

Auburn University Tax Professional Seminar
2015 National Income Tax Workbook
TOPICS
15 May 2015

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 workbook. Additional topics and chapters will be added as tax law develops and space permits.

Chapters

New Legislation

This chapter covers tax legislation that was enacted late in 2014 and in 2015. It is organized by subject matter to help participants quickly find topics of interest and includes:

- A brief summary of each provision
- Cross-references to other chapters to help participants find further information on some of the topics
- A table of effective dates to help participants keep track of when provisions expire

Rulings and Cases

This chapter summarizes selected rulings and cases that were issued from September 2014 through August 2015 to give participants an update on issues that are being addressed by the IRS and the courts. The rulings and cases are organized under topic headings that match the titles of other chapters.

Affordable Care Act

This chapter builds on the discussion of the Affordable Care Act in the *2014 National Income Tax Workbook*. It emphasizes the employer mandate but also updates the individual mandate discussion. Topics include:

- Marketplace excise tax
- Controlled groups and affiliated entities
- Issues for separated spouses and new marriages

Repair Regulations

This chapter updates the discussion of the repair regulations in the *2014 National Income Tax Workbook*. It includes guidance on accounting policies and filing Form 3115 as well as a decision tree to help practitioners comply with the rules.

Business Issues

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

- Net investment income tax grouping considerations
- Sale of § 1250 property
- Per diem rules for travel expenses
- Controlled groups

Agricultural and Natural Resources Issues

This chapter covers topics that affect farmers, including:

- Livestock transactions

- Farmer net investment income tax issues
- Inherited property
- Payments to landowners: oil and gas issues
- Income tax on farm transfers
- Commodity Credit Corporation loans

Individual Issues

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

- Mortgage interest
- Schedule K-1 (Form 1041)
- Gift tax returns
- Applicable federal interest rates for gifts and loans
- Innocent spouse rules
- Virtual currencies
- Basis and holding period for transferred assets

IRS Issues

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

- IRS's "Dirty Dozen" list of tax scams
- Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code
- Options for disclosing foreign financial assets
- Trust fund recovery penalty
- Taxpayer Advocate Service

Ethics

A comparison of ethics and religions provides a basis for discussing the case studies presented in this chapter.

Tax Practice

This chapter covers some practice issues encountered by tax preparers such as an IRS examination of a return and power of attorney forms.

Retirement

This chapter covers common retirement tax issues including:

- Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
- Sale of business followed by retirement
- Non-qualified annuities
- Checklist for retirement planning tax issues

Business Entity Issues

This chapter discusses issues for clients who own a small business in an entity. Topics include:

- Selection of business entity
- Effect of entity selection on taxability of cancellation of debt income
- Allocation of partnership liabilities among partners or LLC members

Trade or Business

The Internal Revenue Code uses the term “trade or business” when defining allowable deductions in I.R.C. § 162, income subject to the self-employment tax in I.R.C. § 1402(a), and in hundreds of other provisions. However, the code does not define that term. This chapter discusses cases that define activities that are included in a trade or business and the consequence of not being a trade or business. The rules are illustrated by applying them to several common small businesses.

Net Operating Losses

This chapter discusses some net operating loss issues and presents some planning ideas, including:

- Death of a spouse with an NOL from a joint return
- Carryover/back planning
- Election out of carryback: effect of low or high taxable income in future years

Tax Accounting Issues

This chapter describes the timing of inclusion of income and expenses under the cash and accrual methods, the requirements for selecting an overall tax accounting method, and whether the method selected for tax reporting has to be the same method that the taxpayer uses for bookkeeping. Other topics include:

- Inventory accounting
- Uniform capitalization (UNICAP)
- Deferred recognition of income on installment sales
- Reporting and withholding on employee tips
- Procedures for changing tax accounting methods

Provisions Limited by Amount of Income

The amount of a taxpayer’s income limits the benefit of several provisions in the Internal Revenue Code. This chapter discusses several of those provisions, including:

- IRA contributions
- Student loan interest deduction
- U.S. savings bond interest exclusion
- Itemized deductions
- Personal and dependent exemptions deduction
- Credits
 - Earned income credit
 - Child tax credit
 - Child and dependent care credit
 - Retirement savings contribution credit
 - Education credits

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 2014, 2015, and 2016 to the extent that information is available.