activity Questions.....	13.41

CHAPTER 14: DEPRECIATION AND DISPOSITION OF BUSINESS PROPERTY 14.1

Overview	14.1
Chapter Description	14.1
Learning Objectives	14.1
Key Terms	14.1
Introduction.....	14.2
Depreciation.....	14.2
Types of Property.....	14.2
Basis	14.3
Salvage Value	14.3
Land	14.4
Methods of Depreciation.....	14.4
Partial Business Use.....	14.5
Repairs and Replacements	14.6
Recovery Period	14.7

Placed Into Service.....	14.7
Retired From Service.....	14.7
Straight-line Method of Depreciation (S/L)	14.7
Modified Accelerated Cost Recovery System (MACRS).....	14.8
Property Classes and Recovery Periods.....	14.9
Accelerated Cost Recovery System (ACRS)	14.13
Declining-Balance Method.....	14.13
Amortization.....	14.13
Section 179 Deduction	14.14
Special Depreciation Allowance	14.16
Qualified Property.....	14.16
Original Use.....	14.16
Listed Property.....	14.17
Recapture	14.18
Automobiles.....	14.18
Form 4562, Depreciation and Amortization.....	14.19
Disposition of Business Property.....	14.21
Review of Basis Rules.....	14.21
Trade-ins.....	14.22
Personal Use Converted to Business Property.....	14.23
Inherited Property and Gifts.....	14.23
Rental or Leased Property.....	14.24
Placed in Service	14.24
Additions and Improvements.....	14.24
Computing the Gain or Loss From Sale of Business Property.....	14.24
Capital Gains and Losses	14.25
Types of Property	14.25
Like-Kind Exchanges.....	14.28
Tax Laws Regarding Like-Kind Exchanges	14.29
Involuntary Conversions	14.29
Installment Sales	14.29
Tax Due	14.30
Reporting Gains and Losses	14.30
Personal Use Property	14.30
Profit-Seeking Activities.....	14.30
Form 4797 – Gains and Losses from Sales or Exchanges of Assets.....	14.31
Depreciation Recapture.....	14.33
Section 179.....	14.33
Listed Property	14.33
MACRS.....	14.34
ADS	14.34
New For 2014 – Final Repair Regulations/Safe Harbor.....	14.34
De Minimis Safe Harbor Election	14.35
Routine Maintenance Safe Harbor.....	14.35
Depreciation Tables.....	14.37
Chapter 14: Special Explanation and Examples	14.40
How to Start the Depreciation Worksheet	14.40
Form 4562 - Completed.....	14.42
Chapter Study Questions	14.49
Learning Activity	14.43
Learning Activity Questions.....	14.55

CHAPTER 15: SELF-EMPLOYMENT INCOME	15.1
Overview.....	15.1
Chapter Description	15.1
Learning Objectives.....	15.1
Key Terms	15.1
Sole Proprietorship	15.2
Husband-Wife Businesses.....	15.2
Independent Contractor.....	15.2
Statutory Employees	15.3
Limited Liability Company (LLC)	15.4
Identification Numbers.....	15.4
Minimum Income Reporting Requirements for Schedule C Filers	15.5
Self-employment Tax.....	15.5
Gross Income/Receipts	15.6
Expenses	15.7
Health Insurance	15.10
Retirement Plans.....	15.11
Cost of Goods Sold	15.11
Inventory Valuation Methods.....	15.12
Start-up Costs.....	15.12
Net Operating Loss (NOL).....	15.12
Business Use of Your Home	15.13
Selling Business Property	15.14
Hobbies.....	15.15
Schedule C-EZ	15.15
Employment Taxes.....	15.16
Excise Taxes	15.16
Chapter Study Questions	15.19
Learning Activity	15.23
Learning Activity Questions.....	15.27

Glossary

Index

Appendices



Comprehensive Tax Course

Module 4

Table of Contents

Reading Assignments

Syllabus

Introduction

CHAPTER 16: RENTAL PROPERTY	16.1
Overview	16.1
Chapter Description	16.1
Learning Objectives	16.1
Key Terms	16.1
Rental Income.....	16.1
How to Report Rental Income	16.2
Rental Expenses	16.3
Transportation and Travel Expenses.....	16.4
Office in Home	16.4
Repairs and Improvements.....	16.5
Record Keeping	16.6
Not Rented for Profit.....	16.7
Rental of Vacation Homes and Other Dwelling Units.....	16.8
Dividing Expenses for Vacation Homes and Other Dwelling Units.....	16.8
Fair Rental Price	16.9
Use as Main Home Before or After Renting	16.9
Property Changed to Rental Use.....	16.10
Dividing Expenses for Property Changed to Rental Use	16.10
Limit on Rental and Passive Activity Losses	16.12
At-Risk Rules.....	16.13
Active Participation.....	16.13
Real Estate Professional	16.14
Rental Property Sales.....	16.14
Royalties	16.16
Partnership Income From Schedule K-1	16.16
Chapter Study Questions	16.19
Learning Activity	16.23
Learning Activity Questions	16.27
CHAPTER 17: ALTERNATIVE MINIMUM TAX, INJURED AND INNOCENT SPOUSE, LESS COMMON CREDITS, AND PENALTIES	17.1
Overview	17.1
Chapter Description	17.1
Learning Objectives	17.1
Key Terms.....	17.1
Alternative Minimum Tax	17.1
The History of Alternative Income Tax (AMT).....	17.1
The Basics of AMT.....	17.2
Exemption Phase-outs.....	17.3

AMT Credits Allowed	17.4
Credit for Prior Year Minimum Tax	17.4
Injured Spouse And innocent Spouse	17.5
Injured Spouse Allocation	17.5
Innocent spouse Relief	17.6
Other Less Common Credits	17.8
General Business Credit	17.8
District of Columbia First-Time Homebuyer Credit.....	17.9
Credit for Tax on Undistributed Capital Gain	17.10
Credit for Federal Tax Paid on Fuels	17.10
Civil and Criminal Penalties	17.11
Civil Penalties	17.11
Underpayment Penalties	17.11
Filing Late	17.12
Fraud	17.12
Return Over 60 Days Late.....	17.12
Paying Tax Late	17.13
Combined Penalties	17.13
Accuracy-Related Penalty	17.13
Negligence or Disregard.....	17.14
Substantial Understatement of Income Tax	17.14
Disclosure Statement	17.14
Reasonable Cause.....	17.15
Filing Erroneous Claim for Refund or Credit	17.15
Frivolous Return	17.15
Joint Return	17.16
Failure to Supply Social Security Number	17.16
Criminal Penalties	17.16
Penalties.....	17.17
Penalty for Not Reporting Tips	17.17
Fines or Penalties.....	17.17
Key Terms	17.20
Chapter Study Questions	17.21
Learning Activity	17.25
Learning Activity Questions.....	17.33

CHAPTER 18: PAYMENTS, EXTENSIONS, AMENDED RETURNS, PREPARER REGULATIONS

.....	18.1
Overview	18.1
Chapter Description	18.1
Learning Objectives	18.1
Key Terms.....	18.1
Kiddie Tax	18.1
Form 8615, Tax for Certain Children Who Have Unearned Income of More Than \$2,000	18.1
Form 8814, Parent's Election to Report Child's Interest and Dividends	18.2
Underpayment Penalties	18.3
Paying or Receiving Interest.....	18.3
Amended Returns	18.4
Amended Returns and Claims for Refund	18.4
Completing Form 1040X.....	18.5
Time for Filing a Claim for Refund.....	18.8
Protective Claim for Refund	18.10
Limit on Amount of Refund.....	18.10
Financially Disabled.....	18.11
Exceptions for Special Types of Refunds	18.11
Processing Claims for Refund.....	18.11

Taking a Claim to Court.....	18.12
Reduced Refund	18.12
Effect on State Tax Liability	18.12
Extensions of Time to File	18.12
Installment Agreement.....	18.13
Payment Voucher	18.14
Nanny Tax – Employment Taxes for Household Employees	18.14
Social Security and Medicare Taxes.....	18.16
Federal Income Tax	18.17
Federal Unemployment Tax (FUTA)	18.17
Preparer Regulations.....	18.17
PTIN Renewals	18.19
Additional Requirements for Some Preparers.....	18.20
Supervised Preparers and Non-1040 Preparers.....	18.20
Exceptions to PTIN Requirement.....	18.21
Responsibilities of a Paid Preparer	18.22
Chapter Study Questions	18.25
Learning Activity	18.29
Learning Activity Questions	18.31

CHAPTER 19 - TAX LAW UPDATES & ACA 2014/2015..... 19.1

Overview.....	19.1
Chapter Description	19.1
Learning Objectives:	19.1
Key Terms.....	19.1
Introduction	19.1
New IRS Voluntary Program for Unenrolled Tax Preparers	19.2
History About How the AFSP Happened	19.2
Annual Filing Season Program – Record of Completion Requirements	19.3
Consent to Circular 230 Restrictions.....	19.3
Understanding Tax Return Preparer Credentials	19.3
Unlimited Representation Rights	19.3
Limited Representation Rights.....	19.4
Due Dates and Tax Rates	19.5
Tax Return Due Date	19.5
New Tax Rates.....	19.5
Capital Gain Rates	19.8
Federal Estate Tax Exclusion	19.9
Federal Gift Tax Exclusion	19.9
Filing Status for Same-Sex Married Couples	19.10
Personal Exemption Amount	19.11
Increased Standard Deduction - 2015.....	19.12
Standard Deduction for Taxpayers Who Are 65 or Older and/or Blind (Born Before January 2, 1959)	19.13
2015 Filing Requirements for Most People.....	19.14
Changes to Itemized Deductions.....	19.15
Medical Expenses.....	19.26
Changes to Itemized Deduction for Medical Expenses	19.26
Health Savings Accounts	19.26
Archer Medical Savings Accounts - 2015	19.26
Increase in Deductible Limits for Long Term Care Premiums	19.27
FSA Carryover	19.27
Standard Mileage Rates.....	19.28
Business.....	19.28
Medical.....	19.28
Moving.....	19.23

Charitable.....	19.19
Credits	19.19
Earned Income Credit.....	19.19
Child Tax Credit	19.24
Earned Income for Additional Child Tax Credit.....	19.24
Adoption Benefits Increased.....	19.24
Education Credits and Related Deductions.....	19.21
Income Limits for Student Loan Interest Deduction.....	19.21
American Opportunity and Lifetime Learning Education Credits.....	19.21
Income from U.S. Savings Bonds and Qualified Education Expenses	19.21
Maximum Deferrals and Contributions	19.22
Roth IRA.....	19.22
Alternative Minimum Tax (AMT)	19.22
Social Security.....	19.25
Additional Medicare Tax - REMINDER	19.29
Self-employed Health Insurance Deduction.....	19.27
Wage Threshold for Household Employees- Reminder.....	19.27
Depreciation/Section 179 Expense Deduction Limitations and Other Auto Related Expenses.....	19.28
Section 179	19.28
Bonus Depreciation.....	19.28
Auto Depreciation Limits	19.28
Expiring Recovery Periods.....	19.29
Qualified Transportation Fringe Benefit.....	19.29
Residential Energy Efficient Property Credit	19.29
Nonbusiness Energy Property Credit	19.29
Electronic Filing Requirement Changes - REMINDER.....	19.30
Identity Verification Requirements	19.30
Investment Income of Children.....	19.31
Foreign Earned Income	19.31
Protecting Taxpayer Identity.....	19.31
Suspecting Identity Theft	19.31
Employment Related Identity Theft.....	19.31
Combating Identity Theft – IRS Efforts	19.32
IRS Identity Protection Personal Identification Number.....	19.32
2015 IP PIN Pilot.....	19.33
Direct Pay	19.33
Tax Law Changes Affecting Businesses	19.34
Tangible Property Capitalization “Repair” Regulations	19.34
Small Employer Health Care Tax Credit – Tax Exempt Employers Only.....	19.38
Affordable Care Act (ACA)	19.39
Benefits Required to be Included in Qualified Plans	19.36
Pre-existing Conditions	19.47
Who is Required to Covered?	19.37
Definition of a Household	19.38
Defining a Household.....	19.38
Household Income	19.38
Shared Responsibility	19.39
Worksheet 19-1 Shared Responsibility Payment Worksheet	19.40
Table 19-1 2014 Filing Thresholds	19.41
2015 Filing Thresholds.....	19.41
Exemptions	19.42
Household Income Exemption.....	19.42
Unaffordable Coverage Exemption.....	19.46
Short Coverage Gap.....	19.43
Members of a Health Care Sharing Ministry.....	19.43
Members of Certain Religious Sects	19.43
Incarceration	19.43

