

Learning Objectives

After reading Chapter 1, participants will be able to:

- 1.** Identify federal revenue tax sources citing the definitive role of gross income and, determine a client's tax liability using current rates, tables, exemptions, and statutory amounts, and their withholding and/or estimated tax responsibility.
- 2.** Specify the various filing statuses and their filing requirements recognizing the advantages and disadvantages of each.
- 3.** Determine what constitutes gross income under §61 stating the tax treatment of compensation, fringe benefits, rental income, Social Security benefits, alimony, prizes, and awards, identify dividend and distribution types and their tax differences, and specify how debt discharge can result in taxable income.
- 4.** Identify the mechanics of income exclusions such as education-related exclusions, gift and inheritance exclusions, insurance, personal injury awards, interest on state and local obligations, and the foreign earned income exclusion.
- 5.** Recognize income tax deductions and their use to reduce tax liability by:
 - a.** Identifying personal, spousal and dependency exemptions and reporting requirements including pre-2005 dependency rules;
 - b.** Specifying the deductibility of §163 interest categories, §162 educational expenses, pre-2018 §217 moving expenses, pre-2018 §165 casualty & theft losses, and §164 taxes stating their proper reporting and substantiation;
 - c.** Determining variables that impact the deductibility of charitable contributions, and identifying qualified organizations, permissible contributions contribution limitations, their tax treatment, and substantiation requirements;
 - d.** Identifying the deductibility of medical care expenses including medical insurance, meals and lodging, transportation, home improvements and lifetime care payments recognizing the impact of Medicare;
 - e.** Specifying deductions that are subject to the pre-2018 2% of AGI limitation, deductions not subject to the 2% limit, and nondeductible expenses.
- 6.** Determine distinctions among several types of tax credits identifying the eligibility requirements and citing changes created by recent tax legislation to individual tax returns.