

NOTES to Provider Regarding CP23A CTEC Curriculum Guidelines
Approved 60-hour Qualifying Education Courses
(Annotated Guidelines)

Background: Section 22255 of the California Business & Professions Code requires CTEC to issue a "Certificate of Completion" to the tax preparer who has completed not less than 60-hours of instruction in basic personal income tax law, theory, and practice by an approved CTEC curriculum provider. **The course must include a minimum of 45 hours of Federal tax subjects, of which 2 hours is ethics, and 15 hours of California State instruction.** Each of the three parts of the course, 1) Federal tax subjects, 2) Ethics, and 3) California State tax must be individually reviewed and evaluated to ensure that it adequately covers the topics in the "Annotated Guidelines" below.

Providers must submit a completed Annotated Guidelines Worksheet (see below) for each QE course (See 23(j)(1) commentary) These curriculum guidelines list topics that are "Required" (labeled "R") to be included in the course material. These guidelines also identify topics that are identified as "Awareness" (labeled "A"). These "A" topics must be covered in the course to make the student aware of the topic and its implication. This requires less depth than required ("R") topics. The optional, labeled "O", topics are suggested elective issues that a provider can include in the course material but are not mandatory. This Guideline Worksheet must also clearly indicate the location in the course material where these "required" and "awareness" topics are to be found. The Annotated Guidelines Worksheet must also identify **final exam questions** that test the "required" and "awareness" topics as required by CP13A(c). One final exam question is required for each required ("R") topic and one final exam question is required for each awareness ("A") topic. The number of questions must be at least 300 (five questions are required for each hour- 225 questions for the Federal portion and 75 questions for the State portion). The balance of the 300 questions is to be chosen by the provider from the "required" topics. (See CP23A guidelines)

For **face-to-face** courses, the Guidelines Worksheet must provide the time devoted to each topic.

R - Required - Provider must include this subject matter in the course to prepare the student for dealing with this issue, including related situations that will be commonly encountered by CRTPs.

A - Awareness - Providers must include this subject matter in the course in such a manner (overview) that a student will recognize the issue when encountered and know to seek further guidance in dealing with it.

O - Optional - These are suggested optional issues that a provider can include in the course material but are not mandatory.

NOTE: In some cases, the R-A-O designation applies to an entire category and thus for the subcategories there will simply be a dash.

Course content - Courses on personal tax return preparation vary widely as to the topics covered. Texts used for these personal income tax preparation courses will also vary. Courses offered by approved CTEC providers will also vary as to topics, structure, subject matter groupings, and other features based upon the R, A and O designations. So, it is not possible, to structure CTEC's CP23A to be a universal fit for each provider. CP23A topics, chosen by CTEC, have broad acceptance as typical content of a course on personal income tax preparation.

Individual topic descriptions, however, can be confusing. In an effort to reduce this confusion CTEC has adopted a reference system that attempts to source all topics to the Internal Revenue Code (IRC) or other reference material.

CTEC, as well as most providers, course developers, and course instructors, understand that the IRC and the RTC offer a universal source on which to establish CTEC standards for CP23A topics. This approach is premised on the fact that all CP23A topics, appropriate to a CTEC Qualifying Education (QE) course, have a statutory (IRC & RTC), or regulatory or other administrative pronouncements as its authoritative origin. The IRS/Treasury, FTB, Labor Department, Social Security Administration, Small Business Administration (SBA) or other government agencies issue pronouncements that are more detailed in the description and explanation of the various CP23A topics.

Therefore, CTEC has chosen to identify, to the extent practical, its authoritative designation of the various CP23A topics. Reference is, therefore, made to the Internal Revenue Code (IRC) or the government publication that gives more detail as to the topic.

State of California Topics:

CTEC recognizes that identifying the authoritative source of state tax topics is difficult. Therefore, CP23A provides a cross reference from the Internal Revenue Code (IRC) to the state Revenue and Taxation Code (RTC). The cross-reference system provides links that identify a federal IRC provision and provide information as to conformality, non-conformity. Stand-alone RTC provisions are identified in the topics that appear in the list of state CP23A topics.

Other issues:

1. Updating C23A is an ongoing process and much more so now than in recent history.
2. Providers need not necessarily use the subject order of CP23A when designing a course.
3. Duplications of topics occur. Some duplications are the intentional result of topics that are relevant to more than one category. For example, Sec 121 sale of personal residence exclusion relates to both EXCLUSIONS FROM INCOME outline VI.A and to sales of property in VIII Gains and Losses – Sale or Other Dispositions of Property, outline VIII.C.1. The purpose of some duplications is less obvious. Therefore, duplications are intended to be cross-referenced.
4. CTEC Curriculum Provider Committee invites input for improvement.

