

# Annual Federal Tax Refresher (AFTR) Course Outline (For Preparation of 2023 Individual 1040 Tax Returns)

## Domain

### 1 – New Tax Law/Recent Updates\*

- 1.1 Annual inflation and cost of living adjustments ([Rev. Proc. 2022-38](#))
- 1.2 New standard mileage rates ([Notice 2023-03](#))
- 1.3 Filing status name change -qualifying widow(er) to qualifying surviving spouse
- 1.4 Updated digital asset question language and instructions
- 1.5 Third Party Network Transactions (Form 1099-K) change in reporting requirement to greater than \$600 ([Notice 2023-10](#))
- 1.6 Required Minimum Distribution age requirement now 73 (Consolidated Appropriations Act of 2023/Secure 2.0 Act)
- 1.7 Reduction in excise tax on certain accumulations in qualified retirement plans (Secure 2.0 Act)
- 1.8 Energy Efficient Home Improvement Credit (modified Section 25C credit by the Inflation Reduction Act)
- 1.9 Residential Clean Energy Property Credit (modified Section 25D credit by the Inflation Reduction Act)
- 1.10 Clean Vehicle Credits (modified Section 30D and 25E by the Inflation Reduction Act)

## Domain 2 – General Review

- 2.1 Taxability of earnings (e.g., 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, 401(k) distributions)
- 2.4 IRAs (contributions, deductions, distributions and 10% penalty)
- 2.5 Reporting and taxability of unemployment compensation
- 2.6 Alimony (divorce agreements executed before 2018; executed after 2018; and modified after 2018)
- 2.7 Schedule C, Profit or Loss from Business (Sole Proprietorship)
  - 2.7.1 Determination of gross income & deductions
  - 2.7.2 Business versus hobby
  - 2.7.3 Business use of home (regular vs. simplified method)
  - 2.7.4 Recordkeeping requirements
  - 2.7.5 Entertainment expenses (50% of business meals deductible)
  - 2.7.6 Section 179 expense limits
  - 2.7.7 Depreciation
    - 2.7.7.1 Bonus depreciation (including new 80% limit)
    - 2.7.7.2 Luxury auto depreciation limits
    - 2.7.7.3 Listed property updates
- 2.8 Schedule D and Form 8949, overview of capital gains and losses
- 2.9 Standard Deduction
- 2.10 Schedule A, Itemized deductions
  - 2.10.1 Medical and dental expenses
  - 2.10.2 State and local tax deduction (\$10,000 married/\$5,000 married filing separate)
  - 2.10.3 Home mortgage interest and home equity loans
  - 2.10.4 Charitable contributions
    - 2.10.4.1 60% AGI limit for cash contributions
    - 2.10.4.2 Contemporaneous written acknowledgement required for \$250 or more
  - 2.10.5 Federally declared disaster area casualty loss deduction (including loss deduction for non-itemizers)
  - 2.10.6 Moving expense deduction suspended and reimbursement taxable (except active military)
  - 2.10.7 Recordkeeping and documentation of deductions
- 2.11 Tax credit eligibility (child tax credit, credit for other dependents, child and dependent care tax credit, education tax credits, earned income tax credit-MFS option made permanent)
- 2.12 Overview Topics
  - 2.12.1 Tax treatment of the acquisition and disposition of digital assets ([Notice 2014-21](#)) ([Rev. Rul. 2019-24](#))

- 2.12.2 Alternative Minimum Tax (AMT) - exemption/phaseout amounts
- 2.12.3 QBI deduction (including Form 8995 and Form 8995-A)
- 2.12.4 Kiddie Tax
- 2.12.5 Section 529 Plans
- 2.12.6 Achieving a Better Life Experience (ABLE) account
- 2.12.7 Cancellation of student debt (when to exclude from income)
- 2.12.8 Net operating loss (NOL)
- 2.12.9 Premium Tax Credit, including no income cap through 2025 (Inflation Reduction Act)
- 2.12.10 Employee fringe benefits
- 2.12.11 Depreciation of rental property
- 2.13 Withholding and estimated tax payments
- 2.14 Balance due and refund options
- 2.15 Tax return due dates and filing for extensions

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

- 3.1 Tax-related identity theft (Pub. 5199)
- 3.2 Safeguarding taxpayer data (Pub. 4557)
- 3.3 Overview and expiration of Individual Taxpayer Identification Numbers (ITINs) ([Notice 2016-48](#))
- 3.4 Preparer penalties (inflation adjustments to penalty amounts found in [Rev. Proc. 2022-38](#))
- 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 (Rev. Proc. 2014-42) (Pub. 5227)
  - 3.7.1 Circular 230 and consent to be subject to Circular 230 rules\*\*
  - 3.7.2 Limited representation

*\*Course material should only include the subject areas on the AFTR course outline. New legislation enacted after publication of this outline may be voluntarily incorporated into the course. You should test on the most current/accurate material you presented in the course.*

*\*\*Please remind course participants to log into their PTIN account and sign the Circular 230 Consent statement in order to participate and receive their Annual Filing Season Program – Record of Completion.*