

# **SMALL BUSINESS II TAX COURSE**

## **Course Topics by Module – LEARNING OBJECTIVES**

### **Module 1**

#### **Chapter 1: Partnership Issues (Part 1)**

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

#### **Chapter 2: Partnership Issues (Part 2)**

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

#### **Chapter 3: Corporation Issues (Part 1)**

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

#### **Chapter 4: Corporation Issues (Part 2)**

- 1) Discuss the different types of stock distributions and the proper tax reporting requirements for those distributions.
- 2) Summarize the requirements for estimated tax payments and identify potential penalties.
- 3) Discuss special provisions that apply to corporations.
- 4) Indicate the proper treatment of capital losses and net operating losses in determining taxable income for a corporation.
- 5) Describe other potential corporate tax items such as at-risk and passive activity limits, the alternative minimum tax, and the accumulated earnings tax.
- 6) Discuss some additional forms used by corporations.

## **Chapter 5: S-Corporations**

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

## **Module 1 Final Exam**

## **Module 2**

### **Chapter 6: Fringe Benefits, Business Tax Credits, and Amended Returns**

- 1) Describe the special requirements for partners, shareholders, and highly compensated employees that apply to various types of fringe benefits.
- 2) Summarize the IRS fringe benefit valuation rules.
- 3) Discuss available business tax credits, taxpayer eligibility for these credits, and the credit ordering rule.
- 4) Explain the filing requirements for amended business income tax returns.
- 5) Summarize the filing requirements for amending other types of business returns.

### **Chapter 7: Form 990-EZ**

- 1) Determine which form(s) should be used for tax-exempt organizations.
- 2) Understand general and specific instructions regarding Form 990-EZ.
- 3) Explain instructions for Part I, Revenue, Expenses, and Changes in Net Assets or Fund Balances.
- 4) Understand Part II, Balance Sheets.
- 5) Discuss Part III, Statement of Program Service Accomplishments.
- 6) Explain Part IV, List of Officers, Directors, Trustees, and Key Employees.
- 7) Discuss Part V, Other Information.
- 8) Complete Part VI, Section 501(c)(3) organizations.

### **Chapter 8: Trusts – Form 1041**

- 1) Discuss filing requirements for trusts.
- 2) Differentiate between the different types of trusts.
- 3) Review accounting, taxes, and penalties pertaining to trusts.
- 4) Recognize characteristics common to abusive trusts.
- 5) Determine filing requirements for grantor trusts.
- 6) Describe how to prepare a 1041 return.

### **Chapter 9: Estates – Form 1041**

- 1) Determine estate income tax return filing requirements.
- 2) Discuss entities, accounting methods, and estimated taxes.
- 3) Calculate income for Form 1041
- 4) Examine deductions for Form 1041.
- 5) Recognize limitations for deductions and identify special taxes.

## **Chapter 10: Tax Practitioner Regulations and Penalties and Security and Identity Theft**

- 1) Summarize the history and evolution of federal income taxes through the legislative process, Treasury regulations, revenue rulings and procedures, and court decisions.
- 2) Identify the types of tax return preparers, their representation rights before the IRS, and rules for preparer conduct.
- 3) Summarize the potential preparer penalties under Internal Revenue Code Sections 6694 and 6695 and the standards applicable to positions taken on client tax returns under T.D. 9436.
- 4) Discuss the concepts of “disclosure” and “use” of tax return information and the appropriate consent forms necessary to ensure compliance with IRC Section 7216.
- 5) Explain the importance of data security and identify methods of achieving such security.
- 6) Recognize instances of identity theft and discuss IRS actions taken to combat it.

### **Module 2 Final Exam**

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