24 Tips for Passing the Exam the First Time

Appendix A

Topics Covered at Least Seven Times in the Last Ten Publicly Available EA Exams

Part 1 (Individuals):

- Requirements to File a Return
- Exemption Deductions – Gross Income Test
- Filing Status – Head of Household
- Statutory Fringe Benefit Exclusions
- Dividend Income – Dividend Reinvestment Plans
- Prepaid Rental Income and Deposits
- Reporting Rental Income – Vacation Rental Homes
- Social Security Income – Basic Computation
- Passive Activities – The $25,000 Real Estate Exception
- Investment Incomes – Mutual Funds and REITS
- Miscellaneous Income – Members of the Clergy
- Prizes, Awards, and Scholarships
- Forgiveness of Indebtedness Income
- Requirements for Alimony for Tax Deduction/Inclusion
- Medical Expenses of Dependents and Family Members
- Qualifying Medical Costs
- Medical Expenses – Capital Expenditures
- Interest Expense – Home Acquisition and Home Equity Interest
- Charitable Deductions – Qualifying Organizations and Contributions
- Charitable Contributions – Limits on Contributions of Property
- Charitable Contributions – Substantiation
- Casualty and Theft Losses – Determining the Deduction
- Employee Business Expenses – Meals and Entertainment
- Employee Business Expenses – Transportation and Auto Expenses
- Travel Expenses of Employees or Self-Employed Individuals
- Reimbursed Employee Expenses and Required Documentation
- Education Expenses of Employees
- Miscellaneous Itemized Deductions Subject to the 2% AGI Floor
- Capital Assets – Holding Period
- Statutory Gain or Loss – Transactions Between Related Parties
- Statutory Gain or Loss – Nonbusiness Bad Debts
- Statutory Gain or Loss – Miscellaneous (1244 Stock, Worthless Stock)
- Like-kind Exchanges – Adjusted Basis of New Property
- Determining Adjusted Basis – Purchased Property
- Determining Adjusted Basis – Stock and Stock Dividends
- Determining Adjusted Basis – Gift Property
- Determining Adjusted Basis – Inherited Property
- Capital Gain or Loss Netting – 15%-Rate "Pure" Capital Assets
- Determining Net Capital Losses and Carryovers
- Exclusion of Gain on Sale of a Residence – Qualifications
- Exclusion of Gain on Sale of a Residence – Computations
- Installment Sales – Basic Computations
- Dispositions of Installment Notes
- Child and Dependent Care – Qualified Expenses
- Earned Income Credit – General Qualifications
- Earned Income Credit – Basic Computations
- Child Tax Credit
- Individual Alternative Minimum Tax – Adjustments and Preferences
- Alternative Minimum Tax Computation and Related AMT Credit
- Estimated Tax Requirements and Underpayment Penalties
- Refund Claims and Extensions
- Employment Tax Issues for Individuals (Household, Clergy, etc.)
- Individual Retirement Accounts – Qualifications
- Individual Retirement Accounts – Earned Compensation Defined
- IRAs and Other Pension Plans – Prohibited Transactions
- Individual Retirement Accounts – Contributions and Deductions
- Roth IRAs
- Excess Contributions to IRAs
- IRA Distributions
- Requirements to File a Gift Tax Return
- Computing Taxable Gifts – Gift-Splitting Election
- Computing the Gift Tax
- Due Dates for Federal Estate Tax Return
- Gross Estate – Inclusion Rules
- Determining the Gross Estate
- Estate Tax – Applying the Alternative Valuation Rules
- Estate Tax – Deductions from the Gross Estate
- Estate Tax – Credits Against the Estate

Part 2:

