* **Domain 1: Preliminary Work & Taxpayer Data 14 Questions**
* **1.1. Preliminary work to prepare tax returns**

1. Prior years' returns for comparison, accuracy & carryovers for current year's return
2. Taxpayer personal information (date of birth, marital status, dependents, id-protection PIN, Photo ID)
3. Residency status and/or citizenship (visas, green cards, resident alien or nonresident alien, ITIN, ATIN)
4. Filing requirements, due dates
5. Taxpayer filing status
6. Sources of worldwide taxable & nontaxable income (interest, wages, business, sales of property, dividends, rental income, flow-through entities, alimony received)
7. Sources of applicable exclusions & adjustments to gross income (foreign earned income exclusion, retirement plans, HSAs, alimony paid, health insurance, self-employment tax)
8. Sources of applicable deductions (itemized, standard)
9. Qualifications for dependency
10. Sources of applicable credits (education, foreign tax, child & dependent care, credit for other dependents, child tax credit)
11. Sources of tax payments & refundable credits
12. Previous IRS correspondence with taxpayer
13. Additional required returns to be filed & taxes paid (employment, gifts, international information returns & other information returns)
14. Special filing requirements (foreign income, presidentially declared disaster areas, injured spouse)
15. Foreign account & asset reporting (FBAR, Form 8938)
16. “Kiddie” tax - Minor children's unearned income
17. ACA requirements (AGI, premium tax credit, household size)

* **MORE BASICS**
* Residency status and/or citizenship: visas,green cards,resident alien or non-resident alien,ITIN, ATIN – W7 application
* Non-Resident Aliens:
* NO tax on Worldwide income.
* Taxed on US income.
* No STD Deduction.
* Substantial presence test (>183 days = 1st yr + 1/3(2nd yr) + 1/6(3rd yr).
* Visa type important.
* Resident Aliens:
* Taxed US & Worldwide income.
* Tax treatment may differ based on specific visa type and length of stay.
* Certain tax deductions and credits may be available.
* Green Card Holders:
* Considered resident aliens for tax purposes.
* Taxed on US & worldwide income.
* May be eligible for certain tax benefits and credits.
* Student Visas:
* Generally considered non-resident aliens unless meeting specific requirements for resident status.
* FIVE year look back for Substantial Presence.
* May be subject to US tax on income earned within the US.
* Exempt on scholarships and grants.
* Additional Resources:
* IRS Publication 519: U.S. Tax Guide for Aliens: https://www.irs.gov/forms-pubs/about-publication-519
* IRS Publication 525: Taxable Income: https://www.irs.gov/forms-pubs/about-publication-525
* **Filing requirements / due dates**
* 4/15, 2-month automatic extension Abroad,
* 6-month ext. F4868,
* Military??
* Estimated Pay dates: 4/15, 6/15, 9/15, 1/15
* **Taxpayer filing status**
  + **Single, HOH** – & legally separated, or married meeting the “considered unmarried” test living apart for 6 months.
* **MFS, MFJ:**
* **QSS** - If spouse dies file MFJ then for 2 yrs file QSS, AFTER 3 yrs use HOH.
* **Taxable & NON-Taxable income**
  + **Earned Income** – wages, flow-through entities
  + **UN-earned Income**
* Interest, 1099-INT, non-taxable MUNI bond INT ($10 threshold for 1099-INT)
* Dividends, 1099-DIV
* Property sales - P537-Installment Sales, P544-Sale of Assets, P523-Selling Home, Schedule D-cap. Gains, rental income,alimony received, note: alimony paid is NOT deductible
* Sources of exclusions & adjustments to gross income
  + Self-employment tax; Total FICA=15.3%, Medicare=1.45/2.9 SS=6.2/12.4
  + foreign earned income exclusion 232K
  + retirement plans,
  + HSAs,
  + alimony paid,
  + health insurance
* Sources of applicable deductions:
  + Itemized – Schedule A-itemized deductions
  + standard – S-13,850 HOH-19,000 MFJ-25,900
  + Blind & 65+ - 1,850
* Qualifications for dependency
  + Age test- <19 or 24 & FT student or permanently disabled (no age limit)
  + Household Maintenance-provide **>= 50%** of cost of household, rent, utilities, food
  + Earnings tests **<$4.7k**
  + Qualified Children-biological/adopted child, stepchild, or foster child (not cousin)
  + Qualified Relative-Blood, marriage, parent, sibling, nephew, niece, grandparent, in-laws
* Sources of applicable credits: education,foreign tax, child & dependent care,credit for other dependents, child tax credit, EITC
* Sources of tax payments & refundable credits
* Previous IRS correspondence with taxpayer
* Additional required returns to be filed, & taxes paid employment, De-minus gifts, international information returns & other information returns)
* Special filing requirements: foreign income-see FBAR
* **Injured Spouse Relief**, One party is hurt by the others past debts, Form 8379
  + Addresses situations when **joint tax returns** are filed
* **Innocent Spouse Relief**, One party is innocent of a mistake made by the other,Form 8857
  + Addresses tax liability due to your **spouse’s errors on the tax return** & you want relief from the responsibility.
* Presidentially declared disaster areas,
* Foreign account & asset reporting:FBAR, Financial Banking Act Report, FINCEN 114, e-file only, Form 8938
* "Kiddie" tax-Minor children's:
  + **EARNED INCOME** is NOT included
  + **UNEARNED INCOME** exceeding $2,600 is taxed at the parent’s or guardian’s rate, **Form 8615**
  + **< 19 years & Full-time students under 24 years**
* ACA requirements (total household income, premium tax credit, household size)
* **Domain 2: Income & Assets**
* **2.1. Income**
* **Business types:** Sole Proprietor, LLC, S-corp, C-corps, Estates, Trust
* **Taxable & NON-Taxable income**
  + **Earned** Income – wages, flow-through entities
    - Private bonds – 1099-DIV
    - 1099-NEC
    - Self-Employed
  + **UN-earned** Income
    - interest, 1099-INT, non-taxable MUNI bond INT MUST BE LISTED, ($10 threshold for 1099-INT)
    - Dividends, 1099-DIV
    - Sales of property- P537-Installment Sales, P544-Sale of Assets, P523-Selling Home, Schedule D-cap. gains
    - rental income
    - alimony received, **note: alimony paid is NOT deductible**

