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Course Information

Course Title: *Guide to Federal Individual and Corporate Taxation #491924-2*

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.

CFP®: **24.5** (All states) CFP Board Course ID#332328
CFP Board sponsor number: 1008.

CPA: **33.5** (Accepted in all states)
National Registry of CPE Sponsors ID Number: 107615.
Sponsor numbers for states *requiring sponsor registration*:
Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)
Hawaii Board of Public Accountancy: 14003
New York State Board of Accountancy (for ethics): 002146
Ohio State Board of Accountancy: CPE .51 PSR
Pennsylvania Board of Accountancy: PX 178025
Texas State Board of Accountancy: 009349

EA, OTRP **33** IRS: Qualified Sponsor number: FWKKO.

Course Description

Designed to make the practitioner comfortable with “high traffic” issues, this program enables participants to discuss and handle business/personal tax essentials. The course examines and explains the practical aspects of individual & corporate planning, bridging the gap between theory and application. Significant new developments are summarized with an emphasis on tax savings ideas. This course examines and explains the practical aspects of using a closely held corporation to maximize after-tax return on business operations. Recent developments giving corporations a competitive edge over other entities are explored and detailed. Practitioners are alerted to often missed fringe benefits, retirement planning opportunities, corporate business deductions, income splitting possibilities and little-known estate planning techniques.

Course Content

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Final exam (online): Two-hundred questions (multiple-choice).

Subject Codes/Field of Study

NASBA (CPA), CFP Board of Standards, Inc.: Taxes.

IRS (EA, OTRP): Federal Tax Law. (ERPA): Qualified Retirement Plan Matters

NAPFA: Taxes

Course Level, Prerequisites, and Advance Preparation Requirements

Program Level: CFP Board: Intermediate; NASBA/CPA, IRS: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation

Advance Preparation: None

Instructions for Taking This Course

- **Log in to your secure account at www.bhfe.com. Go to "My Account."**
- **You must complete this course within one year** of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
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- **Complete the course by** following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- **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 Online Exam

- **Log in to your secure account at www.bhfe.com. Go to "My Account."**
- A passing grade of at least **70%** is required on the exam for this course.
- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
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- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

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

Table of Contents follows the Learning Objectives

Learning Assignments & Objectives

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

ASSIGNMENT	SUBJECT
Chapter 1	Individual Tax Elements

At the start of Chapter 1, participants should identify the following topics for study:

- * Tax rates and tables
- * Filing status
- * Gross income
- * Dividends and distributions
- * Discharge of debt income
- * Exclusions from income
- * Nonbusiness and personal deductions
- * Education and medical expenses
- * Casualty and theft losses
- * Tax credits

Learning Objectives

After reading Chapter 1, participants will be able to:

1. Identify current rates, selected deductions, statutory amounts, and their withholding and/or estimated tax responsibility and specify the various filing statuses and their filing requirements recognizing the advantages and disadvantages of each.
2. Determine what constitutes gross income under §61 stating the tax treatment of fringe benefits, rental income, prizes, and awards, and specify how debt discharge and foreclosure can result in taxable income.
3. Identify the mechanics of income exclusions such as education-related exclusions, insurance, personal injury awards, and foreign earned income.
4. Recognize income tax deductions and their use to reduce tax liability by identifying interest related to businesses, investments, qualified residences, and deductions for medical expenses, charitable contributions, casualty losses, and moving expenses.
5. Determine distinctions among several types of tax credits for children and education identifying amounts and eligibility requirements.

After studying the materials in Chapter 1, answer exam questions 1 to 43.

ASSIGNMENT	SUBJECT
Chapter 2	Property Transfers & Retirement Plans

At the start of Chapter 2, participants should identify the following topics for study:

- * Capital gains & losses
- * Installment sales
- * Repossession
- * Involuntary conversions
- * At-risk rules
- * Like-kind exchanges
- * Qualified deferred compensation
- * Basic requirements of a qualified pension plan
- * Basic types of corporate plans
- * IRAs and SIMPLE plans

Learning Objectives

After reading Chapter 2, participants will be able to:

1. Specify the tax consequences on the sale of easements and the holding period and basis of inherited and gifted property, identify the application elements of the §121 home sale exclusion specifying the ownership and use requirements, and recognize the §453 installment method requirements, the residential lot exception, and the pledging rule limitation.
2. Identify the elements necessary for a §1038 repossession, the different rules for real property and personal property repossessions, and calculating basis and gain on repossession.
3. Specify the tax treatment of a §1033 involuntary conversion on condemnation or threat of condemnation; differentiate between condemnation awards and severance damages; and identify replacement periods needed to postpone gain.
4. Recognize the scope of the §465 at-risk rules and their effect on property depreciation, and identify the requirements, taxation, and types of §1031 like-kind exchanges.
5. Identify planning considerations for benefit planning and funding a qualified retirement plan; determine the compensation base used for funding calculations and the impact of PBGC insurance in assuring benefits.
6. Identify the requirements of the basic qualified retirement plans, recognize the permissible and required contribution limits for retirement plans, and specify the requirements of IRAs and the Roth IRAs recognizing their contribution, rollover, and RMD requirements and restrictions.

