

INTRODUCTION TO PRINCIPLES OF TAXATION I

This practical, hands-on program is designed for tax professionals with limited tax experience and knowledge. The course provides learning opportunities surrounding common individual, pass-through, and corporate tax topics that new practitioners may encounter. Participants will get information on the tax rules and be challenged to complete exercises based on a certain set of facts and circumstances where they can apply the tax code and regulations to specified tax situations.

Course features:

- Individual forms and rules
- Corporate and pass-through returns and rules
- Practice various exercises that will aid in the reporting of tax items on common forms
- Introduction to common terms and tax situations

Learning objective: To enable participants to prepare basic individual and corporate tax returns and to begin to recognize more complex tax issues.

Field of study: Taxes

Designed for: Tax staff in public accounting with 0-1 year of experience.

Required knowledge and experience: Basic knowledge of individual and business entity taxation.

Course type: Seminar

Course length: 3 days in person or 4 days virtual

Advanced prep: None

CPE credit: 24 hours

Course level: Basic

Major topics

Individuals

- Determine the requirements of the five types of filing statuses, and the types of tests for dependents.
- Review different types of interest, tax rates on dividends and capital gains, and explore the classification and rules of other types of income (unemployment compensation, gambling, disability income, etc.), including changes to alimony under TCJA.
- Define capital gains & losses, and begin discussing the rules and calculations involved in basis, and reporting on Form 8949 and Schedule D.
- Look at sole proprietorships, including defining a trade or business, common items of expense, home office deduction rules, and a basic book-to-tax reconciliation.
- Review the types of rental properties and the tax impact of personal use and vacation homes.
- An introduction to the definition and rules of passive versus non-passive activities, and when a taxpayer has material participation in an activity.
- Discuss various adjustments to income such as health savings accounts, the impact of self-employment tax, when you can deduct IRA contributions, student loan interest, etc.
- Standard deduction versus itemized deductions, including a recap of the significant changes brought about by TCJA.
- Determine who is subject to self-employment tax, the net investment income tax (NIIT), the additional Medicare tax, and a brief look at the application of the individual AMT.
- How to calculate excess business losses, their conversion to NOLs, and how NOLs have been impacted by recent tax law changes.
- Detail the different types of retirement accounts, general rules on RMDs, contributions and distributions for traditional and Roth IRAs.

Major topics (continued)**Corporate entities**

- The advantages and disadvantages of C-corporations, as well as a high-level understanding of special types or mandates of C-corps (PSCs, CHCs, 1202, 1244).
- How to calculate the dividends received deduction, disposing of property, and charitable contribution limitations.
- Rules regarding net operating losses (NOLs) and a comparison to pre-TCJA, post-TCJA, as well as the interjection of the CARES act rules, and the importance of tracking NOLs between tax years.
- Summary of the Schedule M-1 and the Schedule M-3, common temporary and permanent book-to-tax differences, and a general discussion on the impact these items have on the Schedule M-2.

Pass-through entities

- An overview of the basics of partnerships and S-corporations.
- A high-level overview on the different types of partnerships and types of partners, special allocations, guaranteed payments, inside vs. outside basis, difference between separately stated and non-separately stated items, and capital accounts for partnerships.
- Review the eligibility requirements to be a S-corporation including any limitations on S-corporation shareholders and making the 2553 election. Briefly cover the Q-sub election, ordering rules with AAA, reasonable compensation, difference between separately stated and non-separately stated items, and some limited fringe benefits available to the S-corporation.

Other business items

- The rules and calculations under 199A, including identifying QBI, QTB vs. SSTB, taxable income threshold limits based on filing status, and the components of the wage and property calculation.
- Definitions of capitalizing versus expensing fixed assets, and how to define a unit of property.
- Refresher on MACRS depreciation, including conventions, listed property, as well as a high-level overview of bonus depreciation and Section 179.

TAXWATCH UNIVERSITY

INTRODUCTION TO PRINCIPLES OF TAXATION II

This practical, hands-on program is designed for tax professionals in their first or second year. This course provides learning opportunities on introductory/intermediate individual, corporate, and other entity type tax topics. Participants will get information on the tax rules and be challenged to complete comprehensive exercises where they apply the rules, determine outcomes, and complete tax forms.

Course features:

- Corporate forms and rules
- Individual forms and rules
- Depreciation including the recent capitalization regulations
- Sale of assets used in trade or business
- Comprehensive exercises and practice determining outcomes
- Discussion of other types of entities and tax issues

Learning objective: To enable participants to become familiar with key tax rules impacting individuals and business entities to efficiently and effectively prepare increasingly complex individual and corporate tax returns.

Field of study: Taxes

Designed for: Tax staff in public accounting with 1-2 years of experience.

