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## Course Information

**Course Title:** *Passive Loss and At-Risk Rules #4929* (CFP Board Course ID# 195436)

**Number of continuing education credit hours recommended for this course:**

**CFP®:** 2 (All States)  
CFP Board sponsor number: 1008.

**CPA:** 3 (All States)  
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.  
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  
Texas State Board of Accountancy: 009349

**EA/OTRP:** 3 (All States) IRS: Qualified Sponsor number: *FWKKO*.

**CLU, ChFC/PACE Recertification: 3**

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

### Subject Codes/Field of Study

CPA, CFP Board, NAPFA; Taxes.  
EA, OTRP: Federal Tax Law.

## **Course Level, Prerequisites, and Advance Preparation Requirements**

Program Level of Complexity

CFP Board: Intermediate

NASBA: Overview This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

## **Course Description**

With the adoption of the passive loss limitation rules, taxpayers are looking to CPAs for guidance related to what deductions are allowed, disallowed, or suspended. Updating practitioners on the practical aspects of §469, this course addresses the needed skill to handle these pragmatic issues. Fundamentals are reviewed, planning opportunities are identified, and creative strategies are discussed and evaluated along with remaining traditional approaches. The goal of this instructive course is to understand and solve client problems under §469, with emphasis on tax savings ideas. Participants will learn to master the proper administration of these complex and often cumbersome provisions.

## **Course Content**

Publication/Revision date: 5/15/2014.

Course book: by Danny Santucci, J.D.

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

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. This exam may be retaken at no charge if not passed on the first attempt.

## **Instructions for Taking the Final Exam Online**

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
- Go to "My Account" and view your courses.
- Select "Take Exam" for this course and follow instructions.

## **Have a question?**

Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

## **Learning Assignment & Objectives**

As a result of studying the assigned materials, you should be able to meet the objectives listed below.

### **ASSIGNMENT**

At the start of the materials, participants should identify the following topics for study:

- \* Passive loss rules
- \* Material participation
- \* Activity definition
- \* Passive & nonpassive activities
- \* Passive activity loss
- \* Rental activities
- \* Recharacterization of passive income
- \* Passive activity credits
- \* Passive activity audit guide
- \* At-risk limits

### **Learning Objectives**

After reading the materials, participants will be able to:

1. Identify affected taxpayers, categories of income and loss and passive losses under §469, list necessary §469 calculation steps, name the §469 & §1211 limits, and define the ordering and suspension of any disallowed losses.
2. Recognize a taxpayer's material participation in an activity by:
  - a. Listing several material participation tests and demonstrating their application to entities such as partnerships and corporations;
  - b. Stating the activity grouping rules noting exempt activities;
  - c. Defining passive activity particularly, the treatment of rental activity as passive; and
  - d. Identifying "nested" activities.
3. Identify special passive loss rules and calculations by:
  - a. Illustrating alternating use affects on amount realized and adjusted basis and listing additional loss limitations outside of §469;
  - b. Listing five requirements for the special \$25,000 allowance; and
  - c. Stating recharacterization rules and their purpose.
4. Recognize the passive activity audit guidelines identifying audit issues, define the real estate rental activity credit exception, and state the at-risk limit rules as they relate to §469.

After studying the materials, answer the exam questions 1 to 20.

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**PASSIVE**



**PORTFOLIO**



**MATERIAL  
PARTICIPATION**



## **Passive Loss & At-Risk Rules**

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**By**

**Danny C. Santucci**

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**Attachments**

- Final Exam
- Faxable Exam Answer Sheet
- Faxable Course Evaluation Form

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