Topics		2021 / 2022 Guidelines	Page(s) of which “required” and “awareness” topics are covered in the course material	Time devoted to each topic	Identify final exam questions that test the “required” and “awareness” topics
I. General Filing Issues					
A. Ethics & Tax Practice					
1. General Ethics and Compliance Subjects	(CIR 230 Subparts A & B)	R			
2. Due Diligence: EIC, CTC, ACTC, ODC, AOTC, HOH	Form 8867	R			
3. Preparer Penalties		-			
a. Due Diligence	Sec 6695(g)	R			
b. Understatement of Liability (Negligence)	Sec 6694(a)	R			
c. Intentional Disregard of Rules	Sec 6694(b)	R			
d. Unreasonable Position	Sec 6694(a)	R			
e. Willful or Reckless Conduct	Sec 6694(b)	A			
4. Signing Returns	Sec 6061	R			
a. General (signed in accordance/wet signature)	Sec 6061(a)	R			
b. Electronic signatures	Sec 6061(b)	R			

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B. WHO MUST FILE A RETURN?	Sec 6012, TCJA Sec 11041	R			
C. VARIOUS TAXES CONTRASTED WITH INCOME TAX	Differentiate from Income Tax	A			
1. Gift and Estate – Transfer Taxes	Sec 2503(b), 2001, Form 706, & 709	-			
2. Sales & Use Taxes –	Local Assessment	-			
3. Property Taxes - Real Estate	County on Assessed Value	-			
4. Personal Property	i.e. DMV Ad Valorem tax	-			
5. Luxury (excise) Tax	Section 4001-5000C	-			
6. Self-Employment Tax	Sec 1401, Sec 6017	-			
7. Employment Taxes -		-			
a. FUTA	Section 3301- 3311	-			
b. SDI	State assessed disability tax	-			
c. FICA		-			
i. Employee	Sec 3101, 3102	-			
ii. Employer	Sec 3111 & 3112	-			
8. Various Individual Income Tax Forms 1040 & 1040SR Awareness Overview.	IRC Sec 1-1563	-			
D. SPECIAL TAX PROVISIONS AND VARIOUS PENALTY TAXES		-			
1. Alternative minimum taxes – TCJA modifications	Sec 55-59	A			
2. Early withdrawal from pension or IRA	Sec 72(t)	R			
3. Tax on Prohibited Transactions	Sec 4975	O			
4. Excess Accumulation Penalty	Sec 4973	O			
5. Net Investment Income Tax (NIIT)	Sec 1411	A			
6. Repayment of Coronavirus-related Distributions	CARES ACT Sec 2202	R			
7. PPP loans Forgiveness & Expenses	CARES ACT Sec 1106(b)/Loan	R			
8. Economic Injury Disaster Loan Grants (EIDL)	CARES ACT Sec 1110	R			
9. Economic Impact Payments	American Rescue Plan Act of 2021 (H.R/1319)	A			
10. Restaurant Revitalization Grants		A			
E. WHEN ARE INCOME TAX RETURNS DUE?	SEC 6072	R			
F. WHERE & HOW ARE RETURNS FILED AND PAYMENTS MADE?	SEC 6091	R			
G. EXTENSIONS OF TIME TO FILE	Sec 6081	R			

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H. MISCELLANEOUS FILING ISSUES		-			
1. Accounting Methods – With TCJA Modifications		A			
a. Cash	Sec 446(c)(1)	A			
b. Inventory	Sec 471, 475	A			
c. Accrual	Sec 446(c)(2), Reg 1.446-1(a)(4)(i)	A			
d. Small Business Exception	Sec 471(c)(1)(B)	A			
2. Accounting Periods – General	Sec 441	A			
3. Electronic filing (e-file)	Sec 6011(e), Reg Sec 1.6011-7, 301.6011-7	R			
4. Kiddie Tax Calculation	Sec 1(g); Pub 929; Form 8814, 8815	R			
I. TAXPAYER PENALTIES – INCOME TAX RELATED		-			
1. Failure to File a Return	Sec. 6651(a)(1)	R			
2. Failure to Pay	Sec. 6651(a)(2)	R			
3. Negligence or Intentional Disregard	Sec. 6662(a)(1) 6662(c)	A			
4. Substantial Understatement	Sec. 6662(b)(2) 6662(d)	A			
5. Underpayment of Estimated Taxes	Sec. 6654, 6621	A			
6. Dishonored Check	Sec. 6657	A			
7. Fraud	Sec. 6663	A			
8. Excessive Claim for Refund	Sec. 6676(b)	A			
9. Frivolous Return	Sec. 6702	A			
10. Failure to File Information Returns (1099-MISC, NEC)	Sec. 6041, 6721	A			
11. Above the Line Charitable Penalty	Sec 6662(i)	A			
J. INTEREST ON OVERPAYMENT	Sec 6601, Rate in Sec 6621	A			
K. FILING RESPONSIBILITIES		R			
1. Preparer Identification Number (PTIN)	Sec 6109(a)(4)	-			
2. Retention of Records of Returns Prepared	Sec 6701(b)	-			
L. AMENDED RETURNS		R			
1. What Form and When to file	Tax Topic 308, Form 1040X, Form 843	-			
2. Electronic Filing	IR-2020-107, IR -2020-182	-			
3. Superseded Tax Return	IRM 21.6.7.4.10 (10-01-2021)	A			
M. INNOCENT AND INJURED SPOUSE ISSUES	SEC 6015	A			

