

# Examination Content Outline

The following outline is a list of topics for each part of the examination. Not every topic on the list will necessarily appear on the examination and the list should not be viewed as all-inclusive. Some topics may appear in more than one examination part. This list is also available at [www.prometric.com/see](http://www.prometric.com/see).

## Part 1 - Individuals

### 1. Preliminary Work and Taxpayer Data

#### 1.1 Preliminary work to prepare tax returns

- Use of prior years' returns for comparison, accuracy, and carryovers for current year's return
- Taxpayer biographical information (e.g., date of birth, marital status, dependents, identity protection PIN)
- Residency status and/or citizenship (e.g., citizen, visas, green cards, resident alien or non-resident alien)
- Filing requirements and due date
- Taxpayer filing status (e.g., single, head of household)
- Sources of all worldwide taxable and non-taxable income (e.g., interest, wages, business, sales of property, dividends, rental income, flow-through entities, alimony received)
- Sources of applicable exclusions and adjustments to gross income (e.g., foreign earned income exclusion, retirement plans, HSAs, alimony paid, health insurance, self-employment tax)
- Sources of applicable deductions (e.g., itemized, standard)
- Qualification for dependency
- Sources of applicable credits (e.g., education, foreign tax, retirement, child and dependent care, credit for other dependents)
- Sources of tax payments and refundable credits (e.g., withholding, estimated payments, earned income tax credit)
- Previous IRS correspondence with taxpayer
- Additional required returns filed and taxes paid (e.g., employment, gifts, international information returns, and other information returns)
- Special filing requirements (e.g. foreign income, presidentially declared disaster areas, Form 1040-NR)

- Foreign account and asset reporting (e.g., FBAR, Form 8938)
- Minor children's unearned income (Kiddie tax)
- ACA requirements (e.g., health insurance coverage, total household income, advanced premium tax credit, exemptions)

### 2. Income and Assets

#### 2.1 Income

- Taxability of wages, salaries and other earnings (e.g., earned income, statutory employee, tips)
- Interest Income (e.g., taxable and non-taxable)
- Dividends and other distributions from mutual funds, corporations, and other entities (e.g., qualified dividends)
- Rental income and expenses including: depreciation, vacation homes, not-for-profit rentals, personal property
- Gambling income and allowable deductions (e.g., Form W-2G, documentation)
- Tax treatment of forgiveness of debt (e.g., Form 1099C, foreclosures)
- Tax treatment of a U.S. citizen/resident with foreign income (e.g., tax treaties, Form 2555, Form 3520 and Form 5471)
- Other income (e.g., scholarships, barter income, hobby income, alimony, non-taxable combat pay, unearned income, taxable recoveries, NOL, virtual currency)
- Constructive receipt of income
- Constructive dividends (e.g., payments of personal expenses from a business entity)
- Passive income and loss (e.g., loss limitations)
- Pass-through entities (e.g., Schedule K-1, income, deductions, basis, qualified business income (QBI) deduction)
- Royalties and related expenses

- State/local income tax refund and other itemized deduction recoveries
- 1099 MISC reporting, irregularities, and corrections

## 2.2 Retirement income

- Basis in a traditional IRA (Form 8606)
- Comparison of and distributions from traditional and Roth IRAs
- Distributions from qualified and non-qualified plans (e.g., pre-tax, after-tax, rollovers, Form 1099R)
- Excess contributions and tax treatment (e.g., penalties)
- Prohibited transactions and tax effects
- IRA conversions and recharacterization (Form 8606)
- Required minimum distributions and excess accumulations
- Loans from IRC Section 401(k) plans and other qualified plans
- Taxability of Social Security and Railroad Retirement benefits
- Taxability of net unrealized appreciation (NUA)
- Tax implications for inherited retirement accounts
- Foreign pensions and retirement income

## 2.3 Property, real and personal

- Sale or disposition of property including depreciation recapture rules and 1099A
- Capital gains and losses (e.g., netting effect, short-term, long-term, mark-to-market)
- Basis of assets (e.g., purchased, gifted or inherited)
- Basis of stock after stock splits and/or stock dividends (e.g., research, schedules, brokerage records)
- Publicly traded partnerships (PTP) (e.g., sales, dispositions, losses)
- Sale of a personal residence (e.g., IRC Section 121 exclusions)
- Installment sales (e.g., related parties, original cost, date of acquisition, possible recalculations and recharacterization)
- Options (e.g., stock, commodity, ISO, ESPP)
- Like-kind exchange
- Non-business bad debts
- Investor versus trader