**BASIS of REAL Property**

* + define: Cost Basis, Adjusted Basis, Basis Other Than Cost
* **ADDS to Basis of property:**
  + Sales tax.
  + Freight.
  + Installation & testing.
  + Excise taxes.
  + Legal & accounting fees (when they must be capitalized).
  + Revenue stamps.
  + Recording fees.
* Real estate taxes (if assumed by the seller).
  + Sales, Transfer & Excise taxes.
  + Real estate taxes (if assumed by the seller).
  + Freight & Shipping
  + Installation/testing.
  + Charges to utility services.
  + Legal fees (title search & sales contract preparation & deed).
  + Accounting fees (or may be capitalized).
  + Revenue stamps.
  + Recording fees.
  + Abstract title fees.
  + Surveys.
  + Owner’s title insurance.
  + Any amounts the seller owes that you agree to pay…
* **NOT ADDED TO BASIS**
  + Casualty insurance
  + Rent for occupancy of the property before closing.
  + Charges for utilities or other services related to occupancy
  + Charges connected with getting a loan.
  + Points, discount points
  + Mortgage insurance.
  + Loan assumption fees.
  + Cost of credit report.
  + Appraisal Fees by a lender.
  + Refinancing Fees
* **Basis of Gifts**
  + 1. If the gift was worth more than what the giver paid for it: Your starting point (basis) is the same as what the giver paid for it.
  + 2. If the gift was worth less than what the giver paid for it: Your starting point (basis) is the value of the gift when you received it.
* Taxability of wages, salaries & other earnings
* Interest Income (taxable & non-taxable)
* Dividends & other distributions from mutual funds, corporations & other entities
* Personal property rental
* Gambling income & allowable deductions (Form W-2G, documentation)
  + Can ONLY Exp up to the limit you won.
* Tax treatment of cancellation of debt (Form 1099-C, foreclosures, insolvency)
* Tax treatment of a US citizen/resident with foreign income (tax treaties, Form 1116, Form 2555, Form 3520, Form 5471)
* **Other**
  + scholarships are not Income, If gift is paid directly to Uni then it is not taxed from IRA
  + barter income- fair market value
  + hobby income – income **IS** reported but NO expenses taken EXCEPT COGS!
  + Alimony – Considered UNearned income, **Alimony paid is NOT deductible**.
  + NON-taxable combat pay – Income in combat(hazard duty) or while in hospital is not taxed.
  + unearned income,
  + taxable recoveries,
  + NOL,
  + illegal income
* Constructive receipt of income
* Constructive dividends (payments of personal expenses from a business entity)
* Passive income & loss
* Pass-through income
  + Schedule K-1 Partnerships, ***Think QBI***
  + income, deductions,
  + basis,
* **Intangible assets** - Royalties, patents, copyrights, Franchises, trademarks & trade names are Supplemental Income, **SCH.E**
* **SALT Cap.** - State/local income tax refund & other itemized Deduction recoveries
  + SALT Deduction capped at $10,000 per year.
* 1099-MISC, 1099-NEC, 1099-K reporting, irregularities & corrections
* 1099-G: gov. income

