

Annual Federal Tax Refresher (AFTR) Course Outline (For Preparation of 2018 Individual 1040 Tax Returns)

Domain 1 – Provisions of Tax Cuts and Jobs Act*

1.1 General Topics

- 1.1.1 New individual and capital gains tax rates
- 1.1.2 Increase in the standard deduction and change in filing requirements for each filing status
- 1.1.3 Temporary reduction of the personal exemption to zero

1.2 Income/Adjustments to Income

- 1.2.1 Alimony - new rules for agreements executed or modified after 12/31/18
- 1.2.2 Moving expense deduction suspended and reimbursement taxable (except active military)
- 1.2.3 Roth recharacterization rules

1.3 Schedule C Provisions

- 1.3.1 Elimination of entertainment expenses (meals still allowed at 50% if they meet criteria)
- 1.3.2 Section 179 expense limits
- 1.3.3 100% expensing (Bonus Depreciation)
- 1.3.4 Luxury auto limits
- 1.3.5 Listed property updates

1.4 Itemized Deductions Schedule A

- 1.4.1 Medical expense 7 ½% AGI limit (10% after 1/1/19)
- 1.4.2 State and local tax deduction and limit
- 1.4.3 Home mortgage interest deduction changes (including home equity loans)
- 1.4.4 Charitable contribution changes
 - 1.4.4.1 60% AGI limit for cash contributions
 - 1.4.4.2 No deduction for athletic tickets
 - 1.4.4.3 Repeal of exception to contemporaneous written acknowledgement (\$250 or more)
- 1.4.5 Casualty and Theft loss deduction limited to only Federally declared disaster areas
- 1.4.6 Suspension of miscellaneous itemized deductions subject to 2% of AGI
- 1.4.7 Suspension of overall limitation on itemized deductions

1.5 Credits

- 1.5.1 Enhanced Child Tax Credit
 - 1.5.1.1 Increase in amount to \$2,000
 - 1.5.1.2 Phaseout and refundable/nonrefundable amounts
 - 1.5.1.3 SSN Requirement
- 1.5.2 New \$500 nonrefundable credit for dependents other than a qualifying child or for a qualifying child without the required SSN

1.6 Overview Topics

- 1.6.1 Alternative Minimum Tax (AMT)- increase in exemption/phaseout amounts
- 1.6.2 20% deduction for a pass through qualified trade or business
- 1.6.3 Kiddie Tax modifications
- 1.6.4 Section 529 Plan changes
- 1.6.5 Achieving a Better Life Experience (ABLE) account changes
- 1.6.6 Discharge of certain student loan indebtedness from 2018 through 2025
- 1.6.7 Net Operating Loss (NOL) changes
- 1.6.8 Affordable Care Act (ACA) provisions
 - 1.6.8.1 2018 requirement for individual insurance and Shared Responsibility payment
 - 1.6.8.2 Individual Mandate Penalty - eliminated for 2019
- 1.6.9 Changes in employee fringe benefits
- 1.6.10 Real property depreciation

Domain 2 – General Review

- 2.1 Annual inflation adjustments (See Rev. Proc. 2018-18, 2018-10 I.R.B. 392)
- 2.2 Taxability of earnings
- 2.3 Schedule B, Part III foreign accounts and trusts requirements
- 2.4 Schedule C Self-employment
 - 2.4.1 Definition 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
- 2.5 Retirement income reporting and taxability (Social Security benefits, pensions, annuities, and IRA/401(k) distributions)
- 2.6 Overview of capital gains and losses (Schedule D and Form 8949)
- 2.7 Credit eligibility (child and dependent care, education, earned income tax credit)
- 2.8 Tax withholding and estimated tax payments
- 2.9 Balance due and refund options
- 2.10 Review of tax return due date (e.g. April 15, 2019) including extensions

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 (see IRS.gov chart)
- 3.5 Due diligence in tax preparation (new for head of household filing status; also, for earned income credit, child tax credit, and American opportunity 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 Consent to Circular 230 and Circular 230 rules**
 - 3.7.2 Limited representation rights

** The topics covered in the course outline and test include individual and self-employment provisions of the Tax Cuts and Jobs Act. Any provisions of the Tax Cuts and Jobs Act not mentioned above as well as new tax law enacted after publication of this outline may be voluntarily incorporated into the course. However, there is no requirement that this additional material be included in the test.*

***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>*