Required knowledge and experience: Basic knowledge of individual taxation. Completion of TaxWatch University Tax Staff Training: Level 1 or equivalent is recommended.

Course type: Seminar

Course length: 3 days in person or 4 days virtual

Advanced prep: None

CPE credit: 24 hours

Course level: Introductory/intermediate

Major topics

Individuals

- Discuss ordinary income recapture rules under 1231, 1245, and 1250.
- Introduction to installment sales, like-kind exchanges, and involuntary conversions.
- Review passive activity loss rules, and how we determine material participation.
- Discuss the impact of divorce and how to split carryovers, credits, and estimated payments between taxpayer and spouse, as well as the comparison of alimony before and after TCJA changes.
- Revisit itemized deductions, specifically the SALT cap, limits on mortgage interest, and casualty losses.
- Discussion on self-employment tax and how it impacts rental properties especially rental properties that are owned by partners/members.
- Requirements of several personal credits including the Earned Income Credit, Child Tax Credit, Dependent Care Credit, and several new credits under the Inflation Reduction Act.
- Rules for a decedent's final return, and the advantages and disadvantages of filing MFJ vs. MFS when a spouse passes away.
- Overview of offers in compromise, installment agreements, and general payment options with the IRS.
- A look at foreign income topics, such as the 1040-NR and the substantial presence test, as well as the foreign income exclusion and foreign housing deduction, and definitions of bona fide residence.
- Cover non-deductible versus deductible IRAs, rollovers to Roth accounts, the penalties associated with incorrect RMDs, and the tax impacts of various retirement accounts.

Major topics (continued)

Corporate entities

- Discussion of an employee versus an independent contractor, and the Section 530 relief rules of the Revenue Act of 1978 to prevent the IRS from reclassifying a worker as an employee.
- Definitions and requirements of several key fringe benefits available to corporations, including group term life, group health, employer provided automobiles, and child & dependent care.
- Definitions and requirements of Personal Service Corporations, Regulated Investment Companies, and Real Estate Investment Trusts.
- Definitions and tests for several types of C-corporation specific taxes such as the personal holding company tax, accumulated earnings tax, Section 965 deferred foreign income, the base erosion anti-abuse tax, and the Inflation Reduction Act changes to the corporate alternative minimum tax.

Pass-through entities

- Compare the differences for a S-corporation between AAA, OAA, PTI, and AE&P, the annual increases and decreases to AAA, and the ordering rules of AAA.
- Introduction to S-corporation basis, including how we acquire basis, special elections for basis, stock versus debt basis, limitations on losses, and the ordering rules for basis.
- Rules on distributions for S-corporations and partnerships, ordering rules for S-corporation distributions if there's AE&P and examples when you have excess distributions over basis.

Other business items

- Refresher on QBI, capitalization, and rules of bonus depreciation and Section 179.
- Definitions of meals & entertainment, and special exceptions to the standard rules of non-deductibility on each.
- Differences between cash, accrual, and other methods of accounting, as well as the processes for a change in accounting method.
- Rules on choosing an initial tax year depending on entity type, and procedures on changing a tax year.
- Definition of related parties under IRC Sec. 267, 707(b) for partnerships, and Sec. 1239 as well as the constructive stock ownership tests.
- Advantages and disadvantages of C-corporations versus pass-through entities and sole proprietorships.
- Introduction to fiduciary income tax, including when a 1041 must be filed, the differences between an estate an irrevocable trust, and grantor type trusts.

TAXWATCH UNIVERSITY

INTERMEDIATE PRINCIPLES OF TAXATION

This practical, hands-on program is designed for tax professionals in their second or third year. This course provides learning opportunities on intermediate individual, corporate, and other entity type tax topics. Participants will get information on the tax rules and be challenged to complete comprehensive exercises where they apply the rules, determine outcomes, and complete tax forms.

Course features:

- Intermediate level of complexity regarding entity structures
- Intermediate and some advanced individual and corporate issues including S-corporations
- Exercises and practice problems in solidifying select tax topics

Learning objective: To enable participants to handle pass-through entities including S-corporations and partnerships/LLCs and estate and trust issues as well as individual and corporate events in a more efficient and effective manner.

Field of study: Taxes

Designed for: Tax staff in public accounting with 2-3 years of experience.

Required knowledge and experience: Basic knowledge of taxation of estates and trusts, S-corporations, partnerships, and LLCs. Completion of TaxWatch University Tax Staff Training: Levels 1 and 2 or equivalent is recommended.

