

2023 Advanced I Income Tax Course – Learning Objectives

MODULE 1

Chapter 1 – Tax-Related Investments

- 1) Determine whether a transaction results in a capital gain or loss or an ordinary gain or loss.
- 2) Define basis of property.
- 3) Discuss the sale of property.
- 4) Compute gains and losses on the sale of property.
- 5) Examine tax planning strategies and tools.

Chapter 2 – Clergy

- 1) Determine the employment status of members of the clergy.
- 2) Identify the rules for reporting clergy income.
- 3) Summarize the tax rules applicable to parsonage (housing) allowances.
- 4) Recognize the various types of expenses related to clergy income and their proper tax treatment.
- 5) Analyze worksheets required to figure taxable ministerial income, allowable deductions, and net self-employment income.
- 6) Identify income exclusions and deductions from income which may be applicable to ministers.

Chapter 3 – Schedule C (Part I)

- 1) Demonstrate the process necessary to develop and maintain a sole proprietorship entity.
- 2) Identify the necessary steps to conduct business as a sole proprietorship.
- 3) Discuss payments or portions of payments which may be expensed and the possible need to account for inventory.
- 4) Recognize the necessity for a sole proprietorship to keep proper records and indicate the length of time the taxpayer is expected to keep business records.
- 5) Compute the types of taxes which must be paid by a sole proprietorship and identify the associated forms which must be submitted or issued.

Chapter 4 – Schedule C (Part II)

- 1) Describe the advantages and disadvantages of a sole proprietorship.
- 2) Recognize the various types of income earned by a sole proprietorship.
- 3) Identify deductible and nondeductible business expenses.
- 4) Discuss detailed business expenses, such as depreciation, Section 179 expenses, entertainment expenses, and travel and transportation expenses, etc.
- 5) Discuss inventory and the cost of goods sold (COGS). Examine inventory valuation and the different methods used to value the ending inventory, etc.

MODULE 2

Chapter 5 – At-Risk Rules and Passive Activities

- 1) Describe the at-risk rules.
- 2) Demonstrate familiarity with passive activities, passive activity income, and passive activity deductions.
- 3) Discuss rental real estate activities.
- 4) Examine the treatment of gains and losses regarding the disposition of property interests.
- 5) Report losses on required forms.

Chapter 6 – Rental Property (Part I)

- 1) Discuss how to report income and expenses for not-for-profit rental property.
- 2) Describe the reporting of rental income and expenses on Schedule E.
- 3) Discuss losses from rental real estate activities.
- 4) Explain the process of dividing expenses between personal use and rental use.

Chapter 7 – Rental Property (Part II)

- 1) Describe how to divide expenses between personal and rental use when property is used for both purposes.
- 2) Discuss the tax implications of a dwelling unit when used as a home or as rental property.
- 3) Calculate the Rental Use Percentage.
- 4) Examine depreciation and determine when the Section 179 deduction can be used.
- 5) Explain Form 4797, *Sales of Business Property*.

Chapter 8 – Retirement Plans

- 1) Review a general summary of retirement plans and definitions.
- 2) Discuss the benefits of Simplified Employee Pension (SEP) plans.
- 3) Discuss SIMPLE plan options.
- 4) Explain IRS rules regarding various types of qualified plans.
- 5) Discuss pre-approved plans.

Chapter 9 – State Return and Conformity to Federal Law

- 1) Describe the major differences among the states concerning the imposition of personal income taxes.
- 2) Differentiate between residents, part-year residents, and nonresidents for state income tax purposes.
- 3) Discuss sources and allocations of income for part-year residents and nonresidents.
- 4) Determine when moving expenses are reflected as an adjustment to income on a state return.
- 5) Indicate how income from real property is recognized for state tax purposes.
- 6) Explain the purpose of reciprocal agreements between states.
- 7) Discuss the application of credit for taxes paid to another state.
- 8) Identify special situations that may arise due to the variance in state tax laws.
- 9) Discuss the tax reform bill (TCJA) and its impact on states.