

Domain 1: Business Entities and Considerations 30 Questions

1.1. Business Entities

- Sole proprietorships
- Partnerships and qualified joint ventures (QJV)
- Corporations
- S corporations
- LLCs
- Tax-exempt entities and associations
- Entity type default classifications and elections
- Employer identification number
- Accounting periods (tax year)
- Reporting requirements (e. g., Forms W-2, W-4, Form 1099)
- Hobby versus business determination and loss limitations

1.2. Partnerships

- Partnership income, expenses, distributions, and flow-through (e. g., self-employment income)
- Family partnerships
- Partner's dealings with partnership (e. g., exchange of property, guaranteed payments)
- Contribution of property and/or services to a partnership (e. g., partnership's basis, property subject to indebtedness)
- Basis of partner's interest
- Disposition of partner's interest
- Partnership formation (e. g., partnership agreement, general vs limited partners, capital contributions)
- Dissolution of partnership (e. g., sale, death of partner)
- Filing requirements, due dates, penalties, and audit notice requirements
- Partnership cancellation of debt
- Partnership level audit and opt-out

1.3. Corporations in general

- Filing requirements, due dates, and penalties

- Earnings and profits
- Shareholder dividends, distributions, and recognition requirements
- Special deductions and credits (e. g., dividends received deductions, charitable deduction)
- Liquidations and stock redemptions
- Accumulated earnings tax
- Estimated tax payments
- Corporate minimum tax credit

1.4. Forming a corporation

- Services rendered to a corporation in return for stock
- IRC section 351 exchange
- Transfer and/or receipt of money or property in addition to corporate stock
- Transfer of property subject to indebtedness
- Controlled groups
- Closely held corporations

1.5. S corporations

- Requirements to qualify (e. g., qualifying shareholders)
- Election procedure
- Income, expenses and separately stated items
- Treatment of distributions
- Shareholder's basis (e. g., loan basis, distributions and losses in excess of basis, services for stock)
- Revocation, termination and reinstatement
- Debt discharge

Domain 2: Business Tax Preparation 37 Questions

2.1. Business Income

- Gross receipts and other income
- Cost of goods sold (e. g., inventory practices, expenditures included, uniform capitalization rules)
- Net income/loss and at-risk limitations

- Cancellation of business debt

2.2. Business expenses, deductions and credits

- Officers and employees' compensation (e. g., deductibility, fringe benefits, rules of family employment, statutory employee, necessary and reasonable)
- Business rental deduction, including self-rentals
- Depreciation, amortization (start-up and organizational cost), IRC section 179, depletion, bonus depreciation, and correcting errors
- Business bad debts
- Business travel, meals, and gift expenses
- Vehicle use and expenses
- Interest expense
- Insurance expense
- Taxes (e. g., deductibility of taxes, assessments, and penalties; proper treatment of sales taxes paid, excise)
- Employment taxes
- Casualties, thefts, and condemnations
- Qualified business income(QBI) (e.g., SSTB, calculations, phase out, UBI)
- Eligibility and deductibility of general business credits (e. g., disabled access credit, R & D credit, small business healthcare tax credit, foreign tax credit)
- Net operating loss deduction
- Home office

2.3. Business assets

- Basis of assets
- Disposition of property or assets
- Like kind exchange
- Converted property
- Capitalization and repair regulations (e. g., elections)

2.4. Analysis of financial records

- Proper business type, the use of classification codes, and year to year comparison
- Income statement

- Balance sheet (e. g., proofing beginning and ending balances, relationship to income statement and depreciation)
- Method of accounting and changes (e. g., accrual, cash, hybrid, Form 3115)
- Depreciation recovery (e. g., recapture, IRC sec 280F)
- Pass-through activity (e. g., K-1, separately stated items, non-deductible expenses)
- Reconciliation of tax versus books (e. g., M-1, M-2, M-3)
- Related party activity
- Loans to and from owners

2.5. Advising the business taxpayer

- Reporting and filing obligations (e. g., extended returns and potential penalties, international information returns, Form 1099 series, Form 8300)
- Payments and deposit obligations (e. g., employment tax, excise tax)
- Record-keeping requirements (e. g., mileage log, accountable plans)
- Selection of business entity (e. g., benefits and detriments)
- Comingling (e. g., personal usage of business accounts, separation of business and personal accounts)
- Advice on accounting methods and procedures (e. g., explanation of requirements)
- Transfer of property in or out of the business
- Life cycle of the business (e. g., formation, dissolution)
- Type of industry (e. g., specified service business owners)
- Worker classification (e.g., independent contractor versus employee, outside sales, full-time versus part-time)
- Deductions and credits for tax planning (e.g., timing of income and expenses, NOL, depreciation versus IRC section 179 versus bonus depreciation)
- ACA compliance

Domain 3: Specialized Returns and Taxpayers 18 Questions

3.1. Trust and estate income tax

- Trust types (e. g., simple/complex, grantor, irrevocable, tax shelters, foreign)
- Distributable net income and accounting income
- Exclusions, exemptions, and deductions

- Fraudulent trusts
- Income (e. g., allocations, corpus versus income)
- Separately stated items (e.g., items reported on the K-1)
- Filing requirements, tax years, and penalties

3.2. Exempt organizations

- Qualifying for and maintaining tax-exempt status (e. g., IRC 501(c))
- Applying for IRS tax-exempt status (e. g., Form 1023, Form 1024)
- Filing requirements (e. g., Form 990 series)
- Unrelated business taxable income

3.3. Retirement plans

- Employer and employee contributions
- Reporting requirements
- Plans for self-employed persons (e. g., SEP and SIMPLE)
- Prohibited transactions
- Qualified and non-qualified plans
- Non-discrimination rules

3.4. Farmers

- Farm income (e.g., livestock, crop insurance proceeds, subsidies, patronage dividends, conservation payments)
- Depreciation for farmers
- Disaster-area provisions (e.g., drought, flood, other weather-related conditions)
- Farm rental (e.g., Form 4835)
- Farm tax computation (e.g., Schedule J, Schedule SE, estimated tax)

3.5 Rental Property

- Real estate professional qualifications
- Commercial rentals versus residential rentals
- Mixed used property/vacation home
- Passive loss limitation (e.g., special \$25,000 allowance, MAGI limits)
- Rental income (e.g., deposits, pre-paid rent, not rented for profit)

-Rental expenses (e.g., allocation between personal and rental, repair versus capitalized)