Special Enrollment Examination: Part 2 - Business Taxation

1	BUSINESS ENTITIES AND CONSIDERATIONS	30
1A	Business entities	
1A1	Sole proprietorships	
1A2	Partnerships and qualified joint ventures (QJV)	
1A3	Corporations	
1A4	S corporations	
1A5	LLCs	
1A6	Tax-exempt entities and associations	
1A7	Entity type default classifications and elections	
1A8	Employer identification number	
1A9	Accounting periods (tax year)	
1A10	Reporting requirements (e.g., Forms W-2, W-4, Form 1099)	
1A11	Hobby versus business determination and loss limitations	
1B	Partnerships	
1B1	Partnership income, expenses, distributions, and flow-through (e.g., self-employment income)	
1B2	Family partnerships	
1B3	Partner's dealings with partnership (e.g., exchange of property, guaranteed payments)	
1B4	Contribution of property and/or services to a partnership (e.g., partnership's basis, property subject to indebtedness)	
1B5	Basis of partner's interest	
1B6	Disposition of partner's interest	
1B7	Partnership formation (e.g., partnership agreement, general vs limited partners, capital contributions)	
1B8	Dissolution of partnership (e. g., sale, death of partner)	
1B9	Filing requirements, due dates, penalties, and audit notice requirements	
1B10	Partnership cancellation of debt	
1B11	Partnership level audit and opt-out	
1C	Corporations in general	

1C1	Filing requirements, due dates, and penalties	
1C2	Earnings and profits	
1C3	Shareholder dividends, distributions, and recognition requirements	
1C4	Special deductions and credits (e.g., dividends received deductions, charitable deduction)	
1C5	Liquidations and stock redemptions	
1C6	Accumulated earnings tax	
1C7	Estimated tax payments	
1C8	Corporate minimum tax credit	
1D	Forming a corporation	
1D1	Services rendered to a corporation in return for stock	
1D2	IRC section 351 exchange	
1D3	Transfer and/or receipt of money or property in addition to corporate stock	
1D4	Transfer of property subject to indebtedness	
1D5	Controlled groups	
1D6	Closely held corporations	
1E	S corporations	
1E1	Requirements to qualify (e.g., qualifying shareholders)	
1E2	Election procedure	
1E3	Income, expenses and separately stated items	
1E4	Treatment of distributions	
1E5	Shareholder’s basis (e.g., loan basis, distributions and losses in excess of basis, services for stock)	
1E6	Revocation, termination and reinstatement	
1E7	Debt discharge	
2	**BUSINESS TAX PREPARATION**	**37**
2A	Business Income	
2A1	Gross receipts and other income	
2A2	Cost of goods sold (e.g., inventory practices, expenditures included, uniform capitalization rules)	
2A3	Net income/loss and at-risk limitations	
2A4	Cancellation of business debt	
2B	Business expenses, deductions and credits	

2B1	Officers and employees' compensation (e.g., deductibility, fringe benefits, rules of family employment, statutory employee, necessary and reasonable)
2B2	Business rental deduction, including self-rentals
2B3	Depreciation, amortization (start-up and organizational cost), IRC section 179, depletion, bonus depreciation, and correcting errors
2B4	Business bad debts
2B5	Business travel, meals, and gift expenses
2B6	Vehicle use and expenses
2B7	Interest expense
2B8	Insurance expense
2B9	Taxes (e.g., deductibility of taxes, assessments, and penalties; proper treatment of sales taxes paid, excise)
2B10	Employment taxes
2B11	Casualties, thefts, and condemnations
2B12	Qualified business income (QBI) (e.g., SSTB, calculations, phase out, UBIA)
2B13	Eligibility and deductibility of general business credits (e.g., disabled access credit, R & D credit, small business healthcare tax credit, foreign tax credit)
2B14	Net operating loss deduction
2B15	Home office
2C	Business assets
2C1	Basis of assets
2C2	Disposition of property or assets
2C3	Like kind exchange
2C4	Converted property
2C5	Capitalization and repair regulations (e.g., elections)
2D	Analysis of financial records
2D1	Proper business type, the use of classification codes, and year to year comparison
2D2	Income statement
2D3	Balance sheet (e.g., proofing beginning and ending balances, relationship to income statement and depreciation)
2D4	Method of accounting and changes (e.g., accrual, cash, hybrid, Form 3115)
2D5	Depreciation recovery (e.g., recapture, IRC sec 280F)
2D6	Pass-through activity (e.g., K-1, separately stated items, non-deductible expenses)
2D7	Reconciliation of tax versus books (e.g., M-1, M-2, M-3)

2D8	Related party activity	
2D9	Loans to and from owners	
2E	Advising the business taxpayer	
2E1	Reporting and filing obligations (e.g., extended returns and potential penalties, international information returns, Form 1099 series, Form 8300)	
2E2	Payments and deposit obligations (e.g., employment tax, excise tax)	
2E3	Record-keeping requirements (e.g., mileage log, accountable plans)	
2E4	Selection of business entity (e.g., benefits and detriments)	
2E5	Comingling (e.g., personal usage of business accounts, separation of business and personal accounts)	
2E6	Advice on accounting methods and procedures (e.g., explanation of requirements)	
2E7	Transfer of property in or out of the business	
2E8	Life cycle of the business (e.g., formation, dissolution)	
2E9	Type of industry (e.g., specified service business owners)	
2E10	Worker classification (e.g., independent contractor versus employee, outside sales, full-time versus part-time)	
2E11	Deductions and credits for tax planning (e.g., timing of income and expenses, NOL, depreciation versus IRC section 179 versus bonus depreciation)	
2E12	ACA compliance	
3	**SPECIALIZED RETURNS AND TAXPAYERS**	**18**
3A	Trust and estate income tax	
3A1	Trust types (e.g., simple/complex, grantor, irrevocable, tax shelters, foreign)	
3A2	Distributable net income and accounting income	
3A3	Exclusions, exemptions, and deductions	
3A4	Fraudulent trusts	
3A5	Income (e.g., allocations, corpus versus income)	
3A6	Separately stated items (e.g., items reported on the K-1)	
3A7	Filing requirements, tax years, and penalties	
3B	Exempt organizations	
3B1	Qualifying for and maintaining tax-exempt status (e. g., IRC 501(c))	
3B2	Applying for IRS tax-exempt status (e. g., Form 1023, Form 1024)	
3B3	Filing requirements (e.g., Form 990 series)	
3B4	Unrelated business taxable income	

3C	Retirement plans
3C1	Employer and employee contributions
3C2	Reporting requirements
3C3	Plans for self-employed persons (e.g., SEP and SIMPLE)
3C4	Prohibited transactions
3C5	Qualified and non-qualified plans
3C6	Non-discrimination rules
3D	Farmers
3D1	Farm income (e.g., livestock, crop insurance proceeds, subsidies, patronage dividends, conservation payments)
3D2	Depreciation for farmers
3D3	Disaster-area provisions (e.g., drought, flood, other weather-related conditions)
3D4	Farm rental (e.g., Form 4835)
3D5	Farm tax computation (e.g., Schedule J, Schedule SE, estimated tax)
3E	Rental Property
3E1	Real estate professional qualifications
3E2	Commercial rentals versus residential rentals
3E3	Mixed used property/vacation home
3E4	Passive loss limitation (e.g., special $25,000 allowance, MAGI limits)
3E5	Rental income (e.g., deposits, pre-paid rent, not rented for profit)
3E6	Rental expenses (e.g., allocation between personal and rental, repair versus capitalized)