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1. Innocent Spouse Relief	Sec 6015(a) & (b)	-			
2. Separation of Liability Relief	Sec 6015(d)	-			
3. Equitable Relief	Sec 6015(e)	-			
II. FILING STATUS & QUALIFICATIONS					
A. FILING STATUS	PUB 17, PUB 501	R			
1. Single	Sec 1(c)	-			
2. Married Joint	Sec 1(a), 7703, 6013	-			
3. Married Filing Separate	Sec 1(d)	-			
4. Head of Household	Sec 1(b)	-			
5. Married Head of Household	Sec 2(c)	-			
6. Qualifying Widow(er) with Dependent Child	Sec 2(a)	-			
7. Registered Domestic Partners	FTB Pub 737	-			
B. SPECIAL SITUATIONS		-			
1. Divorce & Separation	7703(b)(1) & (b)(2), Pub 504	R			
2. Decedent	Sec 7703(b)(1) & (b)(2), Pub 17, 559	R			
a. Refund Deceased Taxpayer	Form 1310	A			
3. Married to a Nonresident Alien	Sec 7701(b), Sec 6013(g), Pub 519	A			
III. DEPENDENTS					
A. QUALIFIED CHILD	Sec 152(c)	R			
1. Residency Test (Principal place of abode)	Sec 152(c)(1)(B)	-			
2. Relationship Test	Sec 152(c)(1)(A)	-			
3. Age Test	Sec 152(c)(1)(C)	-			
4. Joint Return Test	Sec 152(b)(1)(E)	-			
5. Cannot Be Self-Supporting	Sec 152(c)(1)(D)	-			
B. QUALIFIED RELATIVE	Sec 152(c)	R			
1. Relationship or Member of the Household Test	Sec 152(d)(2)(A)-(G), 152(d)(2)(H)	-			
2. Gross Income Test	Sec 152(d)(1)(B)	-			
3. Joint Return Test	Sec 152(b)(2)	-			
4. Citizenship/Residence Test	Sec 152(b)(3)	-			
a. TIN Requirement	Sec 151(e)	-			
5. Support Test	Sec 152(d)(1)(C)	-			

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C. SPECIAL SITUATIONS					
1. Children of Divorced Parents	Sec 152(e)	R			
a. Dependency Release	Form 8332	R			
b. Tie Breaker Rules	Sec 152(e)(1)(B)	R			
2. Taxpayer Claimed as a Dependent Another	Sec 151(b) & 151(c)	A			
3. Multiple Support Agreements	Sec 152(e)(5), Form 2120	A			
IV. TAX PAYMENT ISSUES					
A. TAX WITHHOLDING INCOME TAX					
1. W-4's Income Tax Withholding Statement	Sec 3401, 3402(b) & (c)	R			
a. Exemption from Withholding	Sec 3402(n)(1) & (2) Notice 2018-14	R			
2. W-2 Issues - Review of Form W-2	Form W-2	R			
3. Miscellaneous Withholding Issues		-			
a. W-9 – Review Form W-9	See W-2 Instructions	A			
b. Pension and Annuity Withholding	Sec 3402(o), W-4P	A			
c. Gambling Withholding	Sec 3402(q) review of W-2G	O			
d. Backup Withholding	Sec 3406	A			
e. Forms 1099-NEC; 1099-R; 1099-INT; 1099-DIV,	Sec 6041-6050Y	A			
B. ESTIMATED TAX					
1. Requirements to Pay	Sec 6654	R			
2. Penalty for Underpayment	Sec 6651(a)(1) & (2)	A			
a. Exceptions to Penalty - Form 2210	Sec 6654(e)	A			
3. Payment by Overpayment Credit	Sec 6402(b)	O			
V. INCOME					
A. EMPLOYEE COMPENSATION					
1. Wages, Salaries and Bonuses	Sec 61(a)(1), Reg Sec 1.61-2(a)	R			
2. Sick Pay	Sec 61(a)(1)	R			
3. Medical Insurance	Sec 162, Sec 106	A			
4. Moving Reimbursement	Pub 521	A			
5. Expense Reimbursement	Sec 62(a)(2)(A)	A			
6. Tip Income & Reporting to Employer	Sec 61(a)(1), Sec 6653(c)(3)	R			

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7. Fringe Benefits		-			
a. Group Term Life – Employer Provided	Sec 79	O			
b. Transportation	Sec 132(f)	A			
c. Transit Passes, Commuter Transport, Parking	Sec 132(f)	A			
d. Purchase Discounts	Sec 132(a)(2)	O			
e. Educational Assistance	Sec 127, Pub 970	A			
f. COBRA Premium Assistance	ARPA 2021 (H.R/1319)	A			
g. De minimis	Sec 132(e)(1)	A			
8. Stock Options	Sec 421, & 442	O			
a. Non-Qualified	Sec 421	O			
b. Qualified (ISOs)	Sec 422	O			
9. Unemployment Compensation	Sec 6050B, Form 1099-G	R			
B. RETIREMENT INCOME & WORKERS COMPENSATION		R			
1. Social Security & Railroad Retirement	Sec 86 Form SSA-1099 Pub 915	-			
a. Canadian Social Security	Sec 61(a)	-			
2. Pensions & Annuities	Sec 61(a)(10), 72	-			
a. Simplified General Rule	Sec 72(d)(1)Tax Topic 411	-			
b. Decedent's Unrecovered Basis	Sec 72(b)(3)	-			
c. Qualified Domestic Relations Order (QDRO)	Sec 414(p)(1)(A)	-			
3. Workers Compensation	Sec 85	-			
C. COMMUNITY PROPERTY ISSUES (MFS)	Sec 66 Pub 555	R			
D. INTEREST INCOME - FORM REVIEW OF 1099-INT	Sec 61(a)(4), Sch B, Pub 550	-			
1. Savings Accounts	Reg Sec 1.61-7	R			
2. Credit Union Dividends (Actually Interest)	Pub 17 Pg. 55	A			
3. Government Obligations	Reg sec 1.61-7	A			
4. Series E, EE, H, HH and I Bonds	Pub 550	A			
5. Municipal Bonds	Sec 103	R			
6. Treasury Bills, Notes and Bonds	Pub 550	R			
7. Mortgage Revenue Bonds & MBS's	Pub 550 pg. 12	O			
8. Private Activity Bonds	Pub 550	O			
9. Personal Loans	Pub 550	A			