Other Exemptions	19.43
Hardship Exemptions	19.43
Applying for an Exemption	19.47
Chart 19-2 - Coverage Exemptions (Form 8965)	19.45
Federal Poverty Level	19.47
Premium Tax Credit	19.47
Table 19-2 - Repayment Limitation	19.51
Other Issues	19.51
Shared Policy Allocation	19.51
Alternative Calculations in the Year of Marriage	19.52
Self-employed Taxpayers	19.56
States Who Have Their Own Health Insurance Exchange	19.57
State-by-State ACA Implementation	19.55
IRS Forms and Reporting Statements, Affordable Care Act	19.60
Chart 19-3 - IRS Forms and Reporting Statements - Affordable Care Act	19.61
Affordable Care Act (ACA) Mandate for Businesses	19.62
Minimum Essential Coverage (MEC), Minimum Value (MV) and Affordability	19.62
Affordability	19.64
Shared Responsibility	19.64
Fiscal Year Plans	19.66
Small Business Health Options Program (SHOP) Marketplace	19.66
Medical Loss Ratio Rebates	19.66
Aggregate Health Care Costs and W-2 Reporting	19.67
Failure to Comply with ACA Reform Requirements Penalty	19.67
Group Health Plans	19.67
Patient-centered Outcome Research Institute Fees (PCORI)	19.68
ACA Forms	19.69
Form 1094-B	19.70
Form 1094-C	19.70
Form 1095-A	19.75
Form 1095-B	19.72
Form 1095-C	19.73
Expiring Provision Improvement Reform and Efficiency Act (Expire)	19.74
Individual Provisions	19.74
Business Provisions	19.75
Revenue Raising Provisions	19.85
Conclusion	19.79
Chapter Study Questions	19.81

CHAPTER 20: ETHICS AND RESPONSIBILITIES OF TAX PROFESSIONALS 20.3

Overview	20.1
Learning Objectives:	20.1
Key Terms	20.1
Ethics Defined	20.1
How Can You Develop an Ethical Environment?	20.2
Professional Responsibilities in Return Preparation	20.3
Responsibilities to the Client.	20.3
Responsibilities to the Tax System	20.3
Acknowledge Your Responsibility and Avoid Penalties	20.5
Paid Preparer's Signature	20.5
Required Retention of Records	20.5
Third-Party Designee	20.5
Confidentiality	20.6
Additional Standards	20.7
Privacy	20.7

Outsourcing	20.7
Practice before the Internal Revenue Service	20.8
Ethical Guidelines – IRS Publications and Treasury Dept. Circular 230	20.8
Circular 230 – Specifics	20.8
§10.20 – Information to be furnished	20.8
§10.21 – Knowledge of client’s omission	20.10
§10.22 – Diligence as to accuracy	20.10
§10.23 – Prompt disposition of pending matters.....	20.11
§10.24 – Assistance from disbarred or suspended persons and former Internal Revenue Service employees	20.12
§10.27 – Fees.....	20.12
§10.28 – Return of client’s records.....	20.13
§10.30 – Solicitation	20.13
§10.31 – Negotiation of taxpayer refund checks.....	20.13
§10.33 – Best Practices for tax advisors	20.13
§10.34 – Standards with respect to tax returns and documents, affidavits and other papers	20.14
§10.35 – Requirements for covered opinions	20.15
§10.36 – Procedures to ensure compliance.....	20.15
§10.38 – Establishment of advisory committees.....	20.16
§10.51 – Incompetence and Disreputable conduct.....	20.16
§10.52 – Violation of regulations.....	20.17
§10.53 – Receipt of information concerning practitioner.....	20.17
§10.60 – Institution of proceeding	20.18
AICPA Statements on Standards for Tax Services	20.18
Sample Scenarios.....	20.20
Scenario 1	20.20
Scenario 2	20.20
Scenario 3.....	20.21
Scenario 4.....	20.21
Scenario 5.....	20.22
Scenario 6.....	20.22
AICPA Code of Professional Conduct	20.23
Composition, Applicability, and Compliance.....	20.23
Other Guidance.....	20.23
Preamble.....	20.24
Section 52 - Article I: Responsibilities.....	20.24
Section 53 - Article II: The Public Interest.....	20.24
Section 54 - Article III: Integrity.....	20.25
Section 55 - Article IV: Objectivity and Independence.....	20.25
Section 56 - Article V: Due Care.....	20.26
Section 57 - Article VI: Scope and Nature of Services	20.26
NATP – National Association of Tax Professionals	20.28
Code of Ethics.....	20.28
Standards of Professional Conduct	20.28
Peoples Income Tax, Inc.....	20.32
Corporate Mission.....	20.32
Guiding Principles	20.32
Key Terms	20.33
Chapter Study Questions	20.37
Learning Activity	20.41
Learning Activity Questions.....	20.45

Glossary

Index

Appendices

ADVANCED I TAX COURSE

Course Topics by Module – LEARNING OBJECTIVES

Module 1

Chapter 1: Affordable Care Act

- Identify features of the Affordable Care Act (ACA)
- Identify ACA exemptions allowed
- Calculate Shared Responsibility
- Identify employer's responsibilities in regard to the ACA

Chapter 2: Employee Business Expenses

- Identify which employee business expenses are deductible and when the expenses are allowed
- Explore employer reimbursements and accountable plans and nonaccountable plans
- Understand the importance of keeping accurate, detailed records of business expenses
- Identify and learn more about tax homes and the main place of business or work
- Complete a return including Schedule A and Form 2106, *Employee Business Expenses*

Chapter 3: Clergy

- Learn the rules for reporting clergy income
- Study the various types of expenses related to clergy income
- Become familiar with the forms necessary to deduct the expenses
- Complete a return with Schedule C, Schedule SE, Form 2106 and clergy worksheets

Chapter 4: Investments

- Explore capital assets and noncapital assets
- Become more familiar with basis of property, property received in trades, adjusted basis,
- identifying stocks or bonds sold, dividend reinvestment, stock splits, transfers and exchanges
- Learn how to handle losses on sales and trades of property for related parties
- Learn about installment sales
- Learn how to account for like-kind exchanges
- Learn about like-kind exchanges between spouses and other related parties
- Learn what wash sales are
- Explore the new surtax on net investment income

Chapter 5: Schedule C (Part I)

- Learn to identify the various types of business entities
- Become familiar with the different steps necessary to develop a sole proprietorship
- Learn the proper record keeping for a sole proprietorship and the length of time the taxpayer is expected to keep business records
- Become familiar with the types of accounting methods
- What is necessary when hiring employees
- Complete a return including Schedule C, Schedule SE, Form 8829, and Form 4562

Module 1 Final Exam

Module 2

Chapter 6: Schedule C (Part II)

- Learn more about sole proprietorships and the advantages and disadvantages of this type of business entity
- Recognize the various types of income earned by a sole proprietorship
- Understand the cost of goods sold, inventory valuation, beginning inventory, ending inventory and uniform capitalization rules

Chapter 7: At-Risk Rules and Passive Activities

- Understand at-risk rules
- Become familiar with passive activities, passive activity income, and passive activity deductions
- Learn about rental real estate activities and material participation

Chapter 8: Rental Property (Part I)

- Recognize what constitutes rental property, what expenses are deductible and how to handle sales of rental property
- Learn about losses from rental real estate activities
- Complete Schedule E

Chapter 9: Rental Property (Part II)

- Learn how to divide expenses between personal and rental use
- Learn how to handle property that is only partially rented
- Understand rules regarding fair rental rates
- Understand the exceptions to claiming rental income and expenses

Chapter 10: Alternative Minimum Tax, Injured and Innocent Spouse, Less Common Credits, and Penalties

- Discuss the application of the Alternative Minimum Tax (AMT) to taxpayers
- Determine who is considered an innocent spouse and who is considered an injured spouse
- Summarize other types of less common credits
- Describe the civil and criminal penalties applicable to taxpayers who do not comply with income tax laws

Module 2 Final Exam



Advanced Level I

Table of Contents

Reading Assignments for Advanced Level I

Overview

INTRODUCTION.....	1.1
Chapter 1: Affordable Care Act.....	1.1
Overview.....	1.1
Chapter Description.....	1.1
Learning Objectives.....	1.1
Key Terms.....	1.1
Introduction.....	1.1
Affordable Care Act (ACA).....	1.1
Benefits Required to be Included in Qualified Plans.....	1.3
Pre-existing Conditions.....	1.3
Who is Required to Be Covered?.....	1.3
Definition of a Household.....	1.4
Defining a Household.....	1.4
Household Income.....	1.4
Shared Responsibility.....	1.5
Exemptions.....	1.8
Household Income Exemption.....	1.8
Unaffordable Coverage Exemption.....	1.8
8% Rule.....	1.8
Employer Plans.....	1.8
Nonemployer Plans.....	1.8
Short Coverage Gap.....	1.9
Members of a Health Care Sharing Ministry.....	1.9
Incarceration.....	1.9
Other Exemptions.....	1.9
Hardship Exemptions.....	1.9
Applying for an Exemption.....	1.10
Federal Poverty Level.....	1.14
Premium Tax Credit.....	1.15
Pending Court Ruling Regarding the Premium Tax Credit.....	1.19
Shared Policy Allocation.....	1.19
Alternative Calculations in the Year of Marriage.....	1.20
Self-employed Taxpayers.....	1.20
Iterative Calculation Method.....	1.20
Alternative Calculation Method.....	1.21
States That Have Their Own Health Insurance Exchange.....	1.21
State-by-State ACA Implementation.....	1.23
IRS Forms and Reporting Statements, Affordable Care Act.....	1.28
Affordable Care Act (ACA) Mandate for Businesses.....	1.30
Minimum Essential Coverage (MEC), Minimum Value (MV) and Affordability.....	1.31
Affordability.....	1.32
Shared Responsibility.....	1.33
Fiscal Year Plans.....	1.34

Small Business Health Options Program (SHOP) Marketplace	1.34
Medical Loss Ratio Rebates	1.35
Aggregate Health Care Costs and W-2 Reporting	1.35
Failure to Comply with ACA Reform Requirements Penalty	1.36
Group Health Plans	1.36
ACA Requirements	1.36
Patient-centered Outcome Research Institute Fees (PCORI)	1.37
ACA Forms	1.38
Form 1094-B	1.39
Form 1094-C	1.39
Form 1095-A	1.40
Form 1095-B	1.41
Form 1095-C	1.42
Chapter Study Questions	1.45

Chapter 2: Employee Business Expenses	2.1
Overview	2.1
Chapter Description	2.1
Learning Objectives	2.1
Key Terms	2.1
Employee Business Expenses	2.1
Travel Expenses	2.2
Deductible Travel Expenses	2.3
Employer Reimbursements	2.3
Accountable Plan	2.3
Adequate Accounting	2.4
Adequate Accounting – Per Diem and Car Allowance	2.4
The Standard Meal Allowance	2.5
Transportation Workers	2.5
Partial Days of Travel	2.5
Returning Excess Reimbursements	2.6
Nonaccountable Plans	2.6
Reporting Expenses under a Nonaccountable Plan	2.6
Keeping Records	2.8
Tax Home	2.10
Main Place of Business or Work	2.11
No Main Place of Business or Work	2.11
Living Away From the Tax Home	2.12
Temporary Assignment or Job	2.12
Determining Temporary or Indefinite	2.13
Going Home on Days Off	2.13
Probationary Work Period	2.13
Office in Home (Principal Place of Business)	2.14
Education Expenses	2.15
Standard Mileage Rate	2.15
Depreciation on Autos	2.16
MACRS Tables	2.18
Chapter Study Questions	2.21
Learning Activity	2.25
Learning Activity Questions	2.31

