

2023 Small Business II Income Tax Course – Learning Objectives

MODULE 1

Chapter 1 – Partnership Issues (Part 1)

- 1) Define types of partnerships and explain the differences between them.
- 2) Discuss factors involved in the determination of the existence of a bona fide partnership.
- 3) Describe sections of the Articles of Partnership (partnership agreement) and the importance of this document to the success of the partnership.
- 4) Explain the application of the rules for termination of a partnership.
- 5) Calculate the partners' adjusted basis and capital account balances.
- 6) Discuss partnership recourse and nonrecourse liabilities, partnership distributions, and transactions between partners and partnerships.
- 7) Differentiate between a partner's capital account and capital interests.
- 8) Summarize the concept of partnership distributions and the effect(s) of various types of distributions.
- 9) Differentiate between various types of transactions between partners and partnerships.

Chapter 2 – Partnership Issues (Part 2)

- 1) Discuss the basis of contributed property in various circumstances.
- 2) Describe common partnership elections, including Section 754 elections.
- 3) Explain gain or loss treatment upon disposition of a partner's interest in the partnership under various circumstances.
- 4) Examine the proper reporting of partnership income and distributive share items on the partnership tax return.
- 5) Summarize potential IRS penalties that may be levied on partnerships.

Chapter 3 – Corporation Issues (Part 1)

- 1) Discuss the corporate structure.
- 2) Summarize the rights and liabilities of shareholders.
- 3) Explain the tax laws as they apply to corporations.
- 4) Discuss the selection of an accounting period.
- 5) Summarize various accounting methods that may be used and their applicability to various situations.
- 6) Explain the tax treatment of capital contributions from shareholders and non-shareholders.

Chapter 4 – Corporation Issues (Part 2)

- 1) Discuss the different types of stock distributions and the proper tax reporting requirements for those distributions.
- 2) Summarize the requirements for estimated tax payments and identify potential penalties.
- 3) Discuss special provisions that apply to corporations.
- 4) Indicate the proper treatment of capital losses and net operating losses in determining taxable income for a corporation.
- 5) Describe other potential corporate tax items such as at-risk and passive activity limits, and the accumulated earnings tax.

MODULE 2

Chapter 5 – S-Corporations

- 1) Discuss the S corporation corporate structure and the need for reasonable compensation.
- 2) Discuss the S corporation election.
- 3) Explain the allocation of income, losses, and deductions to shareholders.
- 4) Determine shareholders' basis and applicability of loss limitations.
- 5) Explain the tax reporting requirements for S corporations.

Chapter 6 – Fringe Benefits, Business Tax Credits, and Amended Returns

- 1) Describe the special requirements for partners, shareholders, and highly compensated employees that apply to various types of fringe benefits.
- 2) Summarize the IRS fringe benefit valuation rules.
- 3) Discuss available business tax credits, taxpayer eligibility for these credits, and the credit ordering rule.
- 4) Explain the filing requirements for amended business income tax returns.
- 5) Summarize the filing requirements for amending other types of business returns.

Chapter 7 – Trust and Estates – Form 1041

- 1) Determine estate and trust income tax filing requirements.
- 2) Differentiate between the different entity types.
- 3) Review accounting periods and methods, estimated taxes, and penalties as they pertain to both estates and trusts.
- 4) Recognize characteristics common to abusive trusts.
- 5) Determine filing requirements for grantor trusts.
- 6) Describe how to prepare a 1041 return, including deductions (and their limitations), along with the associated Schedule K-1s.
- 7) Identify limitations and special taxes that pertain to Form 1041.

Chapter 8 – Tax Practitioner Regulations, Penalties, and Security

- 1) Summarize the history and evolution of federal income taxes through the legislative process, Treasury regulations, revenue rulings and procedures, and court decisions.
- 2) Identify the types of tax return preparers, their representation rights before the IRS, and rules for preparer conduct.
- 3) Summarize the potential preparer penalties under Internal Revenue Code Sections 6694 and 6695 and the standards applicable to positions taken on client tax returns under TD 9436.
- 4) Discuss the concepts of “disclosure” and “use” of tax return information and the appropriate consent forms necessary to ensure compliance with IRC Section 7216.
- 5) Explain the importance of data security and identify methods of achieving such security.