



BEACON HILL
FINANCIAL EDUCATORS

51A Middle Street Newburyport, MA 01950
Phone: 800-588-7039 Fax: 877-902-4284
contact@bhfe.com www.bhfe.com

Course Information

Course Title: *Impact of the Tax Cuts and Jobs Act on GAAP 2019* #313319

Recommended CPE credit hours for this course

In accordance with the standards of the CFP Board, the National Registry of CPE Sponsors and the IRS, CPE credits have been granted based on a 50-minute hour.

CPA 2

National Registry of CPE Sponsors ID Number: 107615.
Sponsor numbers for states requiring sponsor registration:
Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)
Hawaii Board of Public Accountancy: 14003
New York State Board of Accountancy: 002146
Ohio State Board of Accountancy: M0021
Pennsylvania Board of Accountancy: PX178025
Texas State Board of Accountancy: 009349

Course Description

The objective of this course is to inform the reader of impacts the changes made by the *Tax Cuts and Jobs Act* have on GAAP and financial reporting.

Topics include an analysis of adjustments required to be made to deferred income tax assets and liabilities, including those assets related to net operating losses, newly issued ASU 2018-02 related to the tax effect of accumulated other comprehensive income, accounting for the change from an S to a C corporation, impact of the elimination of like-kind exchanges, GAAP accounting for bonus and Section 179 depreciation, new limitations on interest deduction, SEC SAB 118 transition rules, presenting the tax benefit of an NOL carryover, and more.

Program Delivery Method: Self-Study (NASBA QAS Self-Study/interactive)

Subject Codes/Field of Study

NASBA (CPA): Accounting

Course Level, Prerequisites, and Advance Preparation Requirements

Program Level: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic understanding of U.S. GAAP

Advance Preparation: None

Course Content

Publication revision date: 2/28/2019

Author: Steven C. Fustolo, CPA, MBA.

Final exam (online): Ten questions (multiple-choice).

Table of Contents is located on page vi.

Instructions for taking this course

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on the following page, studying the text, and studying the review questions at the end of each major section. Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Final Exam Online

- Login to your account online at www.bhfe.com.
- Go to "My Account" and view your course.
- The exam may be started, stopped, then resumed at a later date.
- The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
- Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.

Have a question? Call us at 800-588-7039 or email us at contact@bhfe.com.

Learning Objectives

After reading the course material, you will be able to:

- Recognize how an entity should account for deferred tax accounts under the *Tax Cuts and Jobs Act*
- Identify how the ASU 2018-02 election is made to reclassify the tax effect on accumulated other comprehensive income
- Recall the adjustment that is made when an entity converts from S to C corporation status
- Recognize the type of like-kind exchange that qualifies for nonrecognition of gain or loss under GAAP
- Identify a way in which an entity can account for bonus depreciation under GAAP.
- Recall the overall impact that the reduction in the corporate tax rate is having on SEC companies
- Recognize whether SEC companies are permitted to discount tax liabilities pertaining to repatriated income.
- Recall when an entity is required to disclose the tax years open for examination

ABOUT THE AUTHOR

STEVEN C. FUSTOLO, CPA

Mr. Fustolo is a partner with the Boston CPA firm of James J. Fox & Company and Director of the National Tax Institute, Inc. He is a frequent lecturer and author of numerous tax and accounting issues affecting closely held businesses. An AICPA author, Mr. Fustolo's articles are regularly featured in *The Practical Accountant* and other publications. He is the author of *Practice Issues: Compilation and Review*, *Accounting and Auditing Reference Guide*, *Everything You Never Wanted to Know About GAAP*, *Enron: Fraud, Deception and the Aftermath*, *FASB Review for Industry*, and *FASB, SSARS and SAS Update and Review* and numerous other books and manuals that have been published by Practitioners Publishing Company (PPC) and Commerce Clearing House (CCH). He is the recipient of several Outstanding Discussion Leader awards from many professional organizations including the New York and Florida Societies of CPAs. Mr. Fustolo's course entitled *FASB, SSARS and SAS Update and Review* continues to receive accolades and is regarded as one of the top live CPE programs in the country today with ratings that average 4.91 on a scale of 5.0. He speaks regularly for professional groups including being a guest lecturer at the AICPA Advanced Accounting and Auditing Technical Symposium. Mr. Fustolo is the recipient of the Elijah Watts Sells Award (AICPA) and Silver Medal (Massachusetts) for scores received on the CPA Examination.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the author and sponsor are not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought-- From a Declaration of Principles jointly adopted by a Committee of the American Bar Association and a Committee of Publishers and Associations.

© Copyright 2019, 2012, 2011, 2010, 2009, 2008, 2007, 2006 and 2005: Steven C. Fustolo, National Tax Institute and Professional Education Institute, All rights reserved. Copies of this document may not be made without expressed written permission from the author.

Certain information has been adapted from AICPA *Compilation and Review* and *Audit Risk and Industry Alerts*- 2019, 2012, 2011, 2010, 2008/2009, 2007/2008, 2006/2007, 2005/2006, 2004/2005, 2003/2004, 2002/2003, 2001/2002, 2000/2001 and 1999/2000. Copyright ©, American Institute of Certified Public Accountants, Inc. New York, NY 10036-8775

Table of Contents

Course Information	ii
Learning Objectives	iv
Table of Contents	v
General	7
I. GAAP Impact of Tax Changes Made by the <i>Tax Cuts and Jobs Act</i>	8
A. Tax Rate Change Impact on Deferred Income Taxes.....	8
B. ASU 2018-02: Income Statement—Reporting Comprehensive Income (Topic 220) Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.....	13
C. Revaluing Deferred Tax Assets from NOLs	27
D. Impact of Indefinite NOL Carryover Period on Deferred Tax Asset Valuation Accounts.....	29
REVIEW QUESTIONS	36
E. Accounting for the Change from S to C Corporation.....	39
F. New Limitation on Interest Deduction	41
G. Elimination of Like-Kind Exchanges on Personal Property.....	43
H. Accounting for Bonus and Section 179 Depreciation in GAAP Financial Statements	48
I. Overall Impact of Reduction in Tax Rate on SEC Companies	58
REVIEW QUESTIONS	61
J. SEC Staff Accounting Bulletin (SAB) No. 118	65
K. FASB Staff Q&A: Topic 740, No. 2: Whether to Discount the Tax Liability on the Deemed Repatriation	67
L. Effective Cash Flow Tax Rate of U.S. Companies.....	68
M. Other Financial Statement Impacts of the TCJA (Act).....	70
II. Other Tax-Related Issues	71
A. Deferred Tax Asset Recorded on Other Carryovers.....	71
B. Presentation of Tax Benefit of NOL Carryover	73
C. Presenting Deferred Tax Assets and Liabilities on the Balance Sheet—FASB’s ASU 2015-17	76
D. Fixing the Disclosures in Uncertain Tax Positions for Nonpublic Entities	76
REVIEW QUESTIONS	80
INDEX	82
GLOSSARY	83