Chapter 3: Clergy	3.1
Overview	3.1
Chapter Description	3.1
Learning Objectives	3.1
Introduction	3.1
Key Terms	3.1
Common-Law Employee	3.1
“Seven Factor Test”	3.2
“Dual Status” Income Treatment	3.4
Social Security Coverage	3.4
Ministers	3.6
Ministers Defined	3.6
Employment Status for Other Tax Purposes	3.6
Members of Religious Orders	3.6
Vow of Poverty	3.6
Services Covered Under FICA at the Election of the Order	3.6
Services Performed Outside of the Order	3.7
Exemption from Self-Employment (SE) Tax	3.7
Who Cannot Be Exempt	3.8
Ministerial Services	3.9
Ministers	3.9
Services for Nonreligious Organizations	3.9
Services That Are Not Part of the Ministry	3.10
Books or Articles	3.10
Members of Religious Orders	3.10
Effect of Employee Status	3.10
Christian Science Practitioners and Readers	3.11
Income Tax: Income and Expenses	3.11
Parsonage Allowance	3.11
Housing Allowance Points to Remember	3.12
Rental Allowances	3.12
Fair Rental Value of Parsonage	3.12
Home Ownership	3.13
Housing Allowance for Retired Ministers	3.13
Retired Ministers	3.15
Traveling Evangelists	3.15
Ministerial Trade or Business Expenses as an Employee	3.15
Expenses Allocable to Tax-Free Income – “Deason Rule”	3.15
Required Statement	3.17
Worksheets	3.17
Worksheets Example	3.19
Retirement Plan Contributions	3.21
Individual Retirement Arrangement (IRA) Deductions	3.22
Modified AGI	3.24
Health Insurance Costs of Self-Employment Ministers	3.25
Deduction for SE Tax	3.25
Key Terms	3.26
Chapter Study Questions	3.27
Learning Activity	3.31
Learning Activity Questions	3.35

Chapter 4: Investments	4.1
Overview	4.1
Chapter Description	4.1
Learning Objectives	4.1
Key Terms	4.1
Capital or Ordinary Gains and Losses	4.1
Capital Assets	4.1
Uses of Property	4.2
Investment Property	4.2
Basis of Property	4.3
Inherited Property	4.3
Property Transfer	4.3
Gifts	4.4
Sales and Exchanges	4.4
Transfer by Inheritance	4.5
Unstated Interest	4.5
Property Received For Services	4.5
Restricted Property	4.5
Bargain Purchases	4.5
Property Received in Taxable Trades	4.5
Property Received in Nontaxable Trades	4.6
Property Received From a Spouse	4.6
Adjusted Basis	4.6
Stock and Securities Transactions	4.6
Redemptions of Stock	4.6
Surrender of Stock	4.6
Worthless Securities	4.7
Filing a Claim for a Refund	4.8
Identifying Stocks or Bonds Sold	4.8
Identification Not Possible	4.8
Adequate Identification	4.9
Automatic Dividend Reinvestment	4.9
Stock Splits	4.9
Investment Property Received in Liquidation	4.10
Gains and Losses	4.10
Amount Realized	4.10
Fair Market Value	4.10
Debt Paid Off	4.11
Payment of Cash	4.11
Like-Kind Exchanges	4.11
Partially Nontaxable Exchange	4.12
Like Property and Unlike Property Transferred	4.12
Like Money and Property Transferred	4.12
How to Report	4.12
Transfers Between Spouses	4.13
Related Party Transactions/Gain on Sale or Trade of Depreciable Property	4.14
Like-Kind Exchanges for Related Parties	4.14
Losses on Sales or Trades of Property for Related Parties	4.14
Multiple Property Sales or Trades	4.15
Indirect Transactions	4.15
Constructive Ownership of Stock	4.15
Property Received From a Related Party	4.15
Wash Sales	4.16
Installment Sales	4.16
Tax Loss Harvesting	4.18
Sale of Personal Residence	4.19

3.8% Surtax on Net Investment Income	4.21
Tax-free Investments	4.21
Tax Exempt Interest	4.21
Other Interest Considerations.....	4.22
Roth IRAs	4.22
Chapter Study Questions	4.25
Learning Activity	4.29
Learning Activity Questions	4.31

Chapter 5: Schedule C (Part I) 5.1

Overview	5.1
Chapter Description	5.1
Learning Objectives	5.1
Key Terms	5.1
Forms of Business	5.1
Sole Proprietorships	5.2
Employer Identification Number (EIN).....	5.4
Payee's Identification Number	5.4
Tax Year	5.5
Accounting Method	5.6
Business Taxes	5.6
Federal Unemployment Tax (FUTA)	5.7
Tax Deposits.....	5.8
Which Form Must Be Filed	5.8
Hiring Employees.....	5.9
Forms 1099-MISC and 1099-K.....	5.10
Form 8300	5.11
Penalties	5.11
Business Start-Up Costs	5.12
Expenses	5.13
Business Use of Your Home	5.16
Record Keeping.....	5.18
Business Checkbook	5.20
How Long to Keep Records.....	5.21
Business Profit.....	5.21
Adjustments for the Small Business Owner	5.21
Health Insurance Provided for Employees	5.22
Inventories	5.23
Chapter Study Questions	5.25
Learning Activity	5.29
Learning Activity Questions	5.37

Chapter 6: Schedule C (Part II) 6.1

Overview	6.1
Chapter Description	6.1
Learning Objectives	6.1
Sole Proprietorships	6.1
Advantages of Sole Proprietorships.....	6.2
Disadvantages of Sole Proprietorships	6.2
Income	6.3
Items that are not Income	6.3
Expenses	6.4
Depreciation.....	6.4
Electing the Section 179 Deduction for Purposes of Business Property	6.5
Leased Property	6.6

Automobile Expenses	6.6
Standard Mileage Rate	6.6
Actual Auto Expense	6.7
Travel and Transportation	6.7
Entertainment and Meals	6.8
Entertainment Facilities	6.9
Meals	6.10
Cost of Goods Sold	6.11
Inventory Valuation	6.12
Basis of Assets	6.13
Business Assets	6.13
Uniform Capitalization Rules	6.13
Calculating Cost of Goods Sold	6.14
Identifying Cost	6.15
Valuing Inventory	6.16
Lower-of Cost or Market	6.16
Cost Method	6.16
Retail Method	6.16
Markup Percentage	6.17
Markdowns	6.17
Retail Method with LIFO	6.17
Price Index	6.18
Retail Method without LIFO	6.18
Figuring Income Tax	6.18
Perpetual or Book Inventory	6.18
Loss of Inventory	6.18
Sale of Entire Inventory	6.19
Chapter Study Questions	6.21
Learning Activity	6.25
Learning Activity Questions	6.27

Chapter 7: At-Risk Rules and Passive Activities	7.1
Overview	7.1
Chapter Description	7.1
Learning Objectives	7.1
At-Risk Rules	7.1
Form 6198	7.1
Activities Covered by the At-Risk Rules	7.2
Exceptions	7.2
At-Risk Amounts	7.3
Passive Activities	7.3
Trade or Business Activities	7.3
Schedule C	7.4
Schedule C-EZ	7.4
Schedule E	7.5
Schedule F	7.6
Rental Activities	7.6
Who Must Use These Rules	7.7
Activities That Are Not Passive Activities	7.7
Material Participation	7.7
Participation	7.8
Spouse's Participation	7.8
Proof of Participation	7.8
Active Participation	7.9

Passive Activity Income.....	7.10
Passive Activity Deductions.....	7.10
Passive Activity Credits	7.11
Publicly Traded Partnership	7.11
Treatment of Former Passive Activities.....	7.11
Rental Real Estate Activities	7.12
Exceptions to Rental Activity	7.12
Special Allowance	7.13
Commercial Revitalization Deduction (CRD)	7.13
Phase-out Rule.....	7.14
Modified Adjusted Gross Income.....	7.14
Exceptions to Phase-out Rules	7.15
Rental of Nondepreciable Property	7.16
Disposition of Property Interests.....	7.16
Installment Sale of an Entire Interest	7.17
Dispositions by Gift.....	7.17
Dispositions by Death.....	7.17
Disposition of Property Converted to Inventory.....	7.17
Exception for More Than One Use in the Preceding 12 Months.....	7.18
Exception for Substantially Appreciated Property	7.18
Partial Dispositions	7.18
How to Report the Taxpayer's Passive Activity Loss	7.19
Chapter Study Questions	7.21
Learning Activity	7.25

Chapter 8: Rental Property (Part I)	8.1
Overview.....	8.1
Chapter Description.....	8.1
Learning Objectives.....	8.1
Key Terms	8.1
Schedule E	8.1
Not for Profit Rental	8.4
Rental Income.....	8.5
Rental Expenses.....	8.7
Repairs and Improvements	8.7
Other Expenses	8.8
Passive Activity Limits	8.11
Limits on Passive Activity Deductions and Credits.....	8.11
Exception for Real Estate Professionals	8.12
Real Estate Professional	8.12
Material Participation	8.12
Choice to Treat All Interests as One Activity	8.12
Losses from Rental Real Estate Activities.....	8.13
Active Participation	8.13
Maximum Special Allowance.....	8.14
Modified Adjusted Gross income.....	8.14
Form 8582 Not Required	8.14
Dividing Expenses – Property Changed to Rental Use.....	8.15
Dividing Expenses – Rental Use and Personal Use	8.15
Depreciation.....	8.15
Real Property.....	8.16
Personal Property	8.16
Land.....	8.16
Rented Property	8.17
Glossary.....	8.18

Chapter Study Questions	8.19
Learning Activity	8.23
Learning Activity Questions	8.25

Chapter 9: Rental Property (Part II) 9.1

Overview.....	9.1
Chapter Description.....	9.1
Learning Objectives.....	9.1
Key Terms	9.1
Property Changed to Rental Use.....	9.1
Basis of Property Changed to Rental Use.....	9.1
Renting Part of Property	9.2
How to Divide Expenses.....	9.3
Personal Use of Dwelling Unit.....	9.4
Figuring Days of Personal Use.....	9.4
Donation of Use of Property	9.4
Days Used for Repairs and Maintenance.....	9.5
Dwelling Unit Used as a Home.....	9.6
Exception for Minimal Rental Use	9.6
Fair Rental Price	9.6
Exception for Use as Main Home Before or After Renting.....	9.8
Figuring Rental Income and Deductions	9.8
How to Divide Expenses.....	9.8
Limit on Deductions	9.9
Section 179 Deduction	9.10
Form 4797 – Sale of Business Property.....	9.11
Glossary.....	9.15
Chapter Study Questions	9.17
Learning Activity	9.21
Learning Activity Questions	9.23

Chapter 10: Alternative Minimum Tax, Less Common Credits and Penalties 10.1

Overview.....	10.1
Chapter Description.....	10.1
Learning Objectives.....	10.1
Key Terms	10.1
Alternative Minimum Tax.....	10.1
The History of Alternative Minimum Tax (AMT)	10.1
The Basics of AMT	10.2
Exemption Phase-outs	10.4
AMT Credits Allowed.....	10.4
Credit for Prior Year Minimum Tax.....	10.4
Injured Spouse And innocent Spouse	10.6
Injured Spouse Allocation.....	10.6
Innocent Spouse Relief	10.7
Other Less Common Credits	10.9
General Business Credit.....	10.9
District of Columbia First-Time Homebuyer Credit.....	10.10
Credit for Tax on Undisputed Capital Gain.....	10.10
Credit for Federal Tax Paid on Fuels	10.11
Civil and Criminal Penalties.....	10.12
Civil Penalties	10.12
Underpayment Penalties	10.12
Filing Late	10.13
Fraud	10.13

Return Over 60 Days Late	10.14
Paying Tax Late.....	10.14
Combined Penalties	10.14
Accuracy-Related Penalty	10.14
Negligence or Disregard.....	10.15
Substantial Understatement of Income Tax	10.15
Substantial Authority.....	10.15
Disclosure Statement	10.15
Reasonable Cause	10.16
Filing Erroneous Claim for Refund or Credit	10.16
Frivolous Return	10.17
Joint Return	10.17
Failure to Supply Social Security Number	10.17
Criminal Penalties.....	10.17
Penalties	10.18
Penalty for Not Reporting Tips	10.18
Fines or Penalties.....	10.18
Glossary.....	10.20
Chapter Study Questions	10.21
Learning Activity	10.25
Learning Activity Questions	10.33

Final Exam: Instructor will distribute. Online students can download.