After studying the materials in Chapter 2, answer exam questions 44 to 85.

ASSIGNMENT	SUBJECT
Chapter 3	Losses, AMT & Compliance

At the start of Chapter 3, participants should identify the following topics for study:

- * Passive loss rules
- * Suspension of disallowed losses under §469
- * Computing the alternative minimum tax
- * Minimum AMT tax credit
- * Reporting compliance rules and provisions
- * Accuracy-related penalties
- * Information reporting penalty final regulations
- * Penalty for unrealistic position
- * Statute of limitations for assessments
- * Examination of returns

Learning Objectives

After reading Chapter 3, participants will be able to:

1. Identify how the passive loss rules limit the ability to take deductions, what transactions free disallowed losses, how suspended losses are carried forward, and when real estate professionals can escape the passive loss rules.
2. Specify differences between the regular and alternative minimum tax recognizing the impact of tax preferences and adjustments.
3. Identify the reporting requirements for employers, real estate transactions, independent contractors, and cash reporting.
4. Recognize types of accuracy-related and valuation overstatement penalties, and specify the IRS's applicable statute of limitations.

After studying the materials in Chapter 3, answer exam questions 86 to 106.

ASSIGNMENT	SUBJECT
Chapter 4	Business Forms & Characteristics

At the start of Chapter 4, participants should identify the following topics for study:

- * Sole proprietorships
- * Partnerships
- * Estates & trusts
- * Unincorporated associations
- * Corporation defined
- * Subchapter S corporations
- * Ordinary "C" corporations
- * Personal service corporations
- * Corporate tax rates
- * Alternative minimum tax

Learning Objectives

After reading Chapter 4, participants will be able to:

1. Specify the advantages and disadvantages of sole proprietorships including self-employed taxes and payment requirements, recognize how partnerships divide tax attributes, and identify partnership taxation, particularly the application of the at-risk rules (§465).
2. Recognize the definition of a corporation and its taxation including the application of the “check the box” regulations and passive loss limitations.

After studying the materials in Chapter 4, answer exam questions 107 to 116.

ASSIGNMENT

SUBJECT

Chapter 5

Corporate Formation & Capitalization

At the start of Chapter 5, participants should identify the following topics for study:

- * Incorporation
- * Start-up & organizational expenses
- * Tax recognition of the corporate entity
- * Capital gains & losses
- * Dividends received deduction
- * Charitable contributions
- * Accumulated earnings tax trap
- * Accounting periods & methods
- * Inventories
- * Multiple corporations

Learning Objectives

After reading Chapter 5, participants will be able to:

1. Identify the transfer of money, property, or both by prospective shareholders and the basic requirements associated with §351, determine the differences between start-up and organizational expenses, specify the treatment of capital gains and losses, and recall dividends received treatment.
2. Specify the requirements for corporate charitable contributions, determine how to avoid § 541 and §531 status and identify accounting periods and methods available to corporations.
- 3 Specify methods for identifying inventory items and identify multiple corporation tax advantages including consolidated returns.

After studying the materials in Chapter 5, answer exam questions 117 to 132.

ASSIGNMENT

SUBJECT

Chapter 6 Corporate Principals & Employees

At the start of Chapter 6, participants should identify the following topics for study:

- * Payroll taxes
- * FICA & FUTA
- * Employee labor laws
- * Employee v. contractor status
- * Unreasonable compensation
- * Income splitting
- * Buy-sell agreements
- * Entity & cross-purchase agreements
- * Sole shareholder planning
- * Recapitalization

Learning Objectives

After reading Chapter 6, participants will be able to:

1. Determine payroll taxes and the uses of Form W-2 and identify major employee labor laws.
2. Recognize common-law rules used to determine employee status for federal income tax purposes, specify the dangers of unreasonable compensation stating how to avoid them, and identify income-splitting devices.
3. Identify a buy-sell agreement distinguishing an entity purchase from a cross-purchase agreement and recognize business recapitalizations and their potential uses.

After studying the materials in Chapter 6, answer exam questions 133 to 141.

ASSIGNMENT	SUBJECT
Chapter 7	Basic Fringe Benefits

At the start of Chapter 7, participants should identify the following topics for study:

- * Statutory v. nonstatutory benefits
- * No additional cost services & qualified employee discounts
- * Working condition fringes
- * Employee achievement awards
- * Dependent care assistance
- * Cafeteria plans
- * Self-insured medical reimbursement plans
- * Employer-provided automobile
- * Interest-free & below-market loans
- * Fringe benefit plans for S corporations

Learning Objectives

After reading Chapter 7, participants will be able to:

1. Identify basic fringe benefit planning by determining “income” under §61 and specifying the income exclusion for statutory fringe benefits.
2. Recognize the income exclusion provided for §132 de minimis fringe benefits, §79 group term life insurance, §125 “cafeteria plans”, and §105 self-insured medical reimbursement plans and specify employer-provided automobiles valuation methods, and determine ERISA compliance requirements.

