Uniform CPA Examination Tax Compliance and Planning (TCP)

Blueprint

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Uniform CPA Examination Blueprints

The CPA licensure model requires all candidates to pass three Core exam sections and one Discipline exam section of a candidate's choosing. The Uniform CPA Examination (the Exam) has been designed accordingly as reflected in the Exam Blueprints. The Core exam sections assess the knowledge and skills that all newly licensed CPAs (nlCPAs) need in their role to protect the public interest. The Discipline exam sections assess the knowledge and skills in the respective Discipline domain applicable to nlCPAs in their role to protect the public interest.

The three Core exam sections, each four hours long, are: Auditing and Attestation (AUD), Financial Accounting and Reporting (FAR) and Taxation and Regulation (REG). The three Discipline exam sections, each four hours long, are: Business Analysis and Reporting (BAR), Information Systems and Controls (ISC) and Tax Compliance and Planning (TCP).

The table below presents the design of the Exam by Core and Discipline section, section time and question type.

Section	Section Time	Multiple-Choice Questions (MCQs)	Tasked-Based Simulations (TBSs)
AUD – Core	4 hours	78	7
FAR – Core	4 hours	50	7
REG – Core	4 hours	72	8
BAR – Discipline	4 hours	50	7
ISC – Discipline	4 hours	82	6
TCP – Discipline	4 hours	68	7

The table below presents the scoring weight of MCQs and TBSs for each Core and Discipline Exam section.

Section	Score Weighting	
	Multiple-Choice Questions (MCQs)	Tasked-Based Simulations (TBSs)
AUD – Core	50%	50%
FAR – Core	50%	50%
REG – Core	50%	50%
BAR – Discipline	50%	50%
ISC – Discipline	60%	40%
TCP – Discipline	50%	50%

The AICPA adopted a skill framework for the Exam based on the revised Bloom's Taxonomy of Educational Objectives[1]. Bloom's Taxonomy classifies a continuum of skills that students can be expected to learn and demonstrate.

[1] Revised taxonomy see Anderson, L.W. (Ed.), Krathwohl, D.R. (Ed.), Airasian, P.W., Cruikshank, K.A., Mayer, R.E., Pintrich, P.R., Raths, J., & Wittrock, M.C. (2001). A taxonomy for learning, teaching, and assessing: A revision of Bloom's Taxonomy of Educational Objectives (Complete Edition). New York: Longman. For original taxonomy see Bloom, B.S. (Ed.), Engelhart, M.D., Furst, E.J., Hill, W.H., & Krathwohl, D.R. (1956). Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain. New York: David McKay.

Uniform CPA Examination Blueprints (continued)

Representative tasks that are critical to an nlCPA's role in protecting the public interest have been identified. The representative tasks combine both the applicable content knowledge and skills required in the context of the work of an nlCPA. Based on the nature of a task, one of four skill levels, derived from the revised Bloom's Taxonomy, is assigned to each of the tasks, as follows:

Skill Levels	
Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

The skill levels to be assessed on each Core and Discipline section of the Exam are included in the table below.

Section	Remembering and Understanding	Application	Analysis	Evaluation
AUD − Core	30−40%	30−40%	15−25%	5−15%
FAR − Core	5−15%	45−55%	35−45%	−
REG − Core	25−35%	35−45%	25−35%	−
BAR − Discipline	10−20%	45−55%	30−40%	−
ISC − Discipline	55−65%	20−30%	10−20%	−
TCP − Discipline	5−15%	55−65%	25−35%	−

Each section of the Exam has a section introduction and a corresponding section blueprint.

- The **section introduction** outlines the scope of the section, the content organization and tasks, the content allocation, the overview of content areas, section assumptions, the skill allocation and a listing of the section's applicable reference literature.

- The **section blueprint** outlines the content to be tested, the associated skill level to be tested and representative tasks an nlCPA would likely encounter. The blueprints are organized by content AREA, content GROUP and content TOPIC. Each topic includes one or more representative TASKS that an nlCPA may be expected to complete.

The purpose of the blueprint is to:

- Document the minimum level of knowledge and skills necessary for initial licensure.

- Assist candidates in preparing for the Exam by outlining the knowledge and skills that may be tested.

- Apprise educators about the knowledge and skills candidates will need to function as nlCPAs.

- Guide the development of Exam questions.

The tasks in the blueprints are representative and are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested on the Exam. The number of tasks associated with a particular content group or topic is not indicative of the extent such content group, topic or related skill level will be assessed on the Exam.