Forms Packet

Index

Appendices following:

- Appendix 1 – Tax Tables**
- Appendix 2 – Instructions for Forms W-2 and W-3**
- Appendix 3 – 1099-R, Box 7 Distribution Codes**
- Appendix 4 – Sales Tax Tables**

ADVANCED II TAX COURSE

Course Topics by Module – LEARNING OBJECTIVES

Module 1

Chapter 1: Amended Returns

- The student will recognize when an amended return is necessary.
- The student will learn the requirements for filing an amended return.
- The student will learn how to complete an amended return Form 1040X.
- The student will learn the rules for amended returns as they relate to divorced taxpayers.
- The student will be made aware of the IRS rules regarding changing accounting periods.
- The student will understand when and how a taxpayer can request an installment agreement to pay tax owed to the IRS.

Chapter 2: Special Needs and Concerns for Seniors

- Understand and calculate Required Minimum Distributions (RMDs)
- Describe Social Security and Equivalent Railroad Retirement Benefits
- Learn about medical deductions for in-home care and assisted living
- Learn about long-term care insurance and its deductibility
- Gain knowledge of estate planning and tax-free investments

Chapter 3: Tax Issues for High Income Taxpayers

- Describe which items can contribute to Alternative Minimum Tax (AMT)
- Understand about limitations on certain itemized deductions
- Study limits regarding IRA contributions and deductions
- Become familiar with AGI adjustments
- Learn more about refundable and nonrefundable credits

Chapter 4: Net Operating Losses

- Understand net operating losses (NOLs) for individual taxpayers, estates and trusts
- Determine how to figure an NOL
- Identify when to use an NOL
- Understand how to claim an NOL deduction
- Calculate an NOL carryover
- Understand how to report and file an NOL with the IRS

Chapter 5: Schedule D – Special Issues

- Understand wash sale rules
- Differentiate between put and call options
- Understand the tax implications of put and call options for writers and holders
- Identify the differences between statutory and non-statutory stock options
- Determine taxable income due to award of employee stock options
- Calculate the gain of taxable gain on the sale of a personal residence
- Understand when installment sale income should be reported on Form 6252
- Identify the types of property which are eligible for a nontaxable like-kind exchange

Module 1 Final Exam

Module 2

Chapter 6: Tax Issues for Divorced and Separated Taxpayers

- Understand tax issues facing divorced and separated taxpayers
- Determine how a taxpayer's filing status and personal exemption amounts can be affected by divorce and separation
- Calculate how alimony paid or received can affect a taxpayer's income
- Learn the rules regarding qualified domestic relations orders (QDRO)
- Ascertain how IRAs affect divorced taxpayers
- Identify how property settlements and divorced related costs can affect divorced taxpayers
- Figure out how tax withholding and estimated tax payments are impacted by divorced taxpayers
- Recognize any community property issues facing divorced taxpayers

Chapter 7: Tax Planning, Savings Strategy, and Updates

- Understand the importance of year-end tax planning and the various factors to be considered in the planning
- Gain knowledge of the Alternative Minimum Tax (ATM) and how it affects taxes due
- Develop insight into the tax savings of investment planning
- Compare retirement plans and the advantages and availability of each
- Understand the variety of strategies that can influence the AGI as a tax planning tool
- Develop an awareness of the changes in the tax code and how these changes may influence tax planning for upcoming years

Chapter 8: Responding to the IRS

- Learn when a payment plan may be set up with the IRS and the procedure for applying
- Become familiar with the most common notices sent to a taxpayer by the IRS along with recommended taxpayer actions
- Become familiar with the major issues usually covered in an IRS audit targeting the Earned Income Credit (EIC)
- Have an understanding of the types of supporting documentation necessary to justify claiming EIC, Head of Household (HOH) filing status, and dependency exemptions
- Learn the purpose of an Offer in Compromise (OIC) and the application of the statutory collection period to a non-filer
- Understand which recommendations to make to taxpayers who have been selected for an audit by IRS

Chapter 9: Part-year Resident and Nonresident State Tax Preparation Principles

- Describe the major differences among the states concerning imposition of personal income taxes
- Differentiate between residents, part-year residents, and nonresidents in filing state income taxes
- Discuss sources of income and allocation of income for part-year residents and nonresidents
- Describe the process of prorating exemptions and deductions for part-year residents and nonresidents
- Determine when moving expenses are reflected as an adjustment to income on a state return
- Show how income from real property is recognized for state tax purposes
- Understand the purpose of reciprocal agreements between states
- Learn how to apply credits for taxes paid to another state
- Become aware of special situations which may arise due to the variance in state tax laws

Chapter 10: Nonresident Alien Returns

- Become familiar with the differences between a resident and nonresident alien for income tax purposes
- Determine when a nonresident alien must file a tax return and which income must be reported
- Become aware of the various types of adjustments which can be made to arrive at U.S. taxable income
- Determine exemptions and filing status for resident and nonresident aliens
- Summarize the type of itemized deductions that resident and nonresident aliens can take
- Understand the application of tax treaty benefits in determining the amount of tax due to the United States

Module 2 Final Exam



Advanced Level II Table of Contents

Reading Assignments for Advanced Level II

Overview

INTRODUCTION 1.1

CHAPTER 1: AMENDED RETURNS..... 1.1

Overview1.1

 Chapter Description1.1

Learning Objectives1.1

Key Terms1.1

Amended Returns – Form 1040X.....1.1

Amended Returns and Claims for Refund.....1.2

 Fear of Filing an Amended Return1.3

When to File.....1.3

 Exceptions for Special Types of Refunds1.4

 Definition of Date Filed1.4

Special Situations1.5

 Deceased Taxpayer.....1.5

 First-Time Homebuyer Credit1.7

 Household Employment Taxes1.8

 Injured Spouse Claim1.8

 Qualified Reservist Distributions.....1.9

 Reimbursement Received for Hurricane-Related Casualty Loss1.9

 Student Loan Forgiveness for Health Care Professionals Working in

 Same-sex Marriage1.10

Replacing an Original Return with Form 1040X1.11

 Tax Return Filed Late1.11

 Limit on Amount of Refund1.11

 Tax Paid.....1.12

 If a Claim is Filed More Than 3 Years After a Return is Filed1.12

 Financially Disabled.....1.12

 Amended Returns for Divorced Taxpayers1.13

 Changing Accounting Methods1.13

Completing Form 1040X.....1.14

 Calendar or Fiscal Year1.18

 Name, Address, and Social Security Number (SSN)1.18

 Amended Return Filing Status.....1.18

 Completing Lines 1 through 311.18

 Columns A Through C1.21

 Income and Deductions1.21

 Tax Liability1.25

 Payments.....1.27

 Refund or Amount Owed1.30

 Part I – Exemptions1.31

 Part II – Presidential Election Campaign Fund.....1.33

 Part III – Explanation of Changes.....1.33

 Paid Preparer.....1.33

Assembling the Return	1.33
Processing Claims for Refund	1.33
Taking a Claim to Court.....	1.34
Receiving Interest on a Refund Generated by Form 1040X	1.34
Installment Agreements	1.34
Guaranteed Availability of Installment Agreements.....	1.35
Tax Preparer Fees for Amended Returns	1.37
Effect on State Tax Liability	1.37
Glossary.....	1.39
Chapter Study Questions	1.41
Learning Activity	1.45
Learning Activity Questions.....	1.53

CHAPTER 2: SPECIAL NEEDS AND CONCERNS FOR SENIORS2.1

Overview.....	2.1
Chapter Description	2.1
Learning Objectives.....	2.1
Key Terms	2.1
Required Minimum Distributions	2.1
IRA Owners	2.2
Calculating the Owner's Required Minimum Distribution	2.3
IRA Beneficiaries	2.5
Owner Died On or After Required Beginning Date.....	2.5
Owner Died Before Required Beginning Date.....	2.5
Calculating the Beneficiary's Required Minimum Distribution	2.6
Which Table To Use to Determine Your Required Minimum Distribution?	2.7
What Age(s) Are Used With the Table(s)?	2.7
Miscellaneous Rules for Required Minimum Distributions	2.8
Qualified Charitable Distributions	2.11
Social Security and Equivalent Railroad Retirement Benefits.....	2.13
Taxable Social Security Benefits	2.13
Base Amount	2.14
Who is Taxed.....	2.15
Repayment of Benefits	2.15
Tax Withholding and Estimated Tax.....	2.16
How to Report Benefits.....	2.16
Taxable Amount.....	2.16
Lump-Sum Election	2.19
Repayments More Than Gross Benefits	2.19
Who Must Make Estimated Tax Payments	2.20
Medical Deductions for In-home Care and Assisted Living.....	2.20
Medical Insurance Premiums	2.20
Meals and Lodging	2.21
Nursing Homes.....	2.21
Nursing Services.....	2.22
Employment Taxes.....	2.22
Long Term Care	2.22
Qualified Long-Term Care Services	2.22
Qualified Long-Term Care Insurance Contracts.....	2.23
Estate Planning	2.24
Gifts and Gift Tax.....	2.24
Annual Exclusion	2.25
Marital Deduction.....	2.25
Gift Splitting	2.26
Applicable Credit Amount (formerly Unified Credit Amount)	2.26
Filing a Gift Tax Return.....	2.27

Estate Tax.....	2.28
Gross Estate	2.28
Taxable Estate.....	2.28
Applying the Unified Credit to Estate Tax.....	2.28
Filing an Estate Tax Return	2.28
Generation-Skipping Transfer (GST) Tax.....	2.29
Inheritances	2.30
Trusts	2.30
Bypass or Credit Shelter Trust.....	2.30
Bypass Trusts in Regard to 2011 Tax Law and Portability.....	2.31
Irrevocable Life Insurance Trust.....	2.31
Charitable Remainder Trust.....	2.32
Grantor Retained Annuity Trust.....	2.33
Private Annuity.....	2.33
Tax-free Investments.....	2.34
Tax-Exempt Interest	2.34
Other Interest Considerations.....	2.34
Individual Retirement Arrangements (IRA's)	2.35
Glossary.....	2.37
Chapter Study Questions.....	2.39
Learning Activities.....	2.43
I. Required Minimum Distributions.....	2.43
II. Social Security Benefits and Medical Expense Deductions	2.47

CHAPTER 3: TAX ISSUES FOR HIGH INCOME TAXPAYERS 3.1

Overview.....	3.1
Chapter Description	3.1
Learning Objectives.....	3.1
Key Terms	3.1
Alternative Minimum Tax	3.1
Personal Exemptions.....	3.2
Standard Deduction	3.2
Medical Expenses.....	3.2
State and Local Taxes	3.2
Interest on Mortgages.....	3.3
Miscellaneous Itemized Deductions	3.3
Various Credits	3.3
Incentive Stock Options	3.3
Long-Term Capital Gains.....	3.3
Tax-Exempt Interest	3.4
Credit for Prior Year Minimum Tax	3.4
Charitable Contributions and Limitations.....	3.5
Limitation of Deductible Charitable Contributions.....	3.7
Carryovers	3.8
Itemized Deductions	3.8
Taxpayers Who File Married Filing Separately	3.9
Phase-Outs.....	3.11
Limitation on Exemptions	3.11
Limitation of Itemized Deductions.....	3.11
Limitation on Specific Itemized Deductions.....	3.12
Limitation of Medical Expense Deduction	3.12
Nonbusiness Casualty and Theft Losses	3.13
Miscellaneous Deductions	3.15
Gambling Losses Up to the Amount of Gambling Winnings	3.16
Exemptions	3.17
Adjusted Gross Income Adjustments	3.18

