

Annual Federal Tax Refresher (AFTR) Course Outline (For Preparation of 2019 Individual 1040 Tax Returns)

Domain 1 – New Tax Law/Recent Updates*

- 1.1 Annual inflation adjustments (Rev. Proc. 2018-57)
- 1.2 Current status of tax extenders
- 1.3 Alimony under post 2018 divorce agreements not deductible and not taxed to ex-spouse
- 1.4 Medical expense 7 ½% AGI limit raised to 10% starting 1/1/19
- 1.5 Affordable Care Act individual mandate penalty eliminated for 2019
- 1.6 Overview of Qualified Business Income deduction and Form 8995

Domain 2 – General Review 1 – Schedules 1-6

- 2.1 Taxability of earnings (gross income, wages, salaries, tips)
- 2.2 Schedule B: interest, dividends, foreign accounts and trusts
- 2.3 Reporting and taxability of retirement income (Social Security benefits, pensions, annuities, and IRA/401(k) distributions)
 - 2.3.1 No Roth recharacterization permitted
- 2.4 Schedule C, Self-employment
 - 2.4.1 Determination of income & expenses
 - 2.4.2 Business versus hobby
 - 2.4.3 Business use of home (regular vs. simplified method)
 - 2.4.4 Recordkeeping requirements
 - 2.4.5 Entertainment expenses not deductible but meals generally allowed at 50%
 - 2.4.6 Section 179 expense limits
 - 2.4.7 Depreciation
 - 2.4.7.1 Bonus depreciation
 - 2.4.7.2 Luxury auto depreciation limits
 - 2.4.7.3 Listed property updates
- 2.5 Schedule D and Form 8949, overview of capital gains and losses
- 2.6 Schedule A, Itemized deductions
 - 2.6.1 State and local tax deduction (\$10,000 married/\$5,000 married filing separate)
 - 2.6.2 Home mortgage interest and home equity loans
 - 2.6.3 Charitable contributions
 - 2.6.3.1 60% AGI limit for cash contributions
 - 2.6.3.2 No deduction for athletic tickets
 - 2.6.3.3 Contemporaneous written acknowledgement required \$250 or more
 - 2.6.4 Casualty and Theft loss deduction limited to only Federally declared disaster areas
 - 2.6.5 Moving expense deduction suspended and reimbursement taxable (except active military)
- 2.7 Tax credit eligibility (child tax credit, credit for other dependents, child and dependent care tax credit, education tax credit, earned income tax credit)
- 2.8 Withholding and estimated tax payments
- 2.9 Balance due and refund options
- 2.10 Tax return due dates and filing for extensions
- 2.11 Overview Topics
 - 2.11.1 Alternative Minimum Tax (AMT) - exemption/phaseout amounts
 - 2.11.2 20% deduction for a pass-through qualified trade or business
 - 2.11.3 Kiddie Tax modifications
 - 2.11.4 Section 529 Plan changes
 - 2.11.5 Achieving a Better Life Experience (ABLE) account
 - 2.11.6 Cancellation of student debt - when can exclude from income
 - 2.11.7 Net operating loss (NOL)
 - 2.11.8 Affordable Care Act (ACA)
 - 2.11.9 Employee fringe benefits
 - 2.11.10 Depreciation of rental property

Domain 3 –Practices, Procedures and Professional Responsibility

- 3.1 Tax-related identity theft (Publication 5199)
- 3.2 Safeguarding taxpayer data (Publication 4557)
- 3.3 Overview and expiration of Individual Taxpayer Identification Numbers (ITINs) (Notice 2016-48)
- 3.4 Preparer penalties (Cost of living adjustments to penalty amounts found in Rev. Proc. 2018-57)
- 3.5 Tax preparation due diligence (for filing as head of household, earned income tax credit, child tax credit, and American opportunity tax credit)
- 3.6 E-file requirements (e.g., no pay stub filing, when to get signature form, timing for handling rejects)
- 3.7 Annual Filing Season Program Requirements (Pub. 5227)
 - 3.7.1 Circular 230 and consent to Circular 230 rules**
 - 3.7.2 Limited representation

**Any new tax law enacted after publication of this outline may be voluntarily incorporated into the course. However, there is no requirement that this new material must also be included in the test. For the most current guidance on the Tax Cuts and Jobs Act, visit www.irs.gov/newsroom/tax-reform-guidance*

***Please remind course participants to go into their PTIN account and sign the Circular 230 Consent statement in order to participate in the Annual Filing Season Program. For steps on how to complete the consent, see the instructional video in the upper right corner of the Annual Filing Season Program web page on IRS.gov at: <https://www.irs.gov/Tax-Professionals/Annual-Filing-Season-Program>*