

## Annual Federal Tax Refresher (AFTR) Course Outline (For Preparation of 2016 Individual 1040 Tax Returns)

### Domain 1 – New Tax Law/Recent Updates\*

- 1.1 Annual inflation adjustments (new filing requirement thresholds amounts; new personal exemption amounts; new standard deduction amounts)
- 1.2 Increase in repair regulation safe harbor amount (Notice 2015-82)
- 1.3 Summary of PATH Act of 2015 for individuals (permanent vs. temporary tax extenders)
- 1.4 Review of tax return due dates (April 18, 2017), including extensions

### Domain 2 – General Review

- 2.1 Tax related identity theft (Publication 5199)
- 2.2 ITINs
- 2.3 Determination of all five filing statuses
- 2.4 Claiming a dependent
- 2.5 Taxability of wages, salaries, tips, and other earnings
- 2.6 Interest and dividend income (taxable and non-taxable)
- 2.7 Schedule B, Part III Foreign Accounts and Trusts
- 2.8 Taxable refunds, credits, or offsets of state and local taxes
- 2.9 Unemployment compensation
- 2.10 Schedule C Self-employment, including but not limited to:
  - Income
    - Business versus hobby
    - Gross receipts
  - Expenses
    - Car and truck expenses
    - Business use of home
  - Recordkeeping requirements
- 2.11 Reporting and taxability of Social Security benefits
- 2.12 Overview of capital gains and losses (Schedule D and Form 8949)
- 2.13 Pensions, annuities and Individual Retirement Accounts (IRAs), including the one IRA rollover per year limit and penalties for early withdrawal
- 2.14 Adjustments to income
- 2.15 Standard deduction vs. Itemized deductions (Schedule A)
- 2.16 Overview of Schedule A deductions
- 2.17 Child and Dependent Care Credit
- 2.18 Education credits
- 2.19 Retirement Savings Contribution Credit
- 2.20 Child Tax Credit and Additional Child Tax Credit
- 2.21 Affordable Care Act (ACA) provisions
  - Reconciliation of the advanced Premium Tax Credit
  - Individual Shared Responsibility Payment
  - Understanding Reporting for Forms 1095A, 1095B, 1095C
- 2.22 Earned Income Tax Credit (EITC) , including eligibility rules
- 2.23 Tax withholding and estimated tax payments
- 2.24 Payment and refund options, including maximum of 3 deposits in one account

### Domain 3 –Practices, Procedures and Professional Responsibility

- 3.1 Requirement to furnish taxpayer with a copy of a return and related penalty for not doing so
- 3.2 Requirement for signing the return as a return preparer and related penalty for not doing so
- 3.3 Requirement to furnish identifying number as return preparer and related penalty for not doing so

- 3.4 Requirement to retain copy of return or list and related penalty for not doing so
- 3.5 Prohibition on negotiation of client refund checks
- 3.6 Due diligence in preparing returns (e.g., appropriate use of Form 8867, Paid Preparer's Earned Income Credit Checklist, PATH Act expansion 6695(g))
- 3.7 Compliance with e-file procedures (e.g., timing of taxpayer signature, timing of filing, recordkeeping, prohibited filing with pay stub, proper handling of rejects)
- 3.8 Penalties to be assessed by the IRS against a preparer for negligent or intentional disregard of rules and regulations, and for a willful understatement of liability, including PATH Act changes to 6694(b)
- 3.9 Annual Filing Season Program requirements (Pub. 5227)
  - Adherence and consent to duties and restrictions found in subpart B and section 10.51 of Circular 230 \*\*
  - Limited representation rights

*\*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.*

*\*\*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>*