Tax Compliance and Planning

The Tax Compliance and Planning (TCP) section of the Uniform CPA Examination (the Exam) tests the knowledge and skills that nlCPAs must demonstrate with respect to:

- U.S. federal tax compliance for individuals and entities with a focus on nonroutine and higher complexity transactions

- U.S. federal tax planning for individuals and entities

- Personal financial planning

The assessment of federal tax compliance will focus on an nlCPA's role in both the preparation and review of tax returns. The assessment of federal tax planning will focus on an nlCPA's role in determining the tax implications of proposed transactions, available tax alternatives or business structures. The assessment of personal financial planning will focus on planning strategies and opportunities that an nlCPA typically identifies in connection with the preparation and review of individual tax returns.

The assessments described above will also incorporate:

- Data and technology concepts including the verification of the completeness and accuracy of source data used to prepare returns and supporting schedules.

- Applied research with a focus on reviewing and using excerpts of source materials (e.g., Internal Revenue Code, Treasury Regulations) to complete a range of tasks including identifying issues, analyzing facts and determining appropriate responses.

A list of reference materials relevant to the TCP section of the Exam is included under References at the conclusion of this introduction.

Content organization and tasks

The TCP section blueprint is organized by content AREA, content GROUP and content TOPIC. Each topic includes one or more representative TASKS that an nlCPA may be expected to complete when performing tax preparation services, tax planning services or personal financial planning services.

The tasks in the blueprint are representative. They are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested in the TCP section of the Exam. Lists or examples included within the text of a representative task beginning with the word "including" are not intended to be exhaustive. Within some representative tasks are parenthetical lists. If a parenthetical list begins with "e.g.", this is not intended to be an exhaustive list but rather examples of the types of content that could be assessed. Parenthetical lists that do not include "e.g." are intended to be an exhaustive list of the content to be assessed with respect to that representative task.

Content allocation

The following table summarizes the content areas and the allocation of content tested in the TCP section of the Exam:

Content area		Allocation
Area I	Tax Compliance and Planning for Individuals and Personal Financial Planning	30–40%
Area II	Entity Tax Compliance	30–40%
Area III	Entity Tax Planning	10–20%
Area IV	Property Transactions (disposition of assets)	10–20%

Tax Compliance and Planning (continued)

Overview of content areas

Area I of the TCP section blueprint is focused on individuals and covers federal tax compliance for nonroutine transactions and issues, tax planning and personal financial planning. The Area includes the following:

- Tax compliance issues related to incentive compensation, at-risk and passive loss limitations and gifting assets.

- Tax planning issues related to accelerating or deferring income and deductions to minimize tax liability, estimated tax payments, gifting assets, changing tax rates and legislation.

- Personal financial planning for individuals, including the assessment of qualified retirement plans, investing, education funding and risk mitigation through the use of insurance.

Area II of the TCP section blueprint covers federal tax compliance related to nonroutine entity tax transactions and issues. The Area includes the following:

- Utilization of net operating losses, consolidated tax returns and international tax issues for C corporations. International tax issues will focus on general concepts of income sourcing and allocation as opposed to specific foreign laws or treaties.

- Transactions between an entity and owner, specifically recognized income and losses from the contribution of noncash property, liquidating and nonliquidating distributions of noncash property and services performed by an owner.

- Impact on an owner's basis resulting from contributions and distributions of noncash property to an entity.

- Partnership elections and the impact of ownership changes to a partnership.

- Identifying characteristics of different types of trusts, calculating income and allocating items between income and corpus.

- Obtaining and maintaining tax-exempt status as well as recalling the types of unrelated business income for a tax-exempt organization.

Area III of the TCP section blueprint covers federal tax planning for entities. The Area includes the following:

- Formation and liquidation of various entities, including comparisons of different entity types.

- Tax planning for C corporations, S corporations and partnerships, including the tax implications of a proposed transaction to both the entity and owner.

Area IV of the TCP section blueprint covers federal tax compliance issues related to asset dispositions. The Area includes the following:

- Nontaxable dispositions of property, and the realized, recognized and deferred tax gains resulting from the transaction.

- Character of recognized gains and losses on the disposition of property used in a trade or business, including installment sale transactions.

- Sale of property to a related party, including nonrecognition of gain or loss.