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10. Bonds Premium Amortization	Pub 550	O			
11. 1040 FBAR & Trust Boxes (Interest over \$1,500)	Sch. B, Q#7, 31 USC 5311 - 5332	R			
E. DIVIDENDS – REVIEW FORM 1099-DIV	Sec 61(a)(4), Sch B, Pub 550	R			
1. Ordinary and Qualified Dividends	Reg Sec 1.61-9	-			
2. Capital Gain Dividends	Tax Topics 404	-			
3. Nontaxable Dividends	Tax Topic 703	-			
4. Mutual Fund Dividends	Pub 550	-			
F. DEPRECIATION		-			
1. Review Form 4562	Form 4562	R			
2. Depreciation – assets used in trade or business	Sec 167, 168, 179	R			
a. Bonus Depreciation	Sec 168(k), TCJA13201(a)	R			
b. Sec 179 Expensing	Sec 179	R			
3. Cap & Repair Regs:		-			
a. Must Capitalize "Improvements"	Reg Sec 1.263(a)-3(d)	R			
b. Partial Disposition Election	Reg Sec 1.168(i)-8(d)(2)(ii)	R			
c. De minimis Safe Harbor Election	Reg Sec 1.263(a)-1(f)(1)(ii)(D)	R			
G. SEC 199A FLOW THROUGH DEDUCTION	Sec 199A, Reg 1.199A-1 - 1.199A-6	R			
H. RENTAL INCOME (SCHEDULE E)	Sch E Pub 527	-			
1. Income (Rent or Lease)	Sec 61(a)(5) & Reg Sec 1.61-8	R			
a. Advance Rent	Reg Sec 1.61-8(b)	R			
b. Deposits	CA Civil Code Section 1950.5(m)	R			
c. Payment of Expenses by Tenant	Pub 527	R			
2. Expenses	Sec 62(a)(4)	R			
a. Interest	Sec 163	R			
b. Taxes	Sec 164	R			
c. Insurance	Sec 162, Sec 212(1) & (2)	R			
c. Repairs and Maintenance	Reg Sec 1.162-4	R			
d. Travel and Record Keeping	Sec 274(d), Reg Sec 1.274-5T	R			
e. Resident Manager Compensation	Sec 162 &/or Sec 212(1) &/or (2)	O			
3. Passive Loss limits & Carryover	Sec 469 Pub 925	A			
4. Vacation Rental Rules	Sec 280E Pub 527	R			

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a. Short-Term Rental	Sec 280E	A			
b. Room Rental	Sec 280A(c)(5)	A			
5. Farm Rental - Crop Sharing, Ground Rent etc.	Form 4835	O			
I. Schedule C – Self-employment trade or business		-			
1. Gross Receipts	Reg Sec 1.61-3	R			
a. Third Party Reporting	Form 1099-K	A			
b. Forms 1099 MISC or NEC, etc.	Sec 6041 et seq	A			
2. Cost of Goods Sold – Not in Gross Income	Reg Sec 1.61-3(a)	A			
3. Inventory Considerations Method of Accounting	Sec 471	A			
4. Business Expenses	Sec 162, Sch C Instruction, Pub 535	R			
5. Special Issues:		-			
a. Business Use of Home	Sec 162, Pub 587, TT 505, RP 2013-13	R			
b. Business Auto	Sec 162, TT 510, Pub 463	R			
I. Luxury Auto Limitations	Sec 280F	R			
II. Allocating Business & Personal Use	Pub 463, IRS tax topic 510	A			
III. Record Keeping	Pub 463 Chap 5	A			
c. Travel	Sec 274; reg sec 1.162-2	R			
d. Entertainment	sec 274	R			
e. Health Insurance Premiums	Sec 162	A			
f. Information Return Requirements	Sec 6041 et seq	R			
J. FARM INCOME		Schedule F Instructions	A		
K. SELF-EMPLOYMENT TAX		Sec 6017	R		
1. What Is Included in Self-Employment Income?	Sec 1402 Reg Sec 1.1401(a)-1	R			
2. Include from Passthrough Partnership & Trust K-1s	Sec 702(a)(8) Per Sec 1402(a)	R			
3. What is Not Included in Self-Employment Income?	Sec 1402(a)(3)	R			
4. How to Compute the Self-Employment Tax?	Reg Sec 1.1402(a)-2	A			
5. Farm & Non-Farm Optional Methods	Reg Sec 1.1402(a)-13	O			
6. SE Tax Deduction	Sec 164(f);Tax Topic 554	A			