Traditional Individual Retirement Arrangement (IRA) Deductions	3.18
Modified AGI	3.20
Tax on Distributions	3.21
Using Form 8606	3.21
Roth IRAs	3.22
Qualified Distributions.....	3.22
Roth Qualifications	3.22
Contribution Limits	3.22
Modified AGI	3.23
Phase-outs.....	3.23
Contribution Reduction	3.23
Education Related Expenses	3.24
Coverdell Education Savings Accounts (Education IRA)	3.24
Qualified Higher Education Expenses.....	3.24
Qualified Elementary and Secondary Education Expenses.....	3.25
Eligible Educational Institution.....	3.25
Contributions.....	3.25
Modified AGI	3.26
Contribution Limits.....	3.26
Student Loan Interest Deduction	3.26
Tuition and Fees Deduction.....	3.27
Savings Bond interest Exclusion	3.28
Refundable Credits.....	3.29
Earned Income Credit.....	3.29
Additional Child Tax Credit	3.29
Credit for Excess Social Security and Tier I RRTA Tax Withheld	3.29
Non-Refundable Credits	3.29
Foreign Tax Credit	3.29
Child Tax Credit.....	3.30
Qualifying Child.....	3.30
Qualifying Child of More Than One Person.....	3.31
Phase-outs.....	3.31
Credit for Child and Dependent Care Expenses	3.31
Qualifying Person Test	3.31
Earned Income Test	3.31
Work-Related Expense Test.....	3.32
Joint Return Test	3.32
Provider Identification Test	3.32
Adoption Credit.....	3.33
Retirement Savings Contributions Credit	3.33
Education Credits	3.34
Additional Medicare Tax	3.35
Net Investment Income Tax (NIIT)	3.36
Glossary.....	3.37
Chapter Study Questions	3.39
Learning Activities	3.43
I. Charitable Contributions and Limitations.....	3.43
II. Itemized Deductions and Exemptions	3.45
III. IRA Contributions, Education Credits, and Tuition Adjustment.....	3.47
CHAPTER 4: NET OPERATING LOSSES.....	4.1
Overview.....	4.1
Chapter Description	4.1
Learning Objectives.....	4.1
Key Terms	4.1
Introduction.....	4.1

High-Level Steps to Figure and Use a Net Operating Loss	4.2
Figuring a Net Operating Loss.....	4.2
Deductions Not Included in Net Operating Loss.....	4.3
Deductions Included in Net Operating Loss	4.4
Illustrated Schedule A (Form 1045).....	4.5
When to Use an NOL.....	4.9
Exceptions to 2-Year Carryback Rule	4.9
Eligible Loss.....	4.9
Farming Loss	4.10
Qualified Disaster Loss.....	4.10
Specified Liability Loss	4.11
Waiving the Carryback Period	4.11
How to Carry an NOL Back or Forward.....	4.12
How to Claim an NOL Deduction.....	4.13
Deducting a Carryback	4.13
Deducting a Carryforward.....	4.15
Changing Marital Status	4.15
Change in Filing Status.....	4.16
Illustrated Form 1045.....	4.18
How to Figure an NOL Carryover	4.21
Illustrated Schedule B (Form 1045).....	4.21
NOL Carryover from Current Tax Year to Next Tax Year	4.27
Worksheet Instructions	4.27
How to Report and File an NOL with the IRS.....	4.30
Glossary.....	4.31
Chapter Study Questions.....	4.33
Learning Activity	4.37
Learning Activity Questions	4.39

CHAPTER 5: SCHEDULE D – SPECIAL ISSUES 5.1

Overview	5.1
Chapter Description	5.1
Learning Objectives	5.1
Key Terms	5.1
Gain or Loss From Sales and Exchanges	5.1
Section 1256 Contracts Marked to Market	5.2
Options.....	5.2
Gains and Losses	5.2
Short Sales	5.3
Wash Sales.....	5.4
Options.....	5.6
Puts and Calls.....	5.7
Straddles.....	5.10
Loss Deferral Rules	5.10
Employee Stock Options	5.11
Qualified or Statutory Stock Options	5.11
Nonqualified or Nonstatutory Stock Options.....	5.13
Capital Loss Carryovers	5.14
Sale of Personal Residence	5.16
Main Home.....	5.16
Exclusion.....	5.17
Reduced Maximum Exclusion	5.19
Computation of Gain or Loss	5.20
Basis of a Home	5.20
Amount realized.....	5.20
Settlement Statement	5.20

Increases Basis	5.21
Decreases Basis.....	5.22
Property Settlement.....	5.26
Amount of Gain or Loss	5.26
Other Dispositions.....	5.26
Installment Sales	5.28
Reporting Installment Sale Income.....	5.29
Other Rules	5.30
Electing Out of the Installment Method	5.31
Payments Received or Considered Received.....	5.32
Escrow Account.....	5.35
Depreciation Recapture Income.....	5.36
Sale to a Related Person.....	5.36
Sale of Depreciable Property.....	5.36
Like-Kind Exchange.....	5.38
Contingent Payment Sale.....	5.39
Single Sale of Several Assets	5.39
Sale of a Business.....	5.40
Unstated Interest and Original Issue Discount	5.41
Disposition of an Installment Obligation	5.41
Repossession	5.42
Interest on Deferred Tax.....	5.43
1031 Like-Kind Exchanges.....	5.44
Qualifying Property	5.45
Like-Kind Property	5.46
Partially Nontaxable Exchanges.....	5.47
Multiple Property Exchanges.....	5.49
Residual Group.....	5.51
Exchange Group Surplus and Deficiency.....	5.52
Glossary.....	5.55
Chapter Study Questions	5.57
Learning Activities	5.61
I. Securities Related.....	5.61
II. Sale of Personal Residence and Installment Sales.....	5.64
III. Nontaxable Like-Kind Exchanges.....	5.66

CHAPTER 6: TAX ISSUES FOR DIVORCED AND SEPARATED

TAXPAYERS	6.1
Overview.....	6.1
Chapter Description	6.1
Learning Objectives.....	6.1
Key Terms	6.1
Introduction.....	6.1
Filing Status Considerations.....	6.2
Married Filing Jointly.....	6.3
Married Filing Separately.....	6.4
Head of Household.....	6.6
Nonresident Alien Spouse	6.7
Keeping Up a Home	6.7
Exemptions - Considerations	6.9
Personal Exemptions.....	6.10
Exemptions for the Taxpayer's Spouse.....	6.10
Exemptions for Dependents	6.10
Children of Divorced or Separated Parents (or Parents Who Live Apart).....	6.11
Special Test for Qualifying Child of More Than One Person.....	6.14

Alimony	6.16
General Rules	6.17
Instruments Executed After 1984	6.20
Exception for instruments executed before 1985	6.20
Alimony Requirements	6.21
Recapture of Alimony	6.24
How to Figure and Report the Recapture	6.24
Instruments Executed Before 1985	6.25
Qualified Domestic Relations Order - Issues	6.26
Individual Retirement Arrangements	6.27
Property Settlements	6.27
Transfer between Spouses	6.27
Gift Tax on Property Settlements	6.30
Exceptions	6.31
Sale of Jointly-Owned Property	6.31
Costs of Getting a Divorce	6.31
Tax Withholding and Estimated Tax	6.33
Community Property	6.34
Community Income	6.34
Community Property Laws Disregarded	6.34
Spouses Living Apart All Year	6.35
Ending the Marital Community	6.36
Alimony (Community Income)	6.37
Glossary	6.37
Chapter Study Questions	6.39
Learning Activity	6.45
Learning Activity Questions	6.49

CHAPTER 7: TAX PLANNING, SAVINGS STRATEGY, AND UPDATES 7.1

Overview	7.1
Chapter Description	7.1
Learning Objectives	7.1
Key Terms	7.1
Introduction	7.1
Know Your Alternative Minimum Tax Exposure	7.1
Charitable Donations	7.2
“Kiddie” Tax Rules	7.3
Credit for Qualified Plug-In Electric and Elective Vehicle Credit	7.3
Credit for Plug-In Electric Drive Motor Vehicles	7.4
Treatment of Alternative Motor Vehicle Credit as a Personal Credit	
Allowed Against AMT	7.4
Residential Energy Tax Credits	7.5
Education Planning	7.5
Investment Planning	7.5
Estate Planning	7.6
Retirement Planning	7.6
Traditional IRA Contributions	7.6
Roth IRA Contributions	7.7
Roth IRA Conversions Will Be Available to More Taxpayers	7.7
Rolling a Pension Plan into an IRA	7.7
Retirement Plan Contributions through Your Plan at Work	7.7
New Roth 401(k) and 403(b) Plans	7.8
Tax Loss Harvesting	7.9
Strategies That Never Go Out of Style	7.10
Manage Your AGI	7.10
Defer Income and Accelerate Deductions	7.10

Adjusting Federal Tax Withholding	7.11
Extended Section 179 Expense Rules Offer Flexibility	7.11
Special (Bonus) Depreciation	7.11
Special Planning in the Year That a Taxpayer Attains Age 70½ - Doubling Up on First Year Required Minimum Distributions (RMD).....	7.12
Tax Updates for 2015	7.12
Introduction	7.12
Due Dates and Tax Rates	7.12
Tax Return Due Date.....	7.12
New Tax Rates	7.12
Capital Gain Rates.....	7.13
Capital Gains and Losses Reporting Changes	7.13
Foreign Financial Assets - Reminder	7.15
Reporting Thresholds	7.15
Presence Abroad.....	7.16
Specified Foreign Financial Assets	7.16
Penalties	7.16
Failure-to-File Penalty	7.16
Continuing Failure to File.....	7.16
Personal Exemption Amount.....	7.17
2015 Filing Requirements for Most People	7.18
Increased Standard Deduction	7.19
Dependent Standard Deduction	7.19
Standard Deduction for Taxpayers Who Are 65 or Older and/or Blind (Born Before January 2, 1951).....	7.20
Changes to Itemized Deductions	7.20
Standard Mileage Rates	7.20
Increase in Deductible Limits for Long Term Care Premiums.....	7.21
Credits	7.21
Earned Income Credit.....	7.21
Due Diligence Regulations for EIC Returns	7.22
Child Tax Credit.....	7.23
Earned Income for Additional Child Tax Credit	7.23
Adoption Benefits Increased.....	7.23
Education Credits and Related Deductions.....	7.24
Income Limits for Student Loan Interest Deduction	7.24
American Opportunity and Lifetime Learning Education Credits	7.24
Qualified Education Expenses under a Qualified Tuition Program (QTP)	7.24
Maximum Deferrals and Contributions	7.24
Roth IRA	7.26
Alternative Minimum Tax (AMT).....	7.26
Social Security and Medicare Taxes	7.27
New Additional Medicare Tax.....	7.27
Self-employed Taxpayers.....	7.29
Self-employed Health Insurance Deduction	7.29
Worker Classification Correction - Reminder	7.29
Wage Threshold for Household Employees-Reminder	7.30
Retirement Savings Contribution Credit	7.30
Depreciation/Section 179 Expense Deduction Limitations and Other Auto Related Expenses	7.31
Section 179.....	7.31
Bonus Depreciation	7.31
Auto Depreciation Limits.....	7.32
Expiring Recovery Periods	7.32
Qualified Transportation Fringe Benefit.....	7.32
Residential Energy Efficient Property Credit	7.32

Nonbusiness Energy Property Credit	7.32
Refund Offset-Reminder	7.33
Changes to Medical Expense Deductions	7.33
Health Savings Accounts	7.33
Archer Medical Savings Accounts - 2015	7.33
Increase in Deductible Limits for Long Term Care Premiums	7.34
Affordable Care Act	7.34
Shared Responsibility	7.35
Exemptions	7.35
Hardship Exemptions	7.36
Applying for an Exemption	7.36
Premium Tax Credit	7.37
FSA Carryover	7.38
Electronic Filing	7.38
Identity Verification Requirements	7.38
Investment Income of Children	7.39
Foreign Earned Income	7.39
Protecting Taxpayer Identity	7.40
Suspecting Identity Theft	7.40
Employment Related Identity Theft	7.40
Combating Identity Theft – IRS Efforts	7.41
IRS Identity Protection Personal Identification Number	7.41
2015 IP PIN Pilot	7.41
Direct Pay	7.42
Conclusion	7.42
Glossary	7.43
Chapter Study Questions	7.45

