

Deluxe Tax Review

Learning Objectives/Table of Contents

Chapter

1 Form 1040

- 1-A Properly report items of taxable income for individuals on Form 1040 and determine the taxpayer's proper filing status.
- 1-B Determine who qualifies to be a dependent on a taxpayer's tax return.
- 1-C Apply principles to determine if an item of income is taxable or nontaxable.

2 Itemized Deductions

- 2-A Determine deductibility of medical expenses.
- 2-B Identify allowable deductions for taxes, interest, charitable contributions, and casualty losses for individuals.
- 2-C Recognize allowable miscellaneous itemized deductions for individuals.

3 Sole Proprietorships

- 3-A Determine filing requirements and proper reporting of income and expenses for sole proprietorships on Schedule C of Form 1040.
- 3-B Identify business use of the home expenses and properly compute the deduction.
- 3-C Recognize whether an activity is a hobby or a business and properly report hobby income and expenses.

4 Investment Income

- 4-A Determine the difference between taxable and nontaxable interest and dividends.
- 4-B Identify and categorize capital gains and losses.
- 4-C Report the sale of business property and other depreciable and amortizable property including those sold under an installment sale arrangement.
- 4-D Calculate the basis of a residence and apply the exclusion of gain rules in both principal residence and business/rental situations

5 Rental, Passive, and At-Risk

- 5-A Classify rental income and expenses and determine if the 14-day nontaxable rent rule applies to a client's mixed-use property.
- 5-B Recognize passive activity losses, determine a client's loss limit and participation level, and apply the special \$25,000 allowance for rental real estate if requirements are met.
- 5-C Identify whether a taxpayer's loss is subject to at-risk rules, and properly report any losses limited by at-risk rules.

6 Business Deductions

- 6-A Apply rules for employee reimbursements under an employer accountable plan and an employer nonaccountable plan.
- 6-B Apply rules for accounting for inventory, determine items that must be reported under the uniform capitalization rules, understand when a net operating loss is created and how to apply the carry back and carry forward rules.
- 6-C Know when to report income under the cash, accrual, and hybrid accounting methods and when exceptions apply.

7 Depreciation

- 7-A Compute depreciation using the MACRS system, recognize depreciable property, and apply the principles of recovery periods, conventions, and depreciation rates.
- 7-B Identify the principles of IRC Section 179 and distinguish qualifying and nonqualifying property under this depreciation and amortization method.
- 7-C Recognize the principles of the rules regarding Section 197 intangible assets.

8 Automobiles and Listed Property

- 8-A** Determine whether a taxpayer's automobile use qualifies for a business deduction and identify how to apply the Standard Mileage Rate Method or Actual Expense Method to automobile expenses.
- 8-B** Properly apply depreciation limits to deductions for business automobiles by utilizing the MACRS and Section 179 principles.
- 8-C** Apply the rules for depreciation recapture, determine proper reporting of a vehicle that is sold, traded in, or changes its business use.

9 Tax Credits

- 9-A** Identify taxpayers' eligibility for the child tax credit, the child and dependent care credit, earned income credit, and properly compute the credit amounts.
- 9-B** Identify taxpayers' eligibility for the retirement savings contribution credit, the credit for adoption expenses, the health coverage tax credit, the residential energy credits, and properly compute the credit amounts.
- 9-C** Determine who is eligible to claim the education credits and/or the tuition and fees deduction, and identify what expenses qualify for each.

10 C Corporations

- 10-A** Review general rules and basic taxation principles of C corporations in order to determine the influencing factors of calculating taxes owed.
- 10-B** Recognize different corporation ownership and transaction strategies including nontaxable and personal asset transfers and determining gains on small business stock.
- 10-C** Apply the rules and regulations pertaining to income and expenses, earnings and profits, and shareholder wages and distributions, to tax planning sessions for clients with C corporations.

11 S Corporations

- 11-A** Apply the rules for formation and retention of S corporation status.
- 11-B** Distinguish between ordinary business income and separately stated items flowing through an S corporation to S corporation shareholders.
- 11-C** Identify the character of S corporation distributions and calculate taxable income and basis adjustments.

12 Partnerships and LLCs

- 12-A** Identify characteristics of the partnership business entity and classify business transactions.
- 12-B** Compute the partner's outside basis in the partnership interest, and recognize the effect of changes in the partner's liabilities with regard to the partner's basis.
- 12-C** Analyze the effect of partnership distributions on the taxable income and adjusted basis of the partner.

13 Estates, Trusts, and Fiduciaries

- 13-A** Organize a decedent's tax information and file the proper forms following the death of a taxpayer.
- 13-B** Classify income and expenses for estates and trusts, and report the items properly on the beneficiaries' tax returns.
- 13-C** Analyze the effect of transfers of assets from decedents and the effect on the basis of property transferred.

14 Payroll and Labor Laws

- 14-A** Identify required payroll tax deposit dates, compute required amounts, and file the associated returns.
- 14-B** Compute federal unemployment tax liability and identify situations where advance deposits must be made.
- 14-C** Recognize situations where a trust fund recovery penalty may be applied and identify procedures necessary to avoid the penalties.