After studying the materials in Chapter 7, answer exam questions 142 to 149.

ASSIGNMENT

SUBJECT

Chapter 8

Business Entertainment

At the start of Chapter 8, participants should identify the following topics for study:

- * Pre- and post-2018 tests for entertainment expenses
- * Statutory exceptions
- * Former quiet business meals & drinks
- * Pre-2018 ticket purchases
- * Percentage reduction for meals & entertainment
- * Entertainment facilities
- * Substantiation & record keeping
- * Employee expense reimbursement & reporting
- * Self-employed persons
- * Employers

Learning Objectives

After reading Chapter 8, participants will be able to:

1. Define disallowed “entertainment” and recognize remaining statutory exceptions for entertainment, determine the application of the percentage reduction rule, and define an “entertainment facility” stating related deductible costs.
2. Identify substantiation, recordkeeping, reimbursement, and reporting requirements.

After studying the materials in Chapter 8, answer exam questions 150 to 159.

ASSIGNMENT

SUBJECT

Chapter 9

Insurance

At the start of Chapter 9, participants should identify the following topics for study:

- * Company paid insurance

- * Group term life insurance
- * Regulations
- * Retired lives reserve
- * Split-dollar life insurance
- * Medical & dental insurance
- * Interest limitation on policy loans
- * Key person life insurance
- * COBRA
- * VEBA's - §501(c)(9) Trusts

Learning Objectives

After reading Chapter 9, participants will be able to:

1. Recognize the importance and variety of business insurance by identifying business insurance types such as §79 group term, retired lives reserve and split-dollar life insurance.
2. Identify the impact of the disallowance of the interest deduction on purchasers and the insurance industry recognizing the §264 interest limitation on policy loans, cite the requirements of COBRA, and determine what constitutes a Voluntary Employee Benefit Association under §501(c)(9).

After studying the materials in Chapter 9, answer exam questions 160 to 167.

ASSIGNMENT

SUBJECT

Chapter 10

Nonqualified Deferred Compensation

At the start of Chapter 10, participants should identify the following topics for study:

- * Postponement of income
- * Purposes & benefits
- * Constructive receipt
- * Economic benefit
- * Funded company account plan
- * Segregated asset plan
- * Tax consequences
- * Accounting
- * Estate planning considerations
- * Withholding, Social Security & IRAs

Learning Objectives

After reading Chapter 10, participants will be able to:

1. Recognize the postponement of income with a nonqualified plan by specifying the IRS's position on such arrangements recognizing the impact of ERISA and constructive receipt.

2. Identify the tax consequences of establishing a nonqualified plan and rules for the preparation of related income tax returns.

After studying the materials in Chapter 10, answer exam questions 168 to 176.

ASSIGNMENT	SUBJECT
Chapter 11	S Corporations

At the start of Chapter 11, participants should identify the following topics for study:

- * Advantages & disadvantages
- * S corporation status
- * Termination
- * Income & expense
- * Built-in gain
- * Passive income
- * Basis of stocks & debts
- * Distributions
- * Form 1120S
- * Fringe benefits

Learning Objectives

After reading Chapter 11, participants will be able to:

1. Determine the advantages and the disadvantages of an S corporation, identify variables that impact whether a business can choose S corporation status, and cite ways an S corporation may be terminated specifying related procedures.
2. Recognize the taxation of S corporations as compared to other entities including pass-through items, built-in gain, and fringe benefits, and specify when the Form 1120S must be filed.

After studying the materials in Chapter 11, answer exam questions 177 to 195.

ASSIGNMENT	SUBJECT
Chapter 12	Business Dispositions & Reorganizations

At the start of Chapter 12, participants should identify the following topics for study:

- * Starting a new business
- * Buying an existing business
- * Type 1 reorganization
- * Type 2 reorganization
- * Type 3 reorganization
- * Type 4 reorganization
- * Type 5 reorganization

- * Type 6 reorganization
- * Type 7 reorganization
- * Carryover of corporate tax attributes

Learning Objectives

After reading Chapter 12, participants will be able to:

- 1.** Recognize various business disposition and reorganization possibilities by specifying recognizing the types of transactions that qualify as non-taxable reorganizations and identifying the factors that determine the corporate tax attributes of an acquired corporation that carry over to the acquiring or successor corporation.

After studying the materials in Chapter 12, answer exam questions 196 to 200.

Notice

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Guide to Federal Corporate & Individual Taxation



By
Danny C. Santucci

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