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L. INDEPENDENT CONTRACTOR VERSUS EMPLOYEE ISSUES					
1. Tests to Determine IC Status for Federal	RR 87-41, 20 Common Law Factors Reg 31.3121(d)-1(c); 31.3306(i)- 1; and 31.3401(c)- 1	A			
2. Preparer Liability for Providing Advice on IC issue;	CA Labor Code Sec 226.8; & 2753	R			
M. OTHER INCOME					
1. Medicaid Waiver Payments – Exclusion & EITC	Sec 131per N 2014-7, IRB-2020-14	A			
2. Clergy	Sec 107	A			
3. Cancellation of Debt	Sec 61(a)(11) & 108	A			
4. Legal Settlements/Judgements	Sec 104 & 104(a)(2), Sec 61, Sec 1.104-1(c)	A			
5. Bartering	Tax Topic 420 Form 1099-B	A			
6. Not for Profit Activity (Hobby)	Sec 183, Reg 1.183-2(b), 1.183-1(c)	A			
7. Repay Previously Taxed Income (Claim of Right)	Sec 1341, Sec 311	A			
8. Recovery of Previous Deducted Items:	Sec 111	R			
a. State Tax Refunds	Rev Rul 2019-11	R			
b. Medical Reimbursement	Pub 502, Recoveries Pub 525	R			
9. Entity Income	K-1 Issues	A			
a. Partnerships	Sec 61(a)(12) & 701et seq	A			
b. Estates & Trusts	Sec 641-685 Form 1041 instructions	A			
c. S Corporations	Sec 1366	A			
10. Royalty Income (I.e., 1099 or K-1)	Sec 61(a)(6)	A			
11. Rental Income from Personal Property	Sec 61(a)(5)	A			
VI. EXCLUSIONS FROM INCOME					
A. Personal home Sale - Principal Residence Exclusion	Sec 121-See Also VIII.C.1	R			
B. Some Scholarships & Fellowships	Sec 117	A			
C. Discharges of Certain Debt	Pub 431	-			
1. Bankruptcy	Sec 108(a)(1)(A)	A			
2. Insolvency	Sec 108(a)(1)(B)	A			
3. Qualified Farm Debt	Sec 108(a)(1)(C)	O			
4. Principal Residence Acquisition Debt Relief	Sec 108(a)(1)(E)	A			
5. Reduction of Tax Attributes	Sec 108(b) Form 982	A			

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D. Certain Death Benefits Such as Life Insurance	Sec 101	R			
E. Gifts Received	Sec 102	R			
F. Inheritances Received	Sec 102	R			
G. Compensation for Injuries and Sickness	Sec 104	A			
H. Medical Payments by Employer for Employee	Sec 105	A			
I. Employer Purchase of Medical Insurance Premiums	Sec 106	A			
J. Armed Forces Combat Zone Compensation	Sec 112	O			
K. Certain Meals and Lodging Furnished by Employer	Sec 119	A			
L. Insurance Payments for Certain Living Expenses	Sec 123	A			
M. Cafeteria Plan Benefits	Sec 125	A			
N. Educational Assistance	Sec 127	A			
O. Dependent Care Assistance	Sec 129	A			
P. Employee Fringe Benefit	Sec 132	A			
Q. Certain Military Benefits	Sec 134	O			
R. U.S. Savings Bond Interest to Pay Tuition & Fees	Sec 135	O			
S. Adoption Assistance	Sec 137	A			
T. Medicare Advantage MSA	Sec 138	O			
U. Disaster Relief Benefits	Sec 139	O			
VII. DIVORCE AND PROPERTY SETTLEMENT ISSUES					
A. Alimony		R			
1. Pre-TCJA Treatment	Old Sec 219 & Sec 71	-			
2. Post TCJA Treatment	Sec 71 & Sec 219 Repealed	-			
B. Property settlement	Sec 1041	R			
C. Child Support Payments Same as Pre-TCJA	Sec 71(c) per TCJA Act sec 11051	R			
VIII. GAINS AND LOSSES – SALE OR OTHER DISPOSITIONS OF PROPERTY					
A. Basis		R			
1. Original Basis	Sec. 1011-1012	R			
2. Adjustments to Basis	Sec.1016	R			
3. Depreciation	Sec. 1016(a)(2)	R			

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4. Casualty	Sec. 1016(a)(1)	R			
5. Capital Improvements	Sec 1016(a)(1), Sec 263	R			
6. Gift Basis	Sec 1015	R			
7. Inherited Basis	Sec 1014	R			
8. Carryover Basis – Various Provisions	Sec1031(d) & 1033(b)	A			
B. Calculating the Sale Price	Sec 1001(a) & (b)	R			
C. Non-taxable Transactions		-			
1. Principal Residence Gain Exclusion	Sec 121-See Also VI.1. Exclusion	R			
2. Like-Kind Exchanges TCJA –Real Property Only	Sec 1031(a)(1)	O			
3. Qualified Opportunity Zone (Funds)	Sec 1400Z-1 & 1400Z-2, Form 8997	O			
4. Disaster Losses and Involuntary Conversions	Sec 165(h)(5), 165(i), 1033(h), & (j)	R			
5. Installment Sales Rules	Sec 453, TT 705, Pub 537, Form 6252	O			
D. Capital Gains and Losses	Tax Topic 409	-			
1. Holding Period General rule – 12 months	Sec 1222, 1221	R			
2. Sec 1245 Depreciation Recapture	Sec 1245	A			
3. Capital Asset Defined – Include TCJA List	Sec 1221, TCJA sec 3311, 1221(a)(3)	R			
E. Sale of Collectibles Taxed at 28%	Sec 1(h)(2) & (5) & sec 408(m)	O			
F. Schedule D – Computation Rules Reviewed	Schedule D and IRS Form 8949	A			
G. Virtual Currency Treated Generally as "Property"	Notice 2014-21 & IR 2019-167	R			
IX. ADJUSTMENTS TO INCOME					
A. Educator Expenses	Sec 222 & 62(a)(18), Tax Topic 458	R			
B. Reservist Business Expenses	Sec 162(p), IRS Pub 3	A			
C. Performing Artist Business Expenses	Sec 162 & 62(a)(2)(B)	O			
D. Moving – Military	Sec 217(g), Reg 1.217-2(g), Pub 3	A			
E. SE Tax Deduction	Sec 164(f)	A			
F. SEP, SIMPLE and Qualified Plans	Sec 401, 401(k), 403(b), 62(a)(6)	A			
G. Self-Employed Health Deduction	Sec 162(l)	A			
H. Penalty for Early Withdrawal for Savings	Sec 165 & 62(a)(9)	A			

