**Domain 1: Preliminary Work & Taxpayer Data 14 Questions**

**1.1. Preliminary work to prepare tax returns**

* Prior year returns for comparison, accuracy & **carryovers** for current year's return
* Taxpayer personal information: DOB, marital status, dependents, identity protection PIN, state photo ID, SSN or ITIN/ATIN
* Residency status and/or citizenship:
  + visas
  + green cards
  + resident alien or non-resident alien
  + ITIN, ATIN – W7 application
* 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** – AND 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.
* 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
    - 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**
* 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** and FT student or permanently disabled (no age limit)
  + Household Maintenance-provide **>= 50%** of cost of household, rent, utilities, food
  + Earnings tests **<$4.7k**
  + Qual. Children-biological/adopted child, stepchild, or foster child (not cousin)
  + Qual. Relative-Blood, marriage, parent, sibling, nephew, neice, 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**, and 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 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**
* ACA requirements (total household income, premium tax credit, household size)

**Domain 2: Income & Assets 17 Questions**

**2.1. Income**

* **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
* **ADD to Basis of property:**
  + Sales tax.
  + Freight.
  + Installation and testing.
  + Excise taxes.
  + Legal and 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,
  + qualified business income (QBI)
* **Intangible assets** - Royalties, patents, copyrights, Franchises, trademarks, and trade names
* State/local income tax refund & other itemized deduction recoveries
* 1099 MISC, 1099 NEC, 1099 K reporting, irregularities & corrections

**2.2. Retirement income**

* Basis in a traditional IRA (Form 8606)
* 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 & losses (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

**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

**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