



## 2017 Comprehensive Tax Course, California State Supplement

### Learning Objectives by Chapter

#### Chapter 1

1. Determine who must or should file a return and which California form to use.
2. Determine the taxpayer's California residency status.
3. Identify which filing status the taxpayer should use.
4. Identify return due dates, learn how to assemble a return, and understand the process of obtaining an extension of time to file.

#### Chapter 2

1. Identify what constitutes an exemption and when the taxpayer can claim an exemption.
2. Determine how to calculate the standard deduction and when to use the standard deduction.
3. Identify issues unique to the California taxpayer, such as special Head of Household credits available for California residents and excess CASDI credit.
4. Determine when estimated tax payments are required, understand taxpayer penalties & statutes of limitation, and understand taxpayer issues regarding extensions of time to file.

#### Chapter 3

1. Summarize how adjustments are made to federal AGI to arrive at California AGI.
2. Describe how California income tax law affects several types of income, either included in or omitted from federal income, and determine how to report the necessary adjustments on California Schedule CA (540), lines 7-21.

#### Chapter 4

1. Summarize the reporting of different types of taxable and nontaxable interest.
2. Describe the reporting of dividend income and nondividend distributions.
3. Identify the methods used to report a child's investment income.

#### Chapter 5

1. Identify the differences between community property and separate property.
2. Identify income, deductions, and credits when filing a separate return.
3. Determine the classification of property when moving to or from other states.
4. Identify when a credit is allowed for state taxes withheld.
5. Recognize the validity of prenuptial agreements.

#### Chapter 6

1. Summarize the differences between the federal and California Child and Dependent Care credit and how to report the difference.
2. Describe the availability of the College Access Credit.
3. Identify who may claim the Child Adoption Credit and what costs may be used to determine the amount of credit.
4. Determine who is eligible to claim the Earned Income Credit and how to calculate the credit.
5. Recognize when a credit for excess California SDI or VPDJ withheld may be claimed.
6. Determine who is eligible to claim the New Employment Credit and how to calculate the credit.
7. Determine when a taxpayer qualifies for the Nonrefundable Renter's Credit.
8. Recognize California credits that have been repealed, have carryover provisions, and/or are subject to recapture.



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#### Chapter 7

1. Summarize the differences between federal and California tax law for distributions from pensions, annuities, and IRAs.
2. Identify when and how to adjust for Social Security and Railroad Retirement benefits reported on the federal return.
3. Recognize when an adjustment is necessary on the California return for other types of federal taxable income.

#### Chapter 8

1. Determine differences between federal and California law for reportable income
2. Determine the differences between federal and California adjustments to total income.
3. Determine the differences in income for nonresidents and part-year residents

#### Chapter 9

1. Determine whether standard or itemized deductions are the most advantageous for the taxpayer.
2. Describe the overall limitation on itemized deductions.
3. Determine what adjustments must be made to Federal itemized deductions for California taxes (Schedule CA (540) or Schedule CA (540NR)).

#### Chapter 10

1. Determine a taxpayer's California residency status.
2. Recognize how residents, part-year residents, and nonresidents are taxed by California and which form to use.
3. Identify how residency rules apply to military servicemembers and their spouses.

#### Chapter 11

1. Determine which expenses qualify as California employee business expenses.
2. Summarize the treatment of political activity expenses.
3. Identify who qualifies as a performing artist and which expenses can be deducted.

#### Chapter 12

1. Differentiate between the federal and California tax treatment of the tuition and fees deduction.
2. Identify who can claim student loan interest.
3. Determine when California educators can deduct educator expenses.
4. Understand who is eligible to deduct work-related education expenses.
5. Recognize how Coverdell ESA accounts affect taxpayers.

#### Chapter 13

1. Summarize the treatment of capital gains and losses on a California tax return.
2. Describe the options for reporting capital gain distributions for children.
3. Compute the potential gain on the sale of a home or personal residence.
4. Describe the proper tax treatment of an installment sale.
5. Explain what constitutes a like-kind exchange and how to report one.
6. Calculate and understand nonresident withholding on sales of real property.



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7. Summarize the differences between California and federal mortgage forgiveness debt relief provisions.

#### Chapter 14

1. Discuss how California and Federal depreciation have evolved over the years.
2. Understand the purpose of Form FTB 3885A and how to report depreciation adjustments.
3. Understand the differences between Federal and California depreciation methods and recovery periods.
4. Differentiate between Federal and California tax law regarding property expensing, including the Section 179 deduction and listed property.
5. Describe amortization adjustments to business property required by California law.
6. Discuss specific guidelines of the final repair regulations and safe harbor as they relate to California and Federal tax returns.

#### Chapter 15

1. Discuss the California treatment of self-employment income and self-employment tax.
2. Describe what adjustments need to be made to property basis and business deductions as a result of California nonconformity with federal tax law.
3. Discuss credits available to employers.
4. Understand how to report NOL carryforwards and NOL carrybacks.
5. Determine when withholding is required for payments made to nonresident independent contractors.
6. Understand how to apply the “common law” test to determine when a worker is an employee; and California nonconformity to IRS Section 530 Relief for employers who have been incorrectly treating certain workers as independent contractors.
7. Describe the difference between a statutory employee, a “common law” employee, and an independent contractor.
8. Determine if an entity must report independent contractor information to the Employment Development Department (EDD) and business licenses.

#### Chapter 16

1. Understand differences between California and federal rental real estate net income.
2. Describe passive activity losses and loss limitations.
3. Understand the consequences of noncompliance for substandard rental housing (SRH).
4. Identify common taxpayer errors made when reporting a rental loss.
5. Determine items of income and deductions from pass-through entities.

#### Chapter 17

1. Understand which taxpayers are affected by the California Alternative Minimum Tax (AMT) and what factors may affect the calculation of AMT, and determine who qualifies to claim the credit for prior year AMT.
2. Differentiate between an innocent spouse and an injured spouse for California purposes.
3. Describe an Offer in Compromise.
4. Understand how family support payments are enforced in California.
5. Describe the interest and penalties associated with late payment of state income tax due and late filing of the California state tax return.
6. Understand the process of obtaining an extension to file a California individual tax return.
7. Identify and describe the California Contribution Funds available on state tax returns.



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### **Learning Objectives by Chapter**

#### **Chapter 18**

1. Compute the “kiddie” tax for California tax returns.
2. Describe when estimated tax payments are required and how to make them.
3. Determine the tax treatment for taxes paid to another state.
4. Identify when and how to complete and file an amended tax return.
5. Identify the forms associated with the Affordable Care Act.

#### **Chapter 19**

1. Understand the purpose, responsibilities, and authority of the California Tax Education Council (CTEC).
2. Describe the requirements necessary to become a CTEC Registered Tax Preparer (CRTP) and to maintain the designation in subsequent years.
3. Become aware of the Tax Preparer Code of Conduct and Responsibilities mandated for CRTPs.

#### **Chapter 20**

1. Review who is required to register with CTEC and the requirements for those who do.
2. Understand Chapter 14, Sections 22250–22259, of the California Business and Professions Code.
3. Describe professional responsibilities regarding disclosure of taxpayer information.