CHAPTER 8: RESPONDING TO THE IRS 8.1

Overview	8.1
Chapter Description	8.1
Learning Objectives	8.1
Key Terms	8.1
Introduction	8.1
Examination of Returns	8.2
Notices	8.3
Payment Issues	8.6
Statutory Collection Period	8.8
Bankruptcy	8.8
EIC and HOH Questionnaires	8.9
Supporting Documents	8.11
Non-Filers	8.16
Offer in Compromise	8.17
Three Types of OICs	8.17
OIC Payment Options	8.19
Audit Preparation	8.20
Post-Audit Action	8.22
Glossary	8.24
Chapter Study Questions	8.25
Learning Activities	8.29
I. Payment plans and IRS notices	8.29
II. IRS Audits Targeting the Earned Income Credit (EIC), Head of Household Filing (HOH) Filing Status, and/or Dependency Exemptions	8.31
III. Non-filers, offers in compromise, statutory collection period, and IRS audits	8.32
Learning Activity Questions	8.35

CHAPTER 9: STATE RETURNS: RESIDENT, PART-YEAR, AND NONRESIDENT	9.1
Overview	9.1
Chapter Description	9.1
Learning Objectives	9.1
Key Terms	9.1
Introduction	9.1
General Information	9.2
States With No Individual Income Tax	9.2
States With Narrowly-Based Personal Income Taxes	9.3
States With Broad-Based Personal Income Taxes	9.4
Residency Determination	9.4
Sources of Income and Allocation	9.6
Prorated Exemptions and Deductions	9.7
Moving Expenses	9.8
Income Producing Real Property	9.9
Reciprocal Agreements Between States	9.10
Credits for Taxes Paid to Another State	9.12
Researching State Tax Laws	9.13
Dealing with Special Situations	9.14
Active Military Issues	9.14
Conformity to Federal Law	9.15
Deceased Taxpayers	9.15
Dual Residency	9.15
Retirement Income – Pensions, Social Security, and Other Distributions	9.16
Conclusion	9.18
Glossary	9.18
Chapter Study Questions	9.19
Learning Activities	9.23
I. Definition of “Residency,” Reciprocal Agreements, Income Producing Real Property, Nonresident Taxes	9.23
II. Various topics related to part year residents and nonresidents	9.25
 CHAPTER 10: NONRESIDENT ALIEN RETURNS – FORM 1040NR	 10.1
Overview	10.1
Chapter Description	10.1
Learning Objectives	10.1
Key Terms	10.1
Definition of Nonresident vs. Resident Status	10.1
Income Reporting Requirements	10.5
The Difference between Effectively Connected and Not Effectively Connected Income	10.5
Which Form to File	10.7
Who Must File	10.7
Claiming a Refund or Benefit	10.7
Departing Alien	10.7
When and Where to File	10.7
When to File for Deductions and Credits	10.8
Employees of Foreign Persons, Organizations, or Offices	10.8
Students and Exchange Visitors	10.9
Crew Members of Foreign Vessels	10.9
Income Affected by Treaties	10.9
Adjustments to Income	10.10
Interest Income	10.10
Government Obligations	10.10
Portfolio Interest	10.10

Contingent Interest	10.11
Exception for Existing Debt.....	10.11
Dividend Income	10.11
Certain Short-Term Capital Gain Dividends	10.11
Services Performed for Foreign Employer	10.12
Employees of Foreign Persons, Organizations, or Offices.....	10.12
Foreign Employer.....	10.12
Income from Certain Annuities	10.13
Income Affected by Treaties	10.13
Gambling Winnings from Dog or Horse Racing.....	10.13
Gain from the Sale of a Main Home	10.13
Scholarships and Fellowship Grants	10.14
Candidate for a Degree	10.14
Eligible Educational Institution.....	10.14
Qualified Education Expense	10.14
Expenses that Do Not Qualify	10.14
Amounts Used to Pay Expenses That Do Not Qualify	10.15
Payment for Services	10.15
Exemptions	10.15
Resident Aliens.....	10.15
Nonresident Aliens.....	10.15
Dual-Status Alien	10.16
Residents of Mexico or Canada or U.S. Nationals	10.16
Residents of South Korea.....	10.16
Students and Business Apprentices from India.....	10.16
Filing Status	10.17
Resident Aliens.....	10.17
Married Filing Jointly	10.17
Qualifying Widow(er)	10.17
Head of Household	10.18
Nonresident Aliens.....	10.18
Single	10.18
Married	10.18
Qualifying Widow(er).....	10.19
Head of Household	10.19
Special Rules for Aliens from Certain U.S. Possessions.....	10.20
Itemized Deductions Allowed (No Standard Deduction)	10.20
Resident Aliens.....	10.20
Nonresident Aliens.....	10.20
Standard Deduction	10.20
Students and Business Apprentices from India.....	10.20
State and Local Income Taxes	10.21
Charitable Contributions	10.21
Casualty and Theft Losses	10.22
Job Expenses and Other Miscellaneous Deductions	10.22
Travel Expenses	10.23
Treaties with Various Countries.....	10.24
Treaty Income	10.24
Some Typical Tax Treaty Benefits.....	10.25
Personal Services	10.26
Teachers, Professors, and Researchers.....	10.26
Employees of Foreign Governments	10.26
Students, Apprentices, and Trainees	10.26
Capital Gains	10.26
Resident Aliens.....	10.27
Reporting Treaty Benefits Claimed.....	10.28

Exceptions	10.29
Penalty for Failure to Provide Required Information On Form 8833	10.29
Copies of Forms 1040NR, 1040-C, and 8833	10.31
Glossary.....	10.41
Chapter Study Questions	10.43
Learning Activities	10.47
I. Determination of “Resident” or “Nonresident” alien status, whether a nonresident alien must file a tax return, which income must be reported	10.47
II. Types of adjustments which can be made to arrive at U.S. taxable income, permissible exemptions, itemized deductions, and filing statuses for resident and nonresident aliens	10.49
III. Treaties with Various Countries: Claiming Treaty Benefits	10.51

Final Exam: Instructor will distribute. Online students can download.

Index

IRS Publications and other reading assignments are located in the online course.

SMALL BUSINESS I TAX COURSE

Course Topics by Module – LEARNING OBJECTIVES

Module 1

Chapter 1: Business Organization

- Identify the best choice of business entity for a client
- Summarize the advantages and disadvantages of choosing sole proprietorship, partnership, LLC, S corporation or C corporation as the business entity
- Demonstrate the difference between cash and accrual accounting methods
- State the various types of taxes that are paid by businesses
- Discuss the recordkeeping requirements of small businesses

Chapter 2: Understanding the Balance Sheet

- Reconcile the Owner's Equity Account
- Identify the asset, liability, revenue and expense accounts in the general ledger
- Understand potential problems from the account balances
- Calculate common financial ratios and use the ratios to analyze the financial health of a business
- Understand how to prepare the Schedules M-1, M-2, and M-3 for Forms 1065, 1120, and 1120S

Chapter 3: Income, Expenses and Basis

- Explain the various types of income and their sources
- Calculate the cost of goods sold
- Identify the difference between Capital Expenses and day-to-day business expenses
- Discuss the various depreciation methods
- Demonstrate the tax advantage of a like-kind exchange
- Calculate the basis and adjusted basis of assets

Chapter 4: Dispositions

- Identify the terminology unique to dispositions of business property
- Discuss the changes in accounting necessary when business usage of depreciable property drops to 50% or below
- Apply the proper procedures to determine basis of property including inherited and gifted property
- Calculate the gain or loss on the sale of business property
- Select the proper IRS Code Sections that apply when business assets are sold
- Explain where and how to report the gain or loss on the sale of property

Chapter 5: Sole Proprietorship

- Describe the recordkeeping requirements for a sole proprietorship
- Understand the advantages and disadvantages of the business use of a home
- Determine when to elect the Section 179 Deduction

Module 1 Final Exam

Module 2

Chapter 6: Partnerships

- Be familiar with partnership formation and the need for a partnership agreement
- Know the types of partnerships and partners
- Understand the basis of a partnership interest
- Be familiar with the partnership return and Schedule K-1

Chapter 7: Corporations

- Describe the general characteristics of C corporations.
- Discuss the concept of an “accounting period.”
- Review the uniform capitalization (UNICAP) rules.
- Summarize the major sources of income.
- Explain inventory valuation methods.
- Examine the major elements of expense which may be deducted from gross income to arrive at taxable income.
- Discuss the elements which comprise contributed capital of a corporation.
- Summarize required tax reconciliations.

Chapter 8: S Corporations

- Examine S corporations and the S corporation election
- Understand estimated tax payments for an S corporation
- Understand unrealized built-in gains and the built-in gains tax
- Understand the concept of adjusted basis for shareholders
- Examine distributions to shareholders
- Review Form 1120S, U.S. Income Tax Return for an S Corporation
- Understand separately stated items, due dates, penalties, and loss limitations
- Understand excess net passive income tax

Chapter 9: Employment Taxes

- Explore employment taxes and withholding issues for independent contractors and statutory employees
- Review earned income tax credit
- Introduce Form 941, *Employer’s Quarterly Federal Tax Return*, Form 940, *Employer’s Annual Federal Unemployment (FUTA) Tax Return*, and tax deposits

Chapter 10: Retirement Plans

- Explain various types of retirement plans
- Understand plan requirements and related definitions
- Learn the contribution limits for employers and employees

Module 2 Final Exam



Small Business I Tax Course Table of Contents

CHAPTER 1: BUSINESS ORGANIZATION.....	1.1
Overview	1.1
Chapter Description	1.1
Learning Objective	1.1
Key Terms	1.1
Introduction	1.1
Form 1040, Schedule C	1.2
Sole Proprietorship.....	1.3
Advantages	1.4
Disadvantages	1.4
Tax Rates.....	1.5
Partnerships	1.6
Advantages	1.6
Disadvantages	1.6
Limited Partnerships	1.6
Husband and Wife Partnership.....	1.7
Limited Liability Companies (LLC's).....	1.8
Classifications	1.8
Effective Date of Election.....	1.8
Advantages	1.8
Disadvantages	1.8
Corporation ("C" Corps)	1.9
Advantages	1.9
Disadvantages	1.10
Tax Rates.....	1.10
S Corporations	1.11
Advantages	1.11
Disadvantages	1.12
Personal Holding Company	1.12
Personal Service Corporations	1.12
Recordkeeping	1.15
Bookkeeping	1.15
Accounting Periods	1.16
Accounting Methods.....	1.17
Cash	1.17
Accrual	1.20
Expenses	1.22
Business Taxes	1.23
Other Important Considerations	1.23
Finances.....	1.24
Financial Statements.....	1.25
Income Statement	1.25
Parts of the Income Statement	1.25
Sample Income Statement.....	1.25
Balance Sheet.....	1.26
Sample Balance Sheet	1.27
Special Recordkeeping	1.28
Special Depreciation	1.28
Listed Property	1.29

New for 2014 – Final Repair Regulations/Safe Harbor.....	1.29
De Minimis Safe Harbor Election.....	1.30
Routine Maintenance Safe Harbor	1.30
Travel, Transportation, Entertainment, and Gifts	1.31
Backup Withholding	1.31
Reporting Tip Income.....	1.32
Chapter Reading References.....	1.34
Glossary	1.35
Chapter Study Questions.....	1.37
Learning Activity.....	1.43
Learning Activity Questions.....	1.45

CHAPTER 2: UNDERSTANDING THE BALANCE SHEET 2.1

Objectives.....	2.1
Learning Objective	2.1
Key Terms	2.1
Introduction	2.1
Balance Sheet Equation.....	2.1
General Ledger	2.2
Balance Sheet Sections.....	2.4
Asset Section	2.4
Liability Section	2.6
Equity Section	2.7
Business Tax Return.....	2.8
Schedule C.....	2.9
Form 1065 – U.S. Return of Partnership Income	2.11
Schedule M-1	2.12
Schedule M-2 Analysis of Partner’s Capital Accounts.....	2.13
Form 1120 - U.S. Corporation Income Tax Return.....	2.13
Retained Earnings.....	2.14
Form 1120S – U.S. Income Tax Return for an S Corporation	2.15
Schedule M-2 Form 1120S	2.15
Schedule M-3.....	2.16
Balance Sheet Financial Analysis.....	2.17
Chapter Study Questions.....	2.21
Learning Activity	2.25
Learning Activity Questions.....	2.27