**QBI**

* **QBI** - Section 199A allows business owners to deduct ~20% of qualified business income:  
  https://www.youtube.com/watch?v=YrD7hG9EdiA  
  **Tax Cuts & Jobs Act** (**TCJA**), “Trump cuts”

Business MUST be in US, Don’t need to be active, CAN be passive income.  
Form 8995, i8995-p6

**Who can deduct:**

* + Sole Proprietors,
  + Self-Employed,
  + Freelancers,
  + Landlords
  + Trusts(most?),
  + Estates,
  + LLCs,
  + S-corporations
  + **NOT C-corporations**
  + **NOT Lawyers, CPAs, Consultants, Financial Services**
* **Income from a passthrough entity:**
  + Limited Liability Corporations,
  + Real estate investment (REIT - dividends)
  + Publicly traded partnerships (PTP income)
  + **NOT Capital gains OR wages OR Guaranteed Payments**
  + **NOT Divs, INT, Annuities-**Insurance

**Businesses fall into 2 categories:**

* + Qualified Trades or Businesses (QTB)
  + Specialized Service Trades or Businesses (SSTB)
* **How does QBI work?**
  + Income thresholds: ***Below, Med, Above Phase Out Range***
  + **BELOW** - phase out
    - Lesser of 20% QBI or 20% Taxable income
  + **MED** - **Take the lesser of {Below=20%QBI} or {Above=W2 wages}**
  + **ABOVE**
    - (if you are SSTB then QBI=0)
    - **Take Larger** of (**QBI=50% of W2-wages** **OR** **25% W2-wages + 2.5% of PPE[Property, plant, equipment]**)
* "**Kiddie**" tax-Minor children's unearned income:
  + **EARNED Income is NOT included**,
  + **UNEARNED income** exceeding **$2,600** is taxed at the parent’s or guardian’s rate,
  + **Form 8615**
  + **< 19 years & Full-time students under 24 years**
* **2.2. Retirement income**
* Basis in a traditional IRA (Form 8606)
  + 59.5 - Withdraw earnings from IRA without penalty.
  + 72 - Traditional IRA RMDs.
  + $6500 - < 50 IRA contribution limit.
  + $7500 - > 50 IRA contribution limit.
* Roth IRAs
* Comparison of & distributions from traditional & Roth IRAs
* Distributions from qualified & non-qualified plans (pre-tax, after-tax, rollovers, Form 1099R, qualified charitable distribution)
* Excess contributions & tax treatment (penalties)
* Penalties & exceptions on premature distributions from qualified retirement plans & IRAs
* Prohibited transactions & tax consequences
* IRA conversions & recharacterization (Form 8606)
* RMD - Required minimum distributions
* Loans from qualified plans
* Taxability of Social Security & Railroad Retirement benefits
* Inherited retirement accounts - MUST be dispersed by 10th year
* Foreign pensions & retirement income
* **2.3. Property, real & personal**
* Sale or disposition of property including depreciation recapture rules & 1099A
* Capital gains: netting effect, short-term, long-term, mark-to-market, virtual currency)
* Basis of assets (purchased, gifted or inherited)
* Basis of stock after stock splits and/or stock dividends (research, schedules, brokerage re cords)
* Publicly traded partnerships (PTP) (sales, dispositions, losses)
* Sale of a personal residence (IRC sec 121 exclusions)
* Installment sales (related parties, original cost, date of acquisition, possible recalculations & recharacterization)
* Options (stock, commodity, ISO, ESPP)
* Like-kind exchange
* Non-business bad debts
* Investor versus trader
* **Section 031** - allows one to **DEFER capital gains when you sell ‘real estate’ investments or business property. One must reinvest the proceeds into another property of “like-kind exchange.” The exchange must be made with 180 days!!** The **tax is simply postponed** until you eventually sell the replacement property.
* **2.4.Adjustments to Income**
* Self-employment tax
* Retirement contribution limits & deductibility (earned compensation requirements)
* Health savings accounts
* Other adjustments to income (student loan interest, alimony, moving expenses for active military, write-in adjustments)
* Self-Employed Health Insurance
* Penalty for early CD withdrawal: (reported on 1099-INT) Adjustment to income on 1040.
* Student Loan Deduction: Higher Ed. loan interest. Self, spouse, or dependents. Not if MFS, not if TP can be claimed as a dependent. $2500 limit per return, has AGI limit. From financial institution only (on 1098-E if > $600). For degree, certificate, etc.
