

2016 Auburn University Tax Professional Seminar Alabama | Arkansas | Georgia | Nevada

Topics for all sites: *2016 National Income Tax Workbook*

New Legislation

This chapter covers tax legislation that was enacted late in 2015 and in 2016. 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 2015 through August 2016 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. This chapter also includes a list of the authorities that may be cited to support that there is substantial authority for the tax treatment of an item.

Affordable Care Act

This chapter builds on the discussion of the Affordable Care Act in the *2015 National Income Tax Workbook*. It emphasizes issues for smaller employers. Topics include:

- Updates and new guidance
- Determining whether an employer is an applicable large employer
- Premium tax credit issues

Death of a Taxpayer

This chapter includes guidance on individual income tax, fiduciary income tax, and estate tax issues following the death of a taxpayer. It discusses trust planning given the increased exemption amount and portability, and tips for dealing with an older estate plan that cannot be changed. It also includes basis issues involving life estates, joint tenancy, and community property.

Business Issues

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

- Updates and new guidance on the repair regulations
- Casualty losses
- Schedules K-1 for S corporations and partnerships
- Repair regulations applicable to rentals

Agricultural and Natural Resources Issues

This chapter covers topics that affect farmers, including:

- New bonus depreciation rules for plants, vines, and trees
- Valuation of growing crops
- Conservation Reserve Program issues
- Payments to 4-H or FFA members

Individual Issues

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

- Characterization of crowdfunding and fantasy sports income
- Airplane and automobile expenses
- New proposed regulations on innocent/injured spouse relief
- Deducting expenses of home care for children and seniors
- Taxation of clergy, Mennonite, and Amish

IRS Issues

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

- New Form 2848, Power of Attorney
- Identity theft
- IRS appeals
- IRS Future State initiative to increase e-filing and payment options, and expand services

Ethics

This chapter discusses important issues that help practitioners comply with their ethical obligations. Topics include:

- New due diligence requirements
- Engagement letters (including a sample letter)
- Conflicts of Interest (including a sample waiver)
- Adopting a security plan to safeguard data

Domestic Production Activities Deduction (DPAD)

This chapter covers the mechanics of the DPAD. It explains flow through of the DPAD to the individual level, and special rules related to cooperatives. It includes discussion and examples specific to the construction, agricultural, and manufacturing industries.

Retirement

This chapter covers common retirement tax planning issues including:

- Taxability of social security benefits
- Self-directed IRAs
- Retirement distributions, including required minimum distributions
- Choosing a retirement plan for a business

Business Entity Issues

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

- S corporation elections and conversions
- Fringe benefits such as health insurance and HSA contributions in an S corporation
- New proposed hot asset regulations for partnerships
- New partnership audit regime
- Form 1023-EZ update
- New procedures for submission and review of applications for tax exempt status

Financial Distress

Oil industry decline and agriculture hardships have contributed to financial distress. This chapter discusses the tax consequences of financial distress. Topics include:

- Forms 1099-A and 1099-C, including the distinction between cancellation and discharge of debt
- Tax consequences of foreclosure and deeds in lieu of foreclosure
- Bad debt
- Cancellation of debt (COD) income and exclusions from COD income

Related Party Issues

The Internal Revenue Code contains a number of special rules for transactions between related parties. This chapter discusses those rules in the context of installment sales, sale of property at a loss, I.R.C. § 179, gain on sale or exchange of depreciable property, educational assistance programs, and I.R.C. § 139 disaster relief payments.

Taxation of Foreign Income

This chapter discusses foreign income tax issues, including:

- Streamlined compliance procedures to remedy a failure to report foreign financial assets
- Reporting and taxation of foreign pension distributions (e.g. Canadian pensioners)
- Nonresident alien filing issues, including exemptions for nonresident dependents, and ITIN requirements

Penalties and Defenses

This chapter discusses commonly encountered penalties, such as failure to file, pay, or deposit, estimated tax penalties, and information reporting penalties. It includes ways for the tax practitioner to help reduce or eliminate these penalties. Penalty waiver topics include:

- Reasonable cause
- First time penalty abatement
- Administrative waivers
- Undue hardship
- Statutory exceptions

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 2015, 2016, and 2017 to the extent that information is available.

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