Topics		2021 / 2022 Guidelines	Page(s) of which “required” and “awareness” topics are covered in the course material	Time devoted to each topic	Identify final exam questions that test the “required” and “awareness” topics
I. IRA	Sec 219, Sec 62(a)(7)	R			
1. Spousal IRA	Sec 219(c)	R			
J. Student Loan Interest	Sec 221 & 62(a)(17)	A			
K. Qualified Tuition and Fees (expires after 2020)	Sec 222 & 62(a)(18)	A			
L. Jury Pay Turned Over to The Employer	Sec 165 & 62(a)(13), IRS Form 2439	O			
M. Adjustment to 2020 Unemployment \$10,200	American Rescue Act	A			
N. Above the Line Charitable Deduction	Sec 62(a)(22)	R			
X. DEDUCTIONS					
A. Standard Deduction	Sec 63(b)(1)	R			
1. General Rule – TCJA modifications	TCJA Sec Sec 11021 Senate	A			
2. Taxpayer Claimed as a Dependent by Another	Sec 63(c)(5)	A			
3. Special Rule for Those Married Filing Separately	Sec 63(c)(6)	A			
B. Itemized Deductions		-			
1. Taxes - SALT limit	Sec 164 & 164(b)(6)	R			
2. Net Investment Interest Expense	Sec 163(d)	A			
3. Home Mortgage Interest	Sec 163(h)(3)	R			
a. Acquisition Debt	Sec 163(h) & 163(h)(3)(B)	R			
i. Pre-TCJA Financing		-			
ii. Post=TCJA Financing		-			
b. Equity Debt	Sec 163(h)(3)(C) with TCJA mods	R			
c. Unsecured Election	Reg Sec 1.163-10T(o)(5)	A			
d. Interest Tracing	Reg Sec 1.163-8T	A			
4. Charitable Contributions	Sec 170	R			
a. Cash	Reg Sec 1.170A-1(a)	R			
b. Non-cash	Reg Sec 1.170A-1(c)	R			
c. Vehicle	Sec 170(f)(13)	R			
d. Use of an Asset as a Contribution	Sec 170(c)	A			
e. Documentation & Substantiation	Reg Sec 1.170A-13	R			
5. Miscellaneous itemized	Sec 67((a) & (b)(1)-(12)	R			
a. Tier 2 – Suspended Through 2025		-			

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b. Tier 1 No 2% Limit	-			
i. Deduction for Estate Tax (Re IRD) Sec 691(c)	A			
ii. Deductions on Trust or Estate Termination Sec 691(b)	O			
iii. Amortization of Bond Premium Sec 171(b)	O			
iv. Gambling Losses Sec 165(d)	A			
v. Claim of Right Sec 1341	A			
vi. Unrecovered Investment - Annuity/Pension Sec 72(b)(2),(3) & (4)	A			
vii. Phase-out – Suspended though 2025 Sec 68	A			
XI. CREDITS				
A. Nonrefundable				
	-			
1. Child & Dependent Care Credit Sec 21	R			
2. Credit for the Elderly and Disabled Sec 22	A			
3. Adoption Credit Sec 23	A			
4. Child and Other Tax Credit Sec 24, Pub 972	A			
5. Interest on Certain Home Mortgages Sec 25	A			
6. Education Credits Sec 25A, Reg Sec 1.25A-5, Pub 970	R			
a. American Opportunity (Partially refundable) Sec 25A	R			
b. Lifetime Learning Credits Sec 25A	R			
7. Qualified Retirement Savers Credit Sec 25B	A			
8. Nonbusiness Energy Property Credit Sec 25C Sunsets after 2020	A			
9. Residential Energy Efficient Property (Solar, etc.) Sec 25D	A			
B. Payments and Refundable credits				
	-			
1. Tax Withheld Sec 31	R			
2. Earned Income Credit Sec 32, Pub 596	R			
a. Earned Income Sec 32, Pub 596	R			
b. Credit Disallowance Sec 32, Pub 596	R			
c. 2 or More Qualifying Individuals – Same Child Sec 32, Pub 596	R			
d. Denial Due to Fraud Sec 32(k)	R			
e. EIC Credit Recertification Sec 32(k)(1)(B)	A			
f. Due Diligence Form 8867	R			