Course type: Seminar

Course length: 3 days in person or 4 days virtual

Advanced prep: None

CPE credit: 24 hours

Course level: Intermediate

Major topics

Individuals

- Definitions of various bond pricing items, original issue discount, and difference between premiums and discounts.
- Review of 1231, 1245 & 1250 ordinary income, rules on exclusion of gain on sale of primary residence, and requirements for 1202 qualified small business stock and 1244 small business stock, as well as requirements of 1256 straddles.
- Recharacterization of passive income to nonpassive with self-rented property, and self-charged interest interaction with passive activity loss rules.
- Comparison of debt discharge income differences between solvent versus bankrupt and insolvent taxpayers.
- Brief review of excess business losses and self-employment tax eligibility.
- How charitable contributions must be substantiated based on type of gift and dollar amount, requirements of appraisals and listed transaction reporting of qualified conservation easements, and the use of donor advised funds.
- Discuss benefits of 529 plans, ESA plans, and rules of the AOTC and Lifetime Learning Credits, as well as the interaction of using various methods for qualified education expenses.

Major topics (continued)**Individuals (continued)**

- Review FBAR filing requirements, difference between willful and non-willful penalties, and when to file for other foreign financial assets on form 8938.
- Differences between incentive stock options, nonqualified stock options, restricted stock units, and making the section 83(b) election.
- Define lump-sum distributions and qualifying longevity annuity contracts.

Corporate entities

- Comparison of compensation structures between C-corporations, S-corporations, and partnerships and the various factors that go into determining reasonable compensation or guaranteed payments.
- Look at the rules for various HSA plans, HRAs, and other medical plans employers can offer, as well as qualified transportation fringe benefits.

Pass-through entities

- Discuss the rules and calculations for the excess net passive income tax and the built-in-gains tax for S-corporations that were previously C-corporations.
- An introduction to partnership basis, the difference between book and tax capital accounts, the concept behind inside versus outside basis, and Schedule K-1 overview.

Other business items

- Define and calculate 163j business interest limitation, who is excepted from the limitation, and the steps in determining the limitation.
- Discuss specific topics such as qualified opportunity zones, review related party rules, how we trace interest and in what circumstances we must impute interest and the standards associated with it, and a look at controlled groups and consolidated returns.
- High-level look at state & local taxation, including the impacts of the Wayfair case, and general ideas behind apportionment factors and allocation in sourcing income to a particular state.
- Review the component credits that make up the General Business Credit, look at the new Commercial Clean Vehicle Credit, and briefly discuss the new book corporate AMT.
- Identify the 280F listed property safe harbor rules and review the section 179 limitations.
- Introduction to the formation of corporations and partnerships, as well as making the “check-the-box” rules and when you want to make a change in classification.
- Define what a gift is, filing requirements of gift returns including splitting gifts, and discussion of family limited partnerships.
- Discuss estate basics, understanding the probate process, and differences between revocable, irrevocable, and grantor trusts.

ADVANCED PRINCIPLES OF TAXATION I

This program is designed to advance a tax professional into more complex taxation issues. The program includes sessions on tax planning and saving strategies related to individuals and corporations. Participants will also get additional training on technical tax issues related to pass-through entities and more advanced corporate and individual issues.

Course features:

- Corporate tax advanced topics
- Individual tax advanced topics
- Partnership and LLC advanced topics
- Tax planning strategies
- Estate and gift taxation basics

Learning objective: To provide participants the technical knowledge important to working with clients in a tax advisory role.

Field of study: Taxes

Designed for: Tax professionals with 3 or more years of experience.

Required knowledge and experience: Intermediate knowledge of individual and corporate taxation. Completion of TaxWatch University Tax Staff Training: Levels 1-3 or equivalent is recommended.

Course type: Seminar

Course length: 3 days in person or 4 days virtual

Advanced prep: None

CPE credit: 24 hours

Course level: Intermediate/Advanced

Major topics

Individuals

- Requirements for charitable remainder trusts (CRTs), types of CRTs, how to fund a CRT, various tax consequences of CRTs, and review of gift, estate, and GST taxes.

Corporate entities

- Discussion of Schedule UTP (Uncertain Tax Positions) and when the schedule is required.
- Look at accounting for income taxes (scope of ASC 740), including the computations for current and deferred tax expense, measure deferred tax assets and liabilities, and consider valuation allowances.
- Explain the rules associated with the sale of business assets and corporate stock, as well as allocations under Section 1060.
- Discuss the Section 338(g) and 338(h)(10) rules and reporting requirements for both elections, as well as the implications to the seller, purchaser, and target corporation in each situation.
- Identify the distinct types of tax-free reorganizations that are available under IRC Sec. 368 and the associated reporting requirements.
- Cover the rules of complete and partial liquidating distributions, determine the shareholder treatment of corporate liquidations, and the reporting issues and requirements of such distributions.