Section assumptions

The TCP section of the Exam includes multiple-choice questions and task-based simulations. Candidates should assume that the information provided in each question is material and should apply all stated assumptions. Candidates will not be tested on their knowledge of specific tax rate percentages, amounts or limitations that are indexed to inflation. To the extent a question addresses a topic that could have different tax treatments based on timing (e.g., net operating losses), it will include a clear indication of the timing (e.g., use of real dates) so that the candidates can determine the appropriate portions of the Internal Revenue Code or Treasury Regulations to apply to the question. Absent such an indication of timing or other stated assumptions, candidates should assume that transactions or events referenced in the question occurred in the current year and should apply the most recent provisions of the tax law in accordance with the timing specified in the CPA Exam Policy on New Pronouncements.

Tax Compliance and Planning (continued)

Skill allocation

The Exam applies a skill framework based on the revised Bloom's Taxonomy of Educational Objectives.[7] Bloom's Taxonomy classifies a continuum of skills depicted in the table below:

Skill Levels	
Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

The TCP section of the Exam assesses content at the first three skill levels of Bloom's Taxonomy as described below:

- Remembering and Understanding is mainly concentrated in Area I and Area II. These two areas contain nonroutine compliance issues encountered by nlCPAs and they are tested at the lower end of the skill level continuum.

- Application and Analysis skills are tested across all areas. These areas contain day-to-day planning tasks that nlCPAs are expected to perform related to tax and personal financial planning and the preparation and review of tax returns and therefore are tested at the higher end of the skill level continuum.

The representative tasks combine both the applicable content knowledge and the skills required in the context of the work that an nlCPA would reasonably be expected to perform.

References — Tax Compliance and Planning

The References detailed below are the sources of the subject matter eligible for assessment in the TCP section, to the extent that the subject matter is included in the blueprint's content areas, groups and topics. Further, the assessment of the subject matter described in a representative task that identifies an organization, publication, law, regulation, standard or framework is limited to the specific sections of the References detailed below. Similarly, subject matter identified in a representative task and related subject matter is eligible for assessment to the extent it is included in the References detailed below.

- Revised Model Business Corporation Act

- Revised Uniform Limited Partnership Act

- Revised Uniform Partnership Act

- Internal Revenue Code of 1986, as amended

- Treasury Regulations

- Other administrative pronouncements regarding federal taxation

- Case law on federal taxation

- Current textbooks on federal taxation, personal financial planning and tax planning

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[7] Revised taxonomy see Anderson, L.W. (Ed.), Krathwohl, D.R. (Ed.), Airasian, P.W., Cruikshank, K.A., Mayer, R.E., Pintrich, P.R., Raths, J., & Wittrock, M.C. (2001). A taxonomy for learning, teaching, and assessing: A revision of Bloom's Taxonomy of Educational Objectives (Complete Edition). New York: Longman. For original taxonomy see Bloom, B.S. (Ed.), Engelhart, M.D., Furst, E.J., Hill, W.H., & Krathwohl, D.R. (1956). Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain. New York: David McKay.

Summary Blueprint

Content area allocation	Weight
I. Tax Compliance and Planning for Individuals and Personal Financial Planning	30−40%
II. Entity Tax Compliance	30−40%
III. Entity Tax Planning	10−20%
IV. Property Transactions (disposition of assets)	10−20%

Skill allocation	Weight
Evaluation	−
Analysis	25−35%
Application	55−65%
Remembering and Understanding	5−15%

The following pages include the detailed blueprints that define the areas, groups, topics and representative tasks for the TCP section. It is important to note that the number of representative tasks associated with a particular content group or topic is not indicative of the extent to which such content group, topic or related skill level will be assessed on the Exam (i.e., more numerous tasks in a particular group, topic or skill compared to another should not infer more content weight assigned to that group, topic or skill).

Area I – Tax Compliance and Planning for Individuals and Personal Financial Planning (30–40%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Individual compliance and tax planning considerations for gross income, adjusted gross income, taxable income and estimated taxes					
	✓				Recall the impact of equity compensation awards on taxable income.
	✓				Recall items included in dermination and computation of Alternative Minimum Taxable income.
		✓			Consider the impact to an individual's taxable income for certain items of gross income, including imputed interest on below-market rate loan and compensation earned while employed outside the U.S.
		✓			Calculate the tax on a child's investment and other unearned income.
		✓			Consider the effect of changing tax rates and legislation on the timing of income and expense items for planning purposes given a specific scenario.
		✓			Identify projected tax savings through utilization of flexible spending accounts (FSAs) and qualified health savings accounts (HSAs) for planning purposes given a specific scenario.
		✓			Consider the impact of using either itemized deductions or the standard deduction for planning purposes given a specific scenario.
		✓			Calculate estimated tax payments required for an individual to avoid underpayment penalties given a specific planning scenario.
		✓			Calculate the potential tax savings when donating noncash property to a charitable organization given a specific planning scenario, including identification of the property to be donated to minimize the individual's current-year tax liability.
			✓		Review an individual's projected income and expenses prior to year end to determine the tax implications, and provide options to minimize tax liability given a specific planning scenario.

