

Annual Federal Tax Refresher (AFTR) Course Outline (For Preparation of 2017 Individual 1040 Tax Returns)

Domain 1 – New Tax Law/Recent Updates*

- 1.1 Annual inflation adjustments (See Rev. Proc. 2016-55)
 - 1.1.1 New filing requirement thresholds amounts
 - 1.1.2 New standard deduction and personal exemption amounts
 - 1.1.3 Increase in preparer penalties for IRC 6695
 - 1.1.4 Itemized deductions phase-out amounts
- 1.2 Permanent and temporary tax extenders (PATH Act of 2015)
- 1.3 Review of tax return due dates (e.g. April 17, 2018) including extensions

Domain 2 – General Review

- 2.1 Tax related identity theft (Publication 5199)
- 2.2 Safeguarding Taxpayer Data (Publication 4557)
- 2.3 Overview and expiration of ITINs (Notice 2016-48)
- 2.4 Determination of all five filing statuses
- 2.5 Claiming a dependent
- 2.6 Taxability of wages, salaries, tips, and other earnings
- 2.7 Interest and dividend income (taxable and non-taxable)
- 2.8 Schedule B, Part III foreign accounts and trusts
- 2.9 Taxable refunds, credits, or offsets of state and local taxes
- 2.10 Schedule C Self-employment
 - 2.10.1 Definition of income & expenses
 - 2.10.2 Business versus hobby
 - 2.10.3 Schedule C gross receipts
 - 2.10.4 Car and truck expenses (actual vs. standard mileage rate)
 - 2.10.5 Business use of home (regular vs. simplified method)
 - 2.10.6 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 Basic overview of pensions, annuities and individual retirement accounts (IRAs)
- 2.14 Adjustments to income
- 2.15 Standard deduction vs. itemized deductions (schedule A)
- 2.16 Schedule A deductions
 - 2.16.1 Medical and dental Expenses – including increase in AGI limit (10%) for taxpayers 65 or older
 - 2.16.2 Unreimbursed employee expenses
- 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
 - 2.21.1 Reconciliation of the advanced premium tax credit
 - 2.21.2 Individual shared responsibility payment
 - 2.21.3 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 (including IR-2016-56) and refund options

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 (see 6695(g) & Pub 4687)
 - 3.6.1 Appropriate use of Form 8867, Paid Preparer’s Due Diligence Checklist
 - 3.6.2 Due diligence for Earned Income Tax Credit; Child Tax Credit and American Opportunity Tax Credit
- 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
- 3.9 Annual Filing Season Program requirements (Pub. 5227)
 - 3.9.1 Adherence and consent to duties and restrictions found in subpart B and section 10.51 of Circular 230 **
 - 3.9.2 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>*