* SE health insurance deduction: Only if business has a profit after subtracting the 1/2 SE tax deduction. Can be wages from S-corp with > 2% share. Can't if either spouse eligible for work health insurance, even if decline it.
* Educator expenses up to $300 each. Not health courses (except athletics). P.E. only if athletic equipment. Not for home schooling. K-12 only, 900 hours/year min.
* **Domain 3: Deductions & Credits 17 Questions**
* **3.1. Itemized deductions & QBI**
* Medical, dental, vision, long-term care expenses
* Various taxes (state & local, personal property, real estate)
* Interest expense (mortgage interest, investment interest, tracing rules, points, indebtedness limitations)
* Charitable contributions (cash, non-cash, limitations, documentation required)
* Nonbusiness casualty & theft losses
* Other itemized deductions
* Itemized deductions for Form 1040-NR
* Qualified Business Income (QBI) deduction
* **3.2. Credits**
* Child & dependent care credit
* Child tax credit & credit for other dependents
* Education credits
* Foreign tax credit
* Earned income tax credit (paid preparer's earned income credit checklist, eligibility & disallowance)
* Adoption credits (carryovers, limitations, special needs)
* ACA premium tax credit
* Other credits (refundable & non-refundable) (health coverage tax credit, energy credits, Retirement savings contribution credit)
* **Domain 4: Taxation 15 Items**
* **4.1. Taxation**
* Alternative minimum tax & credit for prior year
* Household employees
* Underpayment penalties & interest
* Self-employment tax
* Excess Social Security withholding
* Tax provisions for members of the clergy
* Tax provisions for members of the military
* Income in respect of decedent
* Net investment income tax
* Additional Medicare tax
* Uncollected Social Security & Medicare tax
* Other taxes (first time homebuyer credit repayment)
* **Domain 5: Advising the individual taxpayer 11 Questions**
* **5.1. Advising the Individual Taxpayer**
* Reporting obligations for individuals (1099, bartering, cash)
* Property sales (homes, stock, businesses, antiques, collectibles)
* Education planning (lifetime learning credit, IRC section 529 plans)
* Estate planning (gift versus inheritance, trusts, family partnerships, charitable giving, long- term care, life insurance)
* Retirement planning (annuities, IRAs, employer plans, early retirement rules, required minimum distribution, beneficiary ownership, charitable distributions from an IRA)
* Marriage & divorce (divorce settlement, common-law, community property, alimony)
* Items that will affect future/past returns (carryovers, net operating loss, Schedule D, Form 8801, negative QBI carryover)
* Injured spouse
* Innocent spouse
* Estimated tax & penalty avoidance (mid-year estimated tax planning)
* Adjustments, deductions & credits for tax planning (timing of income & expenses)
* Character of transaction (use of capital gain rates versus ordinary income rates)
* Advantages & disadvantages of MFJ/MFS/HOH filing statuses in various scenarios (joint & several liability)
* Conditions for filing a claim for refund (amended returns)
* Penalty of perjury
* **Domain 6: Specialized Returns for Individuals 11 Questions**
* **6.1. Estate Tax**
* Gross estate, taxable estate (calculations & payments), unified credit
* Jointly held property
* Marital deduction & other marital issues (portability election)
* Life insurance, IRAs & retirement plans
* Estate filing requirements & due dates (Form 706: Form 1041)
* **6.2. Gift Tax**
* Gift-splitting
* Annual exclusion
* Unified credit
* Effect on estate tax (Generation skipping transfer tax)
* Filing requirements (Form 709) 6.3.International Information Reporting
* Filing & reporting requirements & due dates (FBAR, Form 8938, Form 8865, Form 5471, Form 3520)
* Covered accounts (FBAR, Form 8938)
* Potential penalties (failure to file, under-reporting, substantially incomplete, statute of limitations, reduction of tax attributes)
* Distinctions between FBAR & Form 8938 requirements
* **7. Extras**
* 1 Addn Income & Adjustments to Income
* 2 Addn Taxes
* 3 Addn Credits & Payments
* A Itemized Deductions
* B Int & Div
* C P&L Sole Proprietor
* D Capital Gains / Loss
* E Supplemental Income
* F Farming/Fishing Income
* H Household Employment Taxes
* I Additional Information
* R Elderly & the Disabled
* K-1 Partner’s Share of Income, Credits, Deductions
* X Amended Returns