

2023 Small Business I Income Tax Course – Learning Objectives

MODULE 1

Chapter 1 – Business Organization

- 1) Introduce steps to starting a new business.
- 2) Identify the best choice of business entity and the advantages or disadvantages of each.
- 3) Discuss bookkeeping and the differences in accounting methods.
- 4) State the various taxes paid by businesses.
- 5) Recognize instances of identity theft and discuss IRS actions taken to combat it.
- 6) Discuss the importance of recordkeeping.
- 7) Explain backup withholding for independent contractors and employee tip income issues.

Chapter 2 – Income, Expenses, and Basis

- 1) Explain the various types of business income and expenses.
- 2) Calculate the cost of goods sold.
- 3) Identify the difference between capital expenses and day-to-day business expenses.
- 4) Recognize start-up costs and the costs included.
- 5) Calculate the basis and adjusted basis of assets.
- 6) Describe the advantages of like-kind exchanges.
- 7) Discuss the various depreciation methods.

Chapter 3 – Dispositions

- 1) Describe how basis is calculated.
- 2) Determine recovery periods for certain assets.
- 3) Calculate the gain or loss on the disposition of business property.
- 4) Select the proper IRS Code Sections and report the gain or loss on the sale of property

Chapter 4 – Sole Proprietorships

- 1) Discuss self-employment taxes, estimated taxes, recordkeeping, and accounting methods of the sole proprietor.
- 2) Examine the advantages and disadvantages of the business use of a home.
- 3) Discuss ordinary and necessary business expenses as they relate to travel, meals, and entertainment.
- 4) Examine self-employed health insurance and retirement plan deductions.
- 5) Determine when to elect the Section 179 deduction.
- 6) Discuss tangible property regulations/safe harbor (Repair Regulations).
- 7) Introduce Form 3800 and identify the General Business Credits that may be claimed.
- 8) Qualified Business Income (QBI) Deduction.

MODULE 2

Chapter 5 – Understanding Financial Reporting

- 1) Create a balance sheet and reconcile the owner's equity account.
- 2) Identify the asset, liability, revenue, and expense accounts in the general ledger.
- 3) Recognize the various accounts on a balance sheet.
- 4) Construct financial reports for sole proprietors filing a Schedule C (Form 1040).
- 5) Review the Schedules M-1, M-2, and M-3 for Forms 1065, 1120, and 1120-S.
- 6) Calculate common financial ratios used to analyze the financial health of a business.

Chapter 6 – Partnerships

- 1) Discuss the basics of a partnership.
- 2) Examine the fundamentals of partnership basis.
- 3) Explain self-employment taxes as they relate to partnerships.
- 4) Describe the partnership return.
- 5) Discuss sales or exchanges as they relate to a partnership interest.
- 6) Explore the QBI deduction as it relates to partnerships.
- 7) Discuss the Schedule K-2 and K-3 reporting requirements.

Chapter 7 – C Corporations

- 1) Describe the general characteristics of C corporations.
- 2) Discuss the concept of an "accounting period."
- 3) Review the uniform capitalization (UNICAP) rules.
- 4) Summarize the major sources of income.
- 5) Explain inventory valuation methods.
- 6) Examine the major elements of expenses which may be deducted from gross income to arrive at taxable income.
- 7) Discuss the elements of contributed capital in the corporate context.
- 8) Summarize required tax reconciliations.
- 9) Reconcile the ending cash balance.

Chapter 8 – S Corporations

- 1) Describe the general characteristics of S corporations.
- 2) Discuss the reporting of S corporation income.
- 3) Determine due dates, penalties, loss limitations, and adjusted basis.
- 4) Explain distributions, compensation, and excess net passive income tax.
- 5) Understand how QBI applies to S corporation shareholders.

Chapter 9 – Employment Taxes and COVID-19 Concerns

- 1) Explain employer identification numbers, hiring new employees, employer responsibilities, and record keeping requirements.
- 2) Explore employment taxes and withholding issues for employees, family employees, independent contractors, and statutory employees.
- 3) Describe payroll reporting requirements, such as Forms 941, 944, 945, and 940, and tax deposit requirements.
- 4) Discuss penalties for violating federal employment tax rules and examine the work opportunity tax credit (WOTC).
- 5) Discuss the effects of COVID-19-related legislation on employers.