CHAPTER 3: INCOME, EXPENSES AND BASIS 3.1

Overview	3.1
Chapter Description	3.1
Learning Objectives	3.1
Key Terms	3.1
Income.....	3.1
Not Income Items.....	3.4
Expenses.....	3.4
Cost of Goods Sold.....	3.10
Capital Expenses	3.11
Start-up Costs	3.12
Start-up Costs Incurred after October 22, 2004	3.13
Environmental Cleanup Costs	3.13
Basis of Assets.....	3.14
Basis Other Than Cost.....	3.15
Like-Kind Exchange	3.16
Depreciation	3.17

Methods of Depreciation	3.17
Chapter Reading References.....	3.20
Glossary	3.21
Chapter Study Questions.....	3.23
Learning Activity.....	3.27
Learning Activity Questions.....	3.29

CHAPTER 4: DISPOSITIONS 4.1

Overview	4.1
Learning Objective	4.1
Key Terms.....	4.1
Disposition of Business Property	4.1
Review of Basis Rules	4.1
Trade-ins	4.3
Personal Use Converted to Business Property.....	4.4
Inherited Property and Gifts	4.4
Rental or Leased Property	4.5
Placed in Service	4.5
Additions and Improvements	4.5
Computing the Gain or Loss from Sale of Business Property	4.6
Capital Gains and Losses	4.7
Types of Property.....	4.7
Like-Kind Exchanges	4.9
Tax Laws Regarding Like-Kind Exchanges	4.10
Involuntary Conversions.....	4.10
Installment Sales.....	4.10
Tax Due.....	4.11
Reporting Gains and Losses.....	4.11
Personal Use Property	4.11
Profit-Seeking Activities	4.12
Form 4797 – Gains and Losses from Sales or Exchanges of Assets	4.12
Depreciation Recapture	4.14
Section 179	4.14
Listed Property	4.15
MACRS	4.15
ACRS	4.15
ADS.....	4.15
Form 4562 – Depreciation and Amortization	4.15
Chapter Reading References.....	4.16
Chapter Study Questions.....	4.17
Learning Activity.....	4.23
Learning Activity Questions.....	4.25

CHAPTER 5: SOLE PROPRIETORSHIPS..... 5.1

Overview	5.1
Learning Objective	5.1
Key Terms.....	5.1
Introduction	5.1
Recordkeeping	5.3
Accounting Methods and Business Bad Debts	5.4
Business Use of Home.....	5.5
Principal Place of Business.....	5.5
Simplified Option	5.7
Depreciation	5.7
Gain on Sale of Property Used Partly as a Home and Partly for Business	5.7

Electing the Section 179 Deduction for Purchases of Business Property	5.8
Leased Property	5.9
Automobile Expense	5.9
Standard Mileage Rate	5.9
Actual Auto Expense	5.10
Travel and Transportation	5.10
Entertainment and Meals	5.11
Entertainment Facilities	5.11
Meals	5.13
General Business Credits	5.14
Chapter Reference	5.17
Chapter Study Questions	5.19
Learning Activity	5.25
Learning Activity Questions	5.29

CHAPTER 6: PARTNERSHIPS..... 6.1

Overview	6.1
Learning Objectives	6.1
Key Terms	6.1
Partnership	6.1
Husband/Wife Partnerships	6.2
Husband and Wife Joint Ventures after December 31, 2006	6.2
Partnerships Agreements	6.3
Adoption of a Year End for a New Partnership	6.3
Basis of Partner's Interest in Partnership	6.4
Types of Partners	6.4
Self-Employment Tax	6.11
The Partnership Return	6.14
Sale or Exchange of Partnership Interest	6.16
Terms to Know	6.16
Chapter Reading References	6.22
Chapter Study Questions	6.23
Learning Activity	6.29
Learning Activity Questions	6.33

CHAPTER 7: C CORPORATIONS..... 7.1

Overview	7.1
Learning Objectives	7.1
Key Terms	7.1
Corporations	7.1
Tax Rate for C-Corporations	7.3
Accounting Periods	7.4
C Corporations	7.5
Advantages	7.5
Disadvantages	7.5
Gross Income	7.5
Cost of Goods Sold	7.5
Uniform Capitalization Rules (UNICAP)	7.6
Property Excluded from UNICAP Rules	7.6
Dividends	7.7
Interest Income	7.10
Rental Income	7.10
Royalty Income	7.10
Gains and Losses from Sales and Exchanges	7.10
Deductions	7.14

Repairs and Maintenance	7.14
Bad Debts.....	7.14
Rent.....	7.15
Taxes.....	7.15
Start-Up and Organization Costs	7.15
Intangible Assets.....	7.16
Interest	7.17
Depreciation	7.17
Charitable Contributions.....	7.17
Net Operating Loss	7.17
Capital Contributions and Retained Earnings.....	7.18
Stock	7.20
Insurance.....	7.21
Inventories.....	7.22
Inventory Valuation Methods	7.22
Schedule M-1 Reconciliation of Income (Loss) per Books with Income (Loss) per Return.....	7.23
Terms to Know	7.26
Chapter Reading References.....	7.27
Chapter Review Questions	7.29
Learning Activity	7.35
Learning Activity Questions.....	7.39

CHAPTER 8: S CORPORATIONS 8.1

Overview	8.1
Learning Objectives	8.1
Key Terms	8.1
Introduction	8.1
Advantages	8.1
Disadvantages	8.1
Requirements.....	8.2
S Corporation Elections	8.3
Estimated Tax Payments	8.4
Built-in Gains.....	8.4
Reporting S Corporation Income	8.6
S Corporation Return	8.6
Separately Stated Items.....	8.7
Due Date Penalties	8.8
Loss Limitations	8.8
Adjusted Basis	8.9
Distributions	8.11
Reasonable Compensation.....	8.13
Employee Fringe Benefits	8.13
At-Risk Limitation	8.14
Passive Activity Losses.....	8.14
Passive Activity Income	8.15
Terms to Know	8.17
Chapter Reading References.....	8.18
Review Questions	8.19
Learning Activity	8.25
Learning Activity Questions.....	8.29

CHAPTER 9: EMPLOYMENT TAXES..... 9.1

Overview	9.1
Learning Objective	9.1
Key Terms	9.1

Identification Numbers	9.1
Withholding Federal Taxes from Employees	9.2
Percentage Method Withholding	9.5
Procedure	9.5
FICA Withholding	9.6
The American Taxpayer Relief Act of 2012 (ATRA)	9.6
Family	9.7
Child Employed by Parents	9.7
One Spouse Employed by Another	9.7
Parents Employed by Child	9.7
Independent Contractors	9.8
Statutory Employees	9.9
Statutory Non-Employees	9.10
Earned Income Credit	9.10
Form 941, Employer's Quarterly Federal Tax Return	9.11
E-filing Form 941 or Form 944	9.11
Form 940 Employer's Annual Federal Unemployment (FUTA) Tax Return	9.12
Computing FUTA Tax	9.12
Tax Deposits	9.13
Electronic Filing Requirements	9.13
Deposit Penalties	9.13
Form 945, Annual Return of Withheld Federal Income Tax	9.14
W-2's and W-3's	9.14
Chapter Reading References	9.15
Chapter Study Questions	9.17
Learning Activity	9.21
Learning Activity Questions	9.23

CHAPTER 10: RETIREMENT PLANS 10.1

Overview	10.1
Learning Objective	10.1
Key Terms	10.1
Retirement Plans	10.1
Benefits of Establishing a Plan	10.2
Business Benefits	10.2
Employee Benefits	10.2
Sponsoring a Retirement Plan	10.2
Choosing a Plan	10.2
Establishing a Plan	10.2
Operating a Plan	10.3
Terminating a Plan	10.3
Basic Features of Retirement Plans	10.3
Definitions	10.3
Simplified Employee Pension (SEP)	10.6
Setting up a SEP	10.6
Contributions	10.6
SARSEP	10.7
Prohibited Transactions	10.9
SIMPLE Plans	10.9
Simple IRA Plan	10.9
Contributions	10.10
Distributions	10.11
SIMPLE 401(k) Plan	10.11
Qualified Plan	10.11
Elective Deferrals 401(k) Plans	10.12
Distributions	10.13

Preapproved Plans.....	10.16
Service Agreements.....	10.16
Adoption Agreement	10.17
Communication with the Preapproved Plan Sponsor and Administrator	10.17
Coordination with Payroll	10.17
Review the Plan	10.18
Chapter Reading References.....	10.18
Chapter Study Questions	10.19
Learning Activity	10.23
Learning Activity Questions.....	10.25

GLOSSARYG.1

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

Table of Contents Small Business II

Chapter 1: Partnership Issues	1.1
Introduction	1.1
Types of Partnerships	1.1
Qualified Joint Venture	1.3
Existence of a Partnership	1.4
Articles of Partnership	1.5
Liability	1.6
Partnership Terminations	1.7
Basis of Partnership Interests	1.12
Adjusted Basis	1.12
Partnership Liabilities	1.16
Partnership Recourse and Nonrecourse Liabilities.....	1.19
Capital Accounts	1.21
Gifts of Capital Interest.....	1.22
Capital Interests	1.22
Purchase by Family Member	1.22
Partnership Distributions	1.23
Distributions Treated as Sales or Exchanges.....	1.24
Partner's Gain or Loss on Distribution	1.24
Partner's Basis for Distributed Property.....	1.24
Partnership Income and Expenses	1.25
Partnership Losses	1.25
Transactions between Partners and Partnerships.....	1.29
Payments made by an accrual basis partnership to a cash basis taxpayer.....	1.29
Guaranteed Payments	1.29
Self-employed Health Insurance Premiums.....	1.30
Partnership Loss from Guaranteed Payments.....	1.31
Sale or Exchange of Property	1.31
Losses	1.31
Gains	1.31
More than 50% Ownership.....	1.32
Chapter 2: Partnerships.....	2.1
Introduction	2.1
Property Contributions – Basis of Contributed Property	2.1
Built-in Gain or Loss.....	2.1
Distribution of Contributed Property to another Partner.....	2.2
Disposition of Specific Types of Contributed Property.....	2.2
Disguised Sales	2.3
Form 8275, Disclosure Statement	2.3
Partnership Treated as an Investment Company	2.5
Foreign Partnerships.....	2.5
Family Partnerships	2.6
Exclusion from Partnership Treatment.....	2.6
Investing Partnership	2.6
Operating Agreement Partnership	2.6
Advantages of the Election Out of Partnership Treatment	2.7
Making an Election.....	2.7
Electing Large Partnerships (ELP).....	2.7
Other Elections.....	2.8
Elections Made by Partnership	2.8

Elections Made by Partners	2.9
Disposition of Partner's Interest	2.11
Abandoned or Worthless Partnership	2.11
Partnership Payments for Unrealized Receivables and Inventory Items	2.11
Notification Requirements	2.12
Partner's Disposition of Unrealized Receivables or Inventory Items	2.13
Liquidation at Partner's Death or Retirement.....	2.13
Partner's Valuation.....	2.14
Contribution of a Partnership Interest to Charity.....	2.15
The Partnership Tax Return Form 1065	2.16
Electronic Filing.....	2.17
Signing the Return	2.17
Gross Income (Form 1054, Line 1-8).....	2.17
Deductions	2.19
Sharing Income among Partners	2.26
Analysis of Net Income (Loss)	2.26
Schedule L, Balance Sheets per Books.....	2.28
Schedule M-1 Reconciliation of Income (Loss) per Books with Income (Loss) per Return	2.28
Schedule M-2. Analysis of Partner's Capital Accounts	2.30
Amended Partnership Returns.....	2.31
Penalties.....	2.32
Late Filing.....	2.32
Failure to Furnish Information Timely	2.32
Trust Fund Recovery Penalty	2.32
Study Questions.....	2.35
Learning Activity.....	2.41
Learning Activity Questions.....	2.47
Chapter 3: Corporation Issues	3.1
Introduction	3.1
Corporate Operations.....	3.2
Liability of Directors.....	3.4
Duties of Officers.....	3.5
Capital Stock	3.5
Classes of Stock	3.6
Stockholder Rights.....	3.7
Liabilities of Stockholders.....	3.8
Tax laws for Corporations	3.9
Electronic Filing.....	3.10
Personal Service Corporations	3.11
Personal Holding Companies	3.12
Closely Held Corporations	3.13
Consolidated Returns.....	3.14
Due Date Signatures.....	3.16
Form 1138.....	3.17
Accounting Periods	3.19
S Corporations and Personal Service Corporations	3.20
Change of Accounting Periods	3.21
Accounting Methods.....	3.22
Non-Accrual Experience Method	3.22
Percentage of Completion Method	3.23
Mark to Market Account	3.23
Related Persons.....	3.23
Ownership of Stock	3.25
Stock Basis	3.25