Topics	2021 / 2022 Guidelines	Page(s) of which “required” and “awareness” topics are covered in the course material	Time devoted to each topic	Identify final exam questions that test the “required” and “awareness” topics
3. Certain uses of Gas & Fuel Taxes for a Farm Sec 34	A			
4. Premium Tax Credit Sec 36B	R			
a. Repayment of excess Advance Premium Tax Credit suspended- American Rescue Act	A			
5. First time Home Buyer Credit (Repayment) Sec 36	A			
6. Overpayments of Tax Sec 37 & 6401	A			
7. Child Tax Credit – 2021 American Rescue Act – Increased, Advanced & Refundable	R			
8. Recovery Rebate Credit 2021 – Rebate #3 – American Rescue Act	R			
9. Employee Retention Credit – Refundable IRS Notices 2021-40 and 2021 -23 -ARA	R			
10.General Business Credit Sec 38	A			
C. Other Credits	-			
1. Foreign Tax Sec 27 & 901	A			
2. <u>Alternative Fuel Vehicle Credit</u> Sec 30B	O			
3. <u>Alternative fuel vehicle refueling property credit</u> Sec 30C	O			
4. Plug-in Electric Vehicle (4-wheel) Sec 30D	A			
5. Pension Start Up Credit Sec 45E	O			
6. AMT Tax Credit - For AMT Paid in Prior Year Sec 53	A			
7. Work Opportunity Credit Sec 51 & 52	A			
8. Research Credit Sec 41	A			
9. Recovery Rebate Credit I & 2 2020 Sec 6428	A			
XII.STATE OF CALIFORNIA CONCERNS (CAN BE INTEGRATED INTO THE MATERIAL COVERING EACH TOPIC)				
A. Residency Requirements				
1. 9-month & 6-month Presumption	R			
2. Out of State Safe Harbor Under Employment Contract 546-Day Rule	R			
3. Numerous Factors for Determining Residency	R			
B. Filing Requirements – Resident, Part-Year Resident and Non-Resident				
1. Gross Income & CA AGI	R			
a. Gross Profit & Gross Receipts (Business, Rental & Stock Sales)	R			
2. Business Licenses	R			

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3. Moves Into and Out of CA	A			
a. Moving Expenses - CA Non-Conformity TCJA	R			
C. Community Property	A			
1. When the law of community property begins & ends	R			
2. Income subject to the law of community property	R			
3. Where one spouse lives in California & one spouse lives in a Separate Property State	A			
4. Commingled property	R			
5. Effectiveness of pre-nuptial agreement	A			
6. Application to Registered Domestic Partners	R			
D. Filing Status Differences Between State and Federal	-			
1. Registered Domestic Partners	R			
a. CA Non-Conformity MFJ & Federal Single	A			
2. Military Spouse Issues	A			
3. Nonresident spouse with no CA source income	A			
4. Common law marriages – CA Non-Conformity	A			
E. Standard Deduction	R			
F. Personal Exemption Credit	R			
G. Dependents	-			
1. Filing Requirements	R			
2. Kiddie Tax – CA Non-Conformity with TCJA (FTB Form 3800)	R			
H. California Adjustments – Conformity issues	R			
1. Educator Expenses CA Non-Conformity	-			
2. Unemployment benefits and Paid Family Leave Benefits	-			
3. California lottery winnings	-			
4. Interest on US Govt Securities & California Municipal Bond Earnings	-			
5. Above the Line Charitable Contribution (2020) California Non-Conformity	-			
6. California state income tax refund	-			
7. Social Security Benefits	-			
8. Railroad Retirement Tiers I & II	-			
9. Alimony – California Non-Conformity TC&JA	-			

Topics	2021 / 2022 Guidelines	Page(s) of which “required” and “awareness” topics are covered in the course material	Time devoted to each topic	Identify final exam questions that test the “required” and “awareness” topics
10. Long Term Capital Gain – CA does not have LTCG	-			
I. Itemized Deductions	R			
1. Itemizing on California but not Federal	-			
2. Charitable Contribution AGI Limit CA Non-Conformity & CARES Act	-			
3. Investment Interest Adjustments – No Foreign Tax Deduction-California Non-Conformity	-			
4. State Tax Deduction – No “\$10,000 SALT Limitation”	-			
5. Mortgage Interest – CA Non-Conformity - Retains Pre-TCJA Limits	-			
6. Miscellaneous itemized – Tier 2 – 2% limit – CA Follows Pre-TCJA Deductions	-			
a. Employee Business Expenses	-			
b. Tax Preparation Fees	-			
c. Claim of Right – Sec 1341 \$3,000 or Less	-			
d. Legal Fees – Sec 212(1), (2), & (3)	-			
e. Investment Expenses	-			
7. SALT Cap \$10,000 Limit Workaround – AB 150 – SALT Paid at Business Entity Level	R			
8. Itemized Deduction Phase-Out – Limit and Itemized Deductions – TCJA Suspension	-			
J. Other conformity issues-California Non-Conformity–Taxpayer First Act of 2019	-			
1. Health Savings Accounts	A			
2. AMT	A			
a. Tax Rates	A			
b. Exemption for Small Business	-			
3. California Qualified Stock Options	A			
4. Employer Provided Transportation Benefits – CA differences	A			
5. Expenses	-			
a. Cannabis – 2020 Full Expense Deductions – California Non-conformity	A			
b. Entertainment Expenses (Club Dues)	A			
c. Expense Disallowance for Substandard Housing	A			
d. Family Support Payments – Pre-TCJA R ules – IRC secs 71 & 215 apply	A			
6. American Rescue Act – CA Non-Conformity – 03/2021 – CA Automatic AGI Adjustment	A			
7. California Golden State Stimulus I & II (GSS) SB 139	A			
8. Losses	-			
a. Net operating losses - California Non-Conformity	A			