Major topics (continued)

Pass-through entities

- Analyze special allocations for partnerships under the substantial economic effect safe harbor rules, calculate partners' book capital account balances, and comparison of 704(b) and 704(c).
- Differences between partnership inside basis and partner's outside basis, and the impact of liabilities on basis.
- Identify taxable transfers of partnership interest, and the gain or loss associated with a full or partial disposition of a partnership interest.
- Identify when the Section 754 election is available, calculating the basis adjustment, and how to allocate the basis adjustments based on the election.
- What happens when a S-corporation election is terminated, filing the final S-corporation return, and re-electing S-corporation status.
- Requirements of Qualified Subchapter S Subsidiaries (Q-Subs), the effects of the Q-Sub election, how to manage the debt of the Q-Sub, and termination of the status.

Other business items

- Review of key items; 163j business interest limitations, QBI 199A calculations and when it is appropriate to aggregate, deferral of gains for qualified opportunity zones, exceptions to general rules for non-deductible meals and entertainment expenses, and entity classification changes.
- Identify certain reportable transactions (listed, confidential, contractual protection, etc.) and how to properly report them on the tax return.
- Define a buy/sell agreement, the different types of agreements, key elements of a buy/sell agreement, and how to document them.
- Creation of an estate or trust, and interaction between fiduciary accounting income and taxable income, distributable net income (DNI), and distribution deduction rules.
- Review of family limited partnerships, and QSSTs and ESBTs as S-corporation shareholders.

ADVANCED PRINCIPLES OF TAXATION II

This program is designed to advance a tax professional into more complex taxation issues and is a continuation of advanced materials from the TaxWatch University Level 4 Advanced Principles of Taxation I. It is designed for the tax professional with a focused emphasis on business entity taxation, particularly corporations, partnerships, and S-corporations. The program expands on sessions for tax planning and saving strategies related to individuals and business entities. A core objective is to help the tax professional become more consultative and fluent in identifying tax issues and solutions.

Course features:

- Corporate tax advanced topics
- Individual tax advanced topics
- Partnership and LLC advanced topics
- Tax planning strategies

Learning objective: To provide participants the technical knowledge important to working with clients in a tax advisory role.

Field of study: Taxes

Designed for: Tax professionals with 4 or more years of experience.

Required knowledge and experience: Advanced knowledge of individual and corporate taxation.

Completion of TaxWatch University Tax Staff Training: Levels 1-4 or equivalent is recommended.

Course type: Seminar

Course length: 3 days in person or 4 days virtual

Advanced prep: None

CPE credit: 24 hours

Course level: Advanced

Major topics

Individuals

- Review the tax requirements, including reporting and compliance requirements, associated with the formation and operation of charitable lead trusts.
- Define virtual currency and identify the proper reporting of both virtual currency and non-fungible tokens (NFTs).

Corporate entities

- Identify the reporting requirements associated with qualified small business stock (QSBS) and the treatment of realized gains.
- Identify when it is appropriate to file a consolidated return, reporting requirements for any incoming and outgoing members, how to handle intercompany transactions, and how to compute consolidated taxable income.

Pass-through entities

- Summarize rules associated with guaranteed payments, including transfers of appreciated property, payments related to rental properties, self-employment taxation on payments, and passive activity loss rules.
- Identify requirements of partnership disguised sales, and various exceptions of the disguised sales rules.
- Review partnership current distribution rules, including when taxable gain occurs, distribution of property other than cash, and basis adjustments when needed.
- Compare partnership current distributions with liquidating distributions and discuss the special rules when a partner's basis is less than the partnership's basis in distributed assets, and any corresponding basis adjustments that must occur.

Major topics (continued)

Pass-through entities (continued)

- Discuss the rules and filing requirements when a partner dies or retires, and the treatment of certain payments to retired partners.
- Explore reasonable compensation and limited fringe benefits available to S-Corporation shareholders.
- Look at the treatment associated with a shareholder's redemption and disposition of S-Corporation stock and identify the permissible methods of allocating income to shareholders upon redemption and disposition.
- Identify and utilize the methods of allocating pre-contribution built-in gains and losses amongst partners in 704(c) allocations.

Other business items

- Summarize the federal tax treatment of below-market-loans and the three steps for applying the rules associated with these types of loans.
- Identify the various methods of income recognition for an accrual basis taxpayer, and review concepts such as applicable financial statements, the "all-events" test, economic performance, and the recurring item exception.
- Define a like-kind exchange under Section 1031, the reporting requirements, the consequences of receiving boot, and the benefits of deferred exchanges.
- Identify what types of transactions and property are eligible for installment sales, how to elect out of the installment method, and when adjustments may need to be made on subsequent sales of eligible property.