Area I – Tax Compliance and Planning for Individuals and Personal Financial Planning (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. Compliance for passive activity and at-risk loss limitations (excluding tax credit implications)					
		✓			Calculate the at-risk loss limitation for an activity in which an individual materially participates, including losses from pass-through entities and losses from real estate rental activities with active participation.
		✓			Calculate the passive activity loss limitations given a specific scenario, including the netting of passive activity gains and losses.
		✓			Calculate utilization of suspended losses on the disposition of a passive activity for tax purposes.
			✓		Review an individual's basis schedules and supporting documentation for a pass-through entity, including any source data used to create the schedules, to confirm the correct allocation of a loss between the amounts suspended for at-risk limitations, suspended for passive activity rules, and allowed for tax purposes.
C. Gift taxation compliance and planning					
	✓				Recall allowable gift tax deductions and exclusions for federal gift tax purposes.
	✓				Explain the unified transfer tax system and how the annual exclusion, marital deduction and the unified credit impact the planning for gifts and gift taxation.
		✓			Calculate the amount of taxable gifts for federal gift tax purposes.
		✓			Identify the potential tax savings from gifting ownership of noncash property to an individual given a specific planning scenario, including identification of the property to be gifted to minimize the donor's future estate.

Area I – Tax Compliance and Planning for Individuals and Personal Financial Planning (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Personal financial planning for individuals					
	✓				Demonstrate an understanding of the advantages and disadvantages of different qualified retirement plans, including traditional IRAs, Roth IRAs, 401(k)s, annuities, and employer-sponsored plans.
	✓				Demonstrate an understanding of the risks associated with different investment options, including equity securities, corporate bonds and municipal bonds.
	✓				Demonstrate an understanding of planning for funding post-secondary education, including qualified tuition programs, student loans, grants and scholarships.
	✓				Explain how insurance is used in planning to mitigate risk, including life insurance, long-term care insurance and umbrella policies.
	✓				Demonstrate an understanding of the implications of legal ownership of an asset and beneficiary designations on an estate and its beneficiaries.
		✓			Prepare a schedule to be used in the decision-making process to select a retirement plan from different options given a specific planning scenario, identifying the related advantages and disadvantages.
		✓			Calculate the return on investment (ROI) for different investment options, net of the tax impact, given a specific planning scenario.

Area II – Entity Tax Compliance (30–40%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. C corporations					
1. Net operating and capital loss utilization	✓				Recall the limitations on the use of net operating losses when there is an ownership change.
		✓			Calculate the amount of a C corporation's net operating loss for a given year and the related carryforward or carryback.
		✓			Calculate the amount of a C corporation's capital loss utilized in the current year and the related carryforward or carryback.
2. Transactions between a shareholder and a C corporation (contributions to and distributions from a corporation and loans)		✓			Calculate a shareholder's tax realized and recognized gain (loss) on the contribution of noncash property to a C corporation, and the C corporation's basis in the property contributed.
		✓			Calculate the tax realized and recognized gain (loss) for both a C corporation and shareholders on a nonliquidating distribution of noncash property, and the shareholders' basis in the property received.
		✓			Calculate the tax realized and recognized gain (loss) for both a C corporation and shareholders on a liquidating distribution, and the shareholders' basis in the property received.
		✓			Calculate the amount and treatment of the cash distributions to shareholders in excess of a C corporation's current and accumulated earnings and profits (E & P).
			✓		Review loan documents and supporting documentation to determine the tax implications of a loan between a shareholder and C corporation, including imputed interest.
3. Consolidated tax returns	✓				Recall the requirements for filing a consolidated federal Form 1120 – *U.S. Corporation Income Tax Return*.
		✓			Calculate taxable income for a consolidated federal Form 1120 – *U.S. Corporation Income Tax Return*, including elimination of intercompany transactions.

Area II – Entity Tax Compliance (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	**Application**	**Analysis**	**Evaluation**	
A. C corporations (continued)					
4. International tax issues	✓				Explain the sourcing of income for a U.S. corporation with foreign operations.
	✓				Explain the sourcing of income for a foreign corporation with U.S. operations, including consideration of federal tax withholding requirements.
	✓				Explain the concept of a controlled foreign corporation (CFC) and the impact on a U.S. corporation's