- Accounting Periods and Changes of Accounting Periods
- Definition and Adoption of an Accounting Method
- Farmers – Special Inventory Methods
- Farmers – Weather-Related Sales and Tax Elections
- Inventory Requirements and Permissible Methods
- Inventories – Inventorable Costs
- Deductions – Losses Between Related Parties
- Bad Debts Expense – Business vs. Nonbusiness Determinations
- Recoveries of Bad Debts
- MACRS – §179 Deductions
- MACRS – Listed Property Rules and Luxury Auto Limitations
Rent and Leasehold Expenses – Deducting Prepaid Rent
Rent and Leasehold Expenses – Leasehold Improvements
Salary and Wage Expenses – General Requirements
Salary and Wage Expenses – Deductibility of Vacation Pay
Tax Treatment of Fringe Benefits
§197 Intangibles Defined
Determining Meals and Entertainment Deductions
Convention Travel Expenses
Expenses for Gifts
Business Interest Expense Deductions
Business Taxes Expense Deductions
Business Insurance Expense Deductions
Net Operating Losses – Basic Rules
Net Operating Loss Carryforwards and Carrybacks
Hobby Loss Rules
Casualty and Theft Losses – Noninventory Items
Casualty and Theft Losses – Inventory Items
Excise Taxes – Heavy Vehicle Motor Use Tax
Self-Employed Earnings Defined
Determining Self-Employed Earnings
Estimated Taxes – Farm and Fishing Income
Determination of Basis – Lump-sum Purchases
Determining the Adjusted Basis of Real Estate
Special Gain (Loss) Rules – §1244 Stock
Like-kind Exchanges – Determining Gain or Loss
Like-kind Exchanges – Determining Basis of Replacement Properties
Partnerships – Definition and Legal Formalities
Partnerships – Determining Basis of a Partnership Interest
Partnerships – Accounting Methods Issues
Determining Ordinary Partnership Income and Special Allocations
Partner Reporting of Partnership Income Share
Determining Partnership Guaranteed Payment Deduction
Determining the Adjusted Basis of a Partner's Interest
Allocation of Partnership Losses – Basic Rules
Allocation of Partnership Losses With Liabilities
Partnership Profit and Loss Allocations for Family Partnerships
Partner/Partnership Related Party Attribution Rules
Resale of Partnership Property With a Disallowed Loss
Liquidating Partnership Distributions – Basis of Properties Received
Sale of a Partnership Interest Without §751 Assets
Sale of a Partnership Interest With §751 Assets
Entities – Check the Box Regulations
§351 Transfers – Basic Requirements
§351 Transfers – Transfers of Services
§351 Transfers – Gain (Loss) Without Boot Received
§351 Transfers – Gain (Loss) With Boot Received
- §351 Transfers – Gain (Loss) With Liabilities Involved
- §351 Transfers – Basis of Property Received by Corporation
- §351 Transfers – Basis of Stock to Shareholders
- §351 Transfers – Basis of Property to Shareholders
- Disallowed Losses on Sales of Property between Corporations and Shareholders
- Corporate Capital Gains and Losses – Carryover of Capital Losses
- Corporate Dividends Received Deduction – General Rule
- Corporate Dividends Received Deduction – Income Limitations and Exceptions
- Corporate Charitable Deduction – Limits on Deduction
- Corporate Deduction – Compensation and Fringe Benefits
- Controlled Corporate Groups – Special Limitations
- Corporations – Schedule M-1 and M-3 Reconciliations of Book and Taxable Income
- Corporate Filing Requirements and Due Dates
- C Corporation Estimated Tax Payments
- Corporate Form 1099 Filing Requirements
- Corporate Filing Requirements at Liquidation
- Corporate Earnings and Profits (E&P) – Adjustments Required to Determine E&P
- Property Distributions – Effect on E&P
- Corporate Distributions – Classification of Cash Distributions
- C Corporation Redemptions – Dividend or Exchange Treatment
- C Corporation Redemptions – Stock Attribution Rules
- Corporate Distributions of Property – Gain or Loss to Shareholder
- Corporate Distributions of Property – Gain or Loss to Distributing Corporation
- Stock Dividends and Stock Rights
- Liquidating Cash Distributions to Corporate Shareholders
- S Corporations – Basic Requirements
- S Corporation Election – Effective Date
- Termination of an S Corporation Election
- Tax on Excessive Passive Income of an S Corporation
- S Corporations – Determining Ordinary Income and Specially Allocated Items
- Allocation of S Corporation Losses – No Shareholder Loans
- Allocation of S Corporation Losses – Shareholder Loans Also Present
- Classifying S Corporation Distributions of Cash
- Determining an S Corporation Shareholder's Stock Basis
- Decedent's Final Income Tax Return – Gross Income Issues
- Decedent's Final Income Tax Return – Deductions and Credits
- Estates and Trusts – Form 1041 Filing Requirements
- Estates and Trusts – Income in Respect of a Decedent
- Simple and Complex Trusts Defined
- Estates and Trusts – Taxable Income Calculation
- Estates and Trusts – Determining Distributable Net Income (DNI)
- Estates and Trusts – Beneficiary Income (Loss) Allocation Rules in General
- Estates and Trusts – Computing the Allocated Income (Loss) to Beneficiaries Grantor Trust Issues
- Keogh Retirement Plans – Basic Requirements
- Keogh Retirement Plans – Contribution and Deduction Limits
- SEP-IRAs – Basic Rules
- SIMPLE Pension Plans – Basic Rules
- Business Pension Plans – Prohibited Transactions
- Identifying Tax-Exempt Organizations

Part 3:

- Acts Constituting Practice Before the IRS
- Automatic Categories of Representation Before the IRS
- Nonenrolled Individuals Who May Practice Before the IRS
- Individuals Who May NOT Practice Before the IRS
- Enrollment – Basic Privilege and Responsibilities
- Enrollment Cycles and Renewals
- Enrollment CPE Requirements
- Due Diligence and Confidentiality Issues
- Power of Attorney – Scope of Authority
- Power of Attorney – Form 2848 Requirements
- Power of Attorney – Changes in a Power of Attorney
- Enrollment – Tax Information Authorizations (TIAs)
- Enrollment – Central Authorization Files (CAFs)
- Enrollment – Confidentiality
- Enrollment – Disreputable Conduct
- Enrollment – Complaints Against Enrolled Agents
- Enrollment – Hearing on Suspension or Disbarment
- Electronic Filing – Special Returns
- Electronic Filing – Rejected Returns
- Electronic Filing – Fee Structure
- Recordkeeping Requirements – Individuals
- IRS Audits – Transfers to Another District
- IRS Audits – Repetitive Audits
- Statutory Notice of Deficiency
- IRS Appeals – Written Protest Requirements
- IRS Appeals – Court Opinions
- U.S. Tax Court – Small Case Procedures
- U.S. Tax Court – Basic Procedure
- Income Tax Preparers – Definition of a Preparer
Penalties – §6694(a) Understatement of Tax Due to Unrealistic Position on Return
Penalties – §6694(b) Willful Understatement
Tax Preparers – Who Must Sign a Return
Tax Preparers – Penalty for Endorsing or Negotiating Refund Checks
IRS Administration – The Collection Process
IRS Administration – Tax Lien Filing Requirements
IRS Administration – Requirements for a Levy

Appendix B
Topics Specification List
Newly Listed Topics for 2016 and Later Years

(* Denotes Important Recent Developments and/or Topics Completely Ignored on Prior Specification Lists)

Part 1:

- Identity Protection PIN *
- Foreign Earned Income Exclusion
- ACA Requirements – Health Insurance Coverage, Total Household Income, Advance Premium Tax Credit, Exemptions, etc. *
- Income of Statutory Employees
- Depreciation on Rental Properties
- Pass-through Entities – Schedule K-1, income, deductions, basis
- Itemized Deduction Recoveries (Tax Benefit Rule)
- 1099 Miscellaneous Income Reporting, Irregularities and Corrections *
- Taxability of Railroad Retirement Benefits
- Taxation on Net Unrealized Appreciation in Retirement Accounts *
- Tax Implications of Inherited Retirement Accounts
- Depreciation Recapture Rules and Form 1099A Reporting *
- Foreign Pensions and Retirement Income
- Mark to Market Rules *
- Publicly Traded Partnerships – Sales, Dispositions and Losses *
- Investor vs. Trader *
- Self-Employed Health Insurance
- Indebtedness Limitations on Interest Deductions
- ACA Net Premium Tax Credit *
- Health Insurance Credits
- General Business Credits (General Reporting) *
- Income in respect of decedent (e.g., allocations) *
- Healthcare individual responsibility payment and exceptions *
- Net investment income tax *
- Additional Medicare tax *
- Uncollected Social Security and Medicare tax
- Other taxes (e.g., first time homebuyer credit repayment)
- Penalty Avoidance for the Estimated Tax
- Advantages and Disadvantages of Various Filing Statuses
- Estate Portability Election *
- FBAR – Filing Requirements and Due Dates, Covered Accounts, Potential penalties, and Distinctions Between FBAR and Form 8938 Requirements *

Part 2:

- Qualified Joint Ventures (QJV) *
- Entity Type – Default Classifications and Elections *
- Reporting requirements (e.g. Forms W-2, W-4, Form 1099)
- Hobby versus Business Determination and Loss Limitations
- Contribution of Property to Partnership (e.g., Partnership's Basis, Property Subject to Indebtedness)
- Corporate Late Filing and Payment Penalties
- Business Self-Rentals *
- Correcting Depreciation Errors *
- Small Business Health Care Tax Credit *
- Personal Property Converted to a Business Use (Depreciation and Basis Issues)
- Capitalization and Repair Regulations (and Related Elections) *
- Use of Business Classification Codes *
- Accounting Changes of Method and Form 3115
- Depletion
- Start-up and Organization Costs
- Deductions and Credits for Tax Planning (e.g., Timing of Income and Expenses, NOL, Depreciation Versus IRC Section 179)
- ACA compliance *
- Foreign Trusts *
- Estates and Trusts Tax Years and Penalties
- Applying for IRS Tax-Exempt Status (e.g., Form 1023, Form 1024)
- Farm Income (e.g., Self-Raised livestock, Crop Insurance Proceeds, Subsidies, Patronage Dividends, Conservation Payments)

Part 3:

- Preparer Due Diligence Related to the Earned Income Credit
- Transcripts and Access and Use of IRS e-services *
- General Financial Health and Insolvency
- Tax Treaties and Other Internal Agreements *
- Levies and Form 12153
- Refund Offsets *
- Amended returns and claims for refund (e.g., Form 1040X, Form 843, Appropriateness and Timeliness)
- Procedures for Requesting Abatements *
- Limited Practitioner Privilege (e.g., IRC section 7525)
- Interpretation and Analysis of CP-2000 Notice and Correspondence Audits *
- Preparer Conflict of Interest
- Security of Taxpayer Data (Electronic and Paper) *
- E-file Mandate and Exceptions (Form 8948)
- EFIN Revocation Appeals Process
- Efile Authorization and Documentation - Forms 8879 and 8453
- Identity Theft Procedures and Resolution (e.g., IP PIN)

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