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b. Casualty & theft losses - California Non-Conformity	A			
K. IRA differences	-			
1. Differences in basis	A			
2. Difference in phase out (starting in 2007)	A			
L. Sales and exchanges	-			
1. Capital gains tax rate - California Non-Conformity	A			
2. Withholding on sales of real property	R			
3. 1031 Additional California Tax Form 3840 – California Non-Conformity	A			
M. Credits California Non-Conformity	-			
1. Earned Income tax Credit	R			
2. Joint custody Head of Household	R			
3. Credit for employer child & dependent care expenses	R			
4. Young Child Tax Credit	R			
5. Child & Dependent Care Expenses Credit	R			
6. Qualified senior head of household	A			
7. California Competes Credit	A			
8. Excess state disability insurance	A			
9. Adoption credit	A			
10.Credit for taxes paid to other states	A			
11.Renters credit	A			
12.Homeless Hiring Tax Credit (AB) 150 (HHTC)	A			
13.Main Street Business Tax Credit I & II (AB) 150 & AB 1447 -Small Business Hiring Tax Credit	A			
14.Hiring Credit for Small Businesses	A			
15.R & D Credit CA - Non-Conformity to R & D Credit	A			
N. Estimated taxes	-			
1. Number and percent of payments -CA Non-Conformity	A			
2. Underpayment safe harbors	A			
O. Penalties	-			
1. IRS First Time Abatement – CA Non-Conformity	A			
2. Late Filing – Minimum Penalty – CA Non-Conformity	A			

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3. Late Payment of Tax – CA Non-Conformity	A			
4. Cost Recovery Fees	A			
5. 25% Demand to File Tax Return	A			
6. Non-economic Substance Transaction Understatement Penalty (NEST)	A			
7. Frivolous Submission and Frivolous Return	O			
8. Due Diligence Preparer Penalty for California Earned Income Tax Credit	R			
9. California Mandatory E-Pay Penalty	A			
10. New FTB Premium Assistance Subsidy - CA Mandatory Health Insurance	A			
11. California 2020 Mandatory Health Insurance Penalty	A			
P. Statute of Limitations	-			
1. General 4 Year California SOL and 3 Year Federal SOL	A			
2. Statute on Assessment of Refunds	A			
3. Statute on Final Federal Determinations	A			
Q. Non-resident issues	-			
1. Sourcing payments for:	A			
a. Covenant not to compete	A			
b. Stock options	O			
c. Pensions (moving into and out of state)	A			
d. Installment sales	A			
e. Like kind exchanges	A			
f. Income from a trade or business	A			
2. Sourcing deductions for nonresidents	-			
a. Alimony deduction	A			
b. Net operating losses	A			
c. Passive activity losses	A			
d. Part year resident	A			
3. Servicemembers	-			
a. Non-California domicile stationed in California	A			
b. California domiciled stationed outside state	A			
R. Signature Requirements and E-Filing Requirements	-			
1. New FTB 3912 Power of Attorney – Active Representatives on File letter	A			

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2. E-signatures – FTB 8879 and FTB 8453 E-File Authorization Forms	O			
3. California Mandatory E-Filing Requirement- 1 or more returns using tax prep software	A			
4. Power of attorney procedures FTB Form 3520 – Submit Electronically MyFTB or by Mail	A			
XIII. STATE OF CALIFORNIA CONCERNS (CAN BE INTEGRATED INTO THE MATERIAL COVERING EACH TOPIC)				
A. Sales and Use Tax Collection	-			
1. Out of State Purchases, in Person, by Phone, Internet Taxable to CA	A			
2. Use Tax Reporting and Look-up Table	A			
3. California Department of Tax and Fee Administration (CDTFA)	A			
4. California Office of Tax Appeals	A			
B. Independent Contractor				
1. CA Penalties -Taxpayer & Adviser -Willful Misclassification SB 459	R			
2. EDD Common Law Test – CA New A,B,C Employee Test – Dynamex Case	R			
3. Paycheck Protections Program- PPP Loan Forgiveness (AB) 1577 (CARES Act Conformity)	A			
4. Paycheck Protection Program - CA Business Expense Deductions– AB 80 – 04/29/21	A			
5. IRS Form 1099-NEC – FTB Filing requirement for California	A			
6. Unique Statutory Employees and Non-Employees	R			
7. Independent Contractor Reporting Requirements -AB5-Revisions	-			
C. Voluntary Contributions to Various Funds	-			
https://www.ftb.ca.gov/file/personal/voluntary-contribution-funds/current-vcf.htm	O			
D. SDI & VPDI Issues – What They Are, Excess Treatment and Deductibility	A			
E. California Depreciation	-			
1. Sec 199A Deduction – CA Non-Conformity	A			
2. When a Form 3885A is and is Not Required – CA Auto Depreciation Non-Conformity	A			
3. Changing Depreciation Methods - Bonus Depreciation – California Non-Conformity	A			
4. MACRS Differences IRC Section 179 Expense \$25,000 California Non-Conformity	A			
5. ACRS Sometimes Shows Up on Federal but Not on State	A			
F. ACA – CA application	A			
1. Uninsured Penalty	-			
2. CA Additional PTC	-			
G. Capitalization & Repair Regs – CA Conforms	A			