Capital Contributions.....	3.26
Basis.....	3.26
Property Exchanged for Stock	3.27
Property of Relatively Small Value.....	3.28
Disproportionate Exchange.....	3.28
Money or Other Property Received	3.28
Nonqualified Preferred Stock	3.28
Assumption of Liabilities.....	3.29
Basis of Stock or Other Property Received	3.30
Election to Reduce Basis	3.31
Study Questions.....	3.33
Learning Activity.....	3.39
Learning Activity Questions.....	3.43

Chapter 4: Corporation Issues Part 2..... 4.1

Distributions	5.1
Distributions to Stockholder	5.1
Distributions of Stock or Stock Rights.....	5.1
Constructive Stock Distributions	5.2
Constructive Distributions	5.2
Reporting Dividends and Other Distributions.....	5.2
Distributions without Current Year Earnings.....	5.4
Tax Payments	5.6
Electronic Payments	5.6
Estimated Payments	5.6
Other Methods	5.7
Form 2220.....	5.8
Interest and Penalties	5.8
Trust Fund Recovery Penalty	5.9
Other Penalties	5.9
Other Forms and Statements.....	5.9
Reportable Transaction Disclosure Statements	5.9
Special Provisions.....	5.11
Corporate Preference Items.....	5.11
Dividend-Received Deduction.....	5.12
Effect of an NOL.....	5.13
Extraordinary Dividends	5.13
Below-Market Loans	5.14
Charitable Contributions.....	5.14
Qualified Conservation Contributions	5.16
Contributions of Used Vehicles.....	5.16
Contributions of Certain Property are Reduced.....	5.16
Larger Deductions.....	5.16
Special Provisions for Charitable Deductions.....	5.17
Contributions to Organizations Conducting Lobbying Activities	5.17
Capital Losses.....	5.17
Rules for Carryover an Carryback	5.18
Refunds.....	5.18
Net Operating Losses	5.18
Calculating the NOL.....	5.19
Claiming the NOL Deduction	5.19
The America Recovery and Reinvestment Act of 2009	5.20
NOL Carryforward.....	5.20
Calculating the NOL Carryover	5.20
Modified Taxable Income.....	5.20
Changes of Ownership.....	5.21

At-Risk Limits	5.21
Passive Activity Limits.....	5.21
Determining Corporate Taxes.....	5.22
Qualified Personal Service Corporations	5.22
Alternative Minimum Tax.....	5.22
Small Corporation Exemption	5.22
Accumulated Earnings Tax	5.23
Review Questions	5.25
Learning Activity	5.29
Learning Activity Questions.....	5.31

Chapter 5: S Corporations..... 5.1

Introduction	6.1
Reasonable Salaries and Compensation.....	6.1
Tax Court Considerations	6.2
Marking the S Corporation Election	6.3
Late Elections.....	6.6
Shareholder's Consent.....	6.6
Termination of the S Election	6.7
Termination of Shareholder's Interest.....	6.8
Qualifying Distributions	6.8
S Corporation Shareholder Basis	6.8
Worksheet for Figuring s Stockholder's Stock Basis	6.10
Ordering Rule.....	6.11
Debt Basis.....	6.12
C Corporation Converted to S Corporation.....	6.13
C Corporation Carryovers	6.13
At Risk Limitations.....	6.13
Passive Activity Limitations.....	6.14
Non Passive Activities.....	6.14
Material Participation.....	6.15
Non-Qualifying Time	6.16
Shareholder's Pro Rata Shares	6.17
Determining Shareholder's Pro Rata Share (Schedule K-1)	6.17
Schedule K and K-1	6.17
Separately Stated Items.....	6.18
Rental Activities.....	6.19
Nonrental Activities	6.19
Average Period of Customer Use	6.19
Significant Personal Services	6.20
Extraordinary Personal Services.....	6.20
Rental Activity Incidental to a Nonrental Activity.....	6.20
Portfolio Income	6.21
S Corporation Form 1120S	6.21
Income.....	6.21
Line 1, Gross Receipts or Sales	6.22
Installment Income	6.23
Line 2, Costs of Goods Sold	6.23
Line 4, Net Gain (loss) from Form 4797.....	6.23
Line 5, Other Income.....	6.24
Deductions	6.24
Deductions Limitations	6.24
S Corporation Tax and Payments.....	6.28
Excess Net Passive Income Tax	6.28
LIFO Recapture Tax.....	6.29
Line 22b, Built-In Gains Tax.....	6.29

Schedule M-2. Analysis of Accumulated Adjustments Account and Shareholder's	
Undistributed Taxable Income Previously Taxed	6.30
Accumulated Adjustment Account	6.30
Other Adjustments Account	6.31
Shareholder's Undistributed Taxable Income Previously Taxed	6.31
Distributions	6.31
Special Elections Related to Distributions	6.32
Review Questions	6.35
Learning Activity	6.39

Chapter 6: Fringe Benefits, Business Tax Credits, Amended Returns 6.1

Fringe Benefits	6.1
Fringe Benefits Exclusion Rules	6.1
Cafeteria Plans.....	6.2
Qualified Benefits	6.2
Accident and Health Benefits.....	6.3
Exception for S corporation shareholders.....	6.4
Exception for highly compensated employees.....	6.4
COBRA Premiums	6.4
De Minimis (Minimal) Benefits.....	6.4
Dependent Care Assistance	6.5
Educational Assistance	6.5
Employee Discounts	6.6
Group Term Life Insurance Coverage	6.6
Dependent Coverage	6.7
Former Employees.....	6.7
Key Employees	6.8
Health Savings Accounts	6.9
Nondiscrimination Rules	6.9
Lodging on Business Premises.....	6.10
Meals.....	6.10
Meals on Business Premises	6.10
Moving Expenses.....	6.11
Transportation (Commuting) Benefits	6.12
De Minimis Transportation Benefits	6.12
Qualified Transportation Benefits.....	6.12
Qualified Parking.....	6.12
Qualified Bicycle Commuting Reimbursement.....	6.13
Exclusion Limit	6.13
Working Condition Benefits.....	6.13
Vehicle Allocation Rules.....	6.13
Demonstrator Cars.....	6.14
Qualified Nonpersonal-Use Vehicles	6.14
Education	6.15
Special Rules for Various Types of Fringe Benefits Tables.....	6.15
Fringe Benefit Valuation Rules	6.17
Employer Provided Vehicles	6.17
Cents-Per-Mile Rule.....	6.17
Consistency Requirements	6.17
Commuting Rule	6.18
Lease Value Rule.....	6.19
Annual Lease Value.....	6.19
Withholding, Depositing and Reporting Rule for Noncash Fringe Benefits	6.20
Business Tax Credits	6.20
General Business Credits, Form 3800.....	6.20
Carryback and Carryforward of Unused Business Credits	6.21

Change in Filing or Marital Status	6.21
Credit Ordering Rule	6.22
Order in which Credits are Used	6.23
Investment Tax Credits, Form 3468.....	6.23
Energy Credits, Form 3468.....	6.25
Qualified advanced coal and gasification project credit.....	6.26
Recapture of Investments, Form 4255.....	6.26
Work Opportunity Credit, Form 5884	6.27
Alcohol and Cellulosic Biofuels Credit, (Form 6478)	6.27
Credit for Increasing Research Activities, Form 6765	6.28
Low-Income Housing Credit, Form 8586	6.28
Disabled Access Credit, Form 8826	6.29
Renewable Electricity, Refined Coal, and Indian Coal Production Credit, Form 8835.....	6.29
Empowerment Zone and Renewal Community Employment Credit, Form 8844	6.30
Indian Employment Credit, Form 8845	6.30
Employer social Security and Medicare Taxes Paid on certain Employee Tips, Form 8846	6.30
Orphan Drug Credit, Form 8820	6.31
New Markets Credit, Form 8874	6.31
Credit for Small Employer Pension Plan Startup Costs, Form 8881	6.32
Credit for Employer-Provided Child Care Facilities and Services, Form 8882	6.32
Qualified Railroad Track Maintenance Credit, Form 8900.....	6.32
Biodiesel and Renewable Diesel Fuels Credit, Form 8864	6.32
Low Sulfur Diesel Fuel Production Credit, Form 8896.....	6.33
Distilled Spirits Credit, Form 8906	6.33
Nonconventional Source Fuel Credit, Form 8907.....	6.33
Energy Efficient Credit, Form 8908.....	6.34
Energy Efficient Appliance Credit, Form 8909.....	6.34
Alternative Motor Vehicle Credit, Form 8910.....	6.34
Alternative Fuel Vehicle Refueling Property Credit, Form 8911	6.35
Employer Housing Credit, Form 5884-A, Section B only.....	6.35
Mine Rescue Team Training Credit, Form 8923.....	6.35
Agricultural Chemicals Security Credit, Form 8931	6.36
Credit for Employer Differential Wage Payments, Form 8932.....	6.36
Carbon Dioxide Sequestration Credit, For, 8933.....	6.36
Qualified Plug-in Electric Drive Motor Vehicle Credit, Form 8936.....	6.37
Credit for Small Employer Health Insurance Premiums, Form 8941	6.37
New Hire Retention Credit, Form 5884-B	6.38
General Credits from an Electing Large Partnership (Schedule K-1 (Form 1054-B).....	6.38
Amended or Corrected Business Returns	6.38
Section 179 Elections.....	6.39
Form 1120x, Amended U.S. Corporation Income Tax Return.....	6.39
Attachments to Form 1120x.....	6.39
Tax Shelters	6.39
Carryback Claims.....	6.40
S Corporations	6.40
Partnerships	6.40
Amending Other Business Returns.....	6.42
Form W-2c and W-3c	6.42
Form 941x, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund	6.43
Timeframes for Filing Form 941-X	6.44
Underreported Taxes	6.44
Overreported Taxes	6.45
Amended Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.....	6.45
Review Questions	6.47
Learning Activity	6.51

Chapter 7: 990-EZ	7.1
Chapter 8: Trusts	8.1
Chapter 9: Estates	9.1
Chapter 10: Part One: Tax Practitioner Regulations and Penalties	
Part Two: Taxes and Tax Research	10.1
Tax Practitioner Regulations	10.1
Limited Practice Without Enrollment	10.3
Taxpayer Authorization	10.3
Limitations of the Privilege of Limited Practice	10.4
Ethics and Conduct	10.4
Ineligible Persons	10.5
Return Preparer Penalties – Internal Revenue Code Sections 6694 and 6695	10.6
Who is a Tax Return Preparer?	10.7
Forms Subject to Section 6694 Penalties	10.7
Reliance on Information Provided	10.8
Definitions Revised	10.8
IRS Examiner Perspective and Approach to Section 6694 Penalties	10.9
Program Action Cases	10.10
Additional Actions	10.11
Disclosure Rules and Penalties	10.11
Taxpayer Consents to the Use and Disclosure of Tax Information	10.12
Required Statements	10.13
Taxes and Tax Research	10.13
History of Federal Income Tax	10.13
Legislative Process	10.14
Significance of the Internal Revenue	10.14
Treasury Regulations	10.14
Revenue Rulings and Revenue Procedures	10.15
Bulletin Index-Digest System	10.16
Tax Court Decisions	10.16
Current Applicable Rulings and Procedures	10.17
Actions of Previously Published Rulings and Procedures	10.17
Courts	10.17
United States Tax Court	10.17
District Court and Claims Court	10.17
Appellate Courts	10.18
Supreme Court	10.18
Significance of Decisions	10.18
Tax Research Projects	10.18
Review Questions	10.21
Learning Activity	10.25