## 2.4 Adjustments to Income

- Self-employment tax

- Retirement contribution limits and deductibility (e.g., earned compensation requirements)
- Health savings accounts
- Other adjustments to income (e.g., student loan interest, alimony, moving expenses for active military, write-in adjustments)
- Self-Employed Health Insurance

## 3. Deductions and Credits

### 3.1 Itemized deductions

- Medical and dental expenses
- Various taxes (e.g., state income, personal property, real estate)
- Interest expense (e.g., mortgage interest, investment interest, tracing rules, points, indebtedness limitations)
- Charitable contributions (e.g., cash, non-cash, 60% vs. 30%, documentation required)
- Nonbusiness casualty and theft losses in presidentially declared disaster areas
- Allowed miscellaneous itemized deductions
- Allowed itemized deductions for Form 1040-NR

### 3.2 Credits

- Child and dependent care credit
- Child tax credit and credit for other dependents
- Education credits
- Foreign tax credit
- Earned income tax credit (e.g., paid preparer's earned income credit checklist, eligibility and disallowance)
- Retirement contribution credit
- Adoption credits (e.g., carryovers, limitations, special needs)
- ACA net premium tax credit
- Other credits (refundable and non-refundable) (e.g., health coverage tax credit, general business credits)

## 4. Taxation and Advice

### 4.1 Taxation

- Alternative minimum tax and credit for prior year
- Penalties and exceptions on premature distributions from qualified retirement plans and IRAs
- Household employees
- Underpayment penalties and interest

- Conditions for filing a claim for refund (e.g., amended returns)
- Self-employment tax
- Excess Social Security withholding
- Tax provisions for members of the clergy
- Income in respect of decedent (e.g., allocations)
- Healthcare individual responsibility payment and exceptions
- Net investment income tax
- Additional Medicare tax
- Uncollected Social Security and Medicare tax
- Other taxes (e.g., first time homebuyer credit repayment, IRC Section 965 transition tax)

#### **4.2 Advising the individual taxpayer**

- Reporting obligations for individuals
- Property sales (e.g., homes, stock, businesses)
- Education planning (e.g., lifetime learning credit, IRC Section 529 plans)
- Estate planning (e.g., gift versus inheritance, trusts, family partnerships, charitable giving, LTC, life insurance)
- Retirement planning (e.g., annuities, IRAs, employer plans, early retirement rules, required minimum distribution, beneficiary ownership, charitable distributions from an IRA)
- Marriage and divorce (e.g., divorce settlement, common-law, community property)
- Items that will affect future/past returns (e.g., carryovers, net operating loss, Schedule D, Form 8801, negative QBI carryover)
- Injured spouse
- Innocent spouse
- Estimated tax and penalty avoidance
- Adjustments, deductions, and credits for tax planning (e.g., timing of income and expenses)
- Character of transaction (e.g., use of capital gain rates versus ordinary income rates)
- Advantages and disadvantages of MFJ/MFS/HOH filing statuses in various scenarios

credit, life insurance, and filing requirements

- Jointly-held property
- Marital deduction and other marital issues (e.g., portability election)
- IRAs and retirement plans

#### **5.2 Gift Tax**

- Gift-splitting
- Annual per donee exclusion
- Unified credit
- Effect on estate tax (e.g., Generation skipping transfer tax)
- Filing requirements

#### **5.3 International Information Reporting**

- Filing requirements and due dates (e.g., FBAR, Form 8938, Form 8865, Form 5471, Form 3520)
- Covered accounts (e.g., FBAR, Form 8938)
- Potential penalties (e.g., failure to file, underreporting, substantially incomplete, statute of limitations, reduction of tax attributes)
- Distinctions between FBAR and Form 8938 requirements
- Ownership of a foreign corporation (GILTI, IRC Section 965 transition tax)
- International voluntary disclosure options

## **5. Specialized Returns for Individuals**

### **5.1 Estate Tax**

- Gross estate, taxable estate (calculations and payments), unified