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Course Information

Course Title: *Installment sales #4925*

Recommended CPE credit hours for this course

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

CPA 2 (All states)

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 2 (All States) IRS: Qualified Sponsor number: *FWKKO*.

CLU, ChFC/PACE Recertification 2

Course Description

An installment sale is a sale of property where one or more payments are received after the close of the tax year. This mini-course discusses the particulars of installment sales, including requirements, calculation and pitfalls. Cross issues such as a combined installment sale and like-kind exchange, the impact of related parties, pledging, repossession and contingent payments are reviewed. Also, the importance of recognizing the dangers of dealer status, inventory, purchase price allocation, and installment note disposition are emphasized.

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

Subject Codes/Field of Study

NASBA (CPA): Taxes.

IRS (EA, OTRP): Federal Tax Law.

Course Level, Prerequisites, and Advance Preparation Requirements

Program Level: NASBA/CPA, IRS: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

Course Content

Publication/Revision Date: 5/29/2015.

Author: Danny Santucci, J.D.

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

Instructions for taking this course

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. Exams may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning assignments and objectives listed on the following page and studying the review questions after each major section in the text. Once you have completed each learning assignment 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 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.

Advance Preparation: None

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:

- * Installment method
- * Installment income
- * Imputed interest & OID
- * Related party sales
- * Like-kind exchanges
- * Contingent payments or price
- * Sale of a business
- * Dealer dispositions
- * Installment notes in excess of \$5 million
- * Dispositions of installment obligations

Learning Objectives

After reading the materials, participants will be able to:

- 1.** Recognize the importance, particularly in tax deferral, of the installment method and, identify §453 requirements noting installment method terminology.
- 2.** Specify the imputed interest, OID and §1038 repossession rules affecting installment sales and subsequent repossessions.
- 3.** Identify the following §453 pitfalls and complexities: the related party limitation, the regulations governing the use of the installment sale method in like-kind exchanges and the contingent payment sale rules.
- 4.** Determine how to allocate and report installments payments among identified asset classes using R.R. 76-110 and the residual method noting §453 prohibitions on certain assets regarding dealer dispositions and inventory.
- 5.** Identify the amount of interest payable on tax-deferred income when §453 dispositions exceed \$5 million and circumstances considered taxable dispositions of installment obligations to determine when any gain or loss is recognized.

Notice

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Installment Sales

By

Danny C. Santucci

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