



***Auburn University Tax Seminar***  
***2019 National Income Tax Workbook***  
**TOPICS**

*Note: The order of the chapters in the workbook will not follow this order. Some topics may be moved from the listed chapter to another chapter based on publishing needs. Every effort will be made to include all listed topics in the 2019 workbook. Additional topics and chapters will be added as tax law develops and space permits.*

**2019 CHAPTERS**

**Qualified Business Income Deduction – Non-Specified Service Trades or Businesses.** This chapter discusses how to calculate the qualified business income (QBI) deduction for proprietorships, partners in partnerships, and S corporation shareholders. This chapter contains comprehensive examples of the income that qualifies for the deduction, and two limitations on the deduction: the taxable income limit and the W-2 wage and capital limit. This chapter also explains when trades or businesses can be aggregated, how to net and carryover QBI losses, and how pass-through entities must allocate and report QBI items.

**Qualified Business Income Deduction – Specified Service Trades or Businesses.** This chapter defines a specified service trade or business (SSTB) and it explains how to calculate the SSTB limitation on the QBI deduction. It includes detailed examples of the SSTB limitation for a taxpayer with taxable income below, above, and within the phase-in range. This chapter also covers the de minimis rule that allows a business to have a small amount of specified service activity, and an anti-abuse rule that prohibits certain business arrangements that avoid the SSTB limitation.

**Ethics.** This chapter discusses important issues that help tax practitioners comply with their ethical obligations. Topics include the following:

- Initiating, maintaining, and terminating representation of a client with diminished capacity
- Validity and scope of a power of attorney, and when to revoke an IRS power of attorney
- Due diligence under the centralized partnership audit regime; large, suspicious, or unusual items on a tax return; and due diligence for social media and email marketing
- Ten case studies that illustrate real-life ethical scenarios

**Limited Liability Tax Issues.** This chapter reviews important tax issues for LLCs, including the choice of entity rules, husband and wife LLCs, allocation of profit and loss, calculate of inside and outside basis, and basis elections upon the death of a member or the sale of an LLC interest. This chapter also discusses LLC compensation issues; and the tax implication of conversion of a single-member LLC to a multi-member LLC (and vice versa).

**Religious Organization Tax Issues.** This chapter provides a comprehensive discussion of tax issues that arise for religious organizations, their service providers, and their members. It explains the requirements for tax-exempt status, unrelated business taxable income, taxation of compensation paid to employees and contractors, and IRS audits of religious organizations. It also explains some unique tax issues for Amish and Mennonite members.

**Agriculture and Natural Resource Issues.** This chapter covers emerging topics that affect farmers and ranchers, including:

- Conservation easements, including recent case law on the scope and purpose of the easement
- The QBI deduction for cooperatives
- Tax planning for farms
- Farming C corporations that elect S corporation status
- Getting out of the business of farming

**Business Issues.** This chapter discusses some of the issues that tax practitioners encounter when they prepare returns for clients who operate a business. Topics include the following:

- Travel and transportation expenses
- The business interest limitation
- The excess business loss disallowance rule
- Taxation of health care plans for small businesses

**Real Estate Tax Issues.** This chapter covers a broad range of tax issues for the real estate investor, including short-term rentals, the passive activity loss limits, the QBI deduction for real estate activities, and investing in opportunity zones. It also explains the ramifications of a disposition of real estate, including capital gains and losses, depreciation recapture, and installment sales. Finally, this chapter discusses important information for the real estate owner, including the deduction for business use of the home, and the exclusion of gain on the sale of a principal residence.

**Foreign Tax Issues.** US persons with foreign income or assets may have reporting and disclosure requirements. Penalties for failure to comply are high. This chapter gives an overview of the more common reporting and disclosure requirements. It also covers the new foreign tax laws and the withholding rules that apply to a non-US person who is selling US real property.

**Individual Issues.** This chapter covers several issues tax practitioners encounter when preparing individual income tax returns, including:

- The charitable contribution deduction and the limits on the deduction
- Tax credits, such as the earned income credit, the child tax credit, and the credit for other dependents
- Taxation of the earned and unearned income of children
- Gambling income and losses

**Investment and Retirement.** This chapter covers investment and retirement tax planning issues including:

- Virtual currency
- Annuities and life insurance
- Retirement planning for small businesses
- Stock options and employee stock option plans

**Trust and Estate Issues.** This chapter discusses estate planning to preserve the increased exemption amount before it expires at the end of 2025, and the continued need for A-B trust

planning. It reviews how to determine basis in inherited assets, and the tax ramifications of below-market loans. This chapter also explains when a trust or estate (or its beneficiary) can claim the QBI deduction, and how to calculate that deduction.

**IRS Issues.** This chapter covers issues the IRS targets as key issues for practitioners. Topics include:

- Cybersecurity
- Penalty abatement
- The impact of bankruptcy on tax debt
- Taxpayer liability for the trust fund recovery penalty
- The paycheck checkup

**New and Expiring Legislation.** This chapter covers recently enacted tax legislation and procedures. It is organized by subject to help participants quickly find topics of interest and includes:

- A summary of each provision
- Cross-references to other chapters to help participants find further information
- Effective dates to help participants keep track of when provisions begin and when they expire
- A table of tax provisions that expired in 2017 or 2018, and provisions that are set to expire in 2019 through 2027

**Rulings and Cases.** This chapter summarizes selected rulings and cases that were issued from September 2018 through August 2019. It gives participants an update on issues that are being addressed by the IRS and the courts.

**Tax Rates and Useful Tables.** This chapter reports the tax rates, deduction limits, credit limits, and income thresholds and limits that change each year. It includes information for 2018, 2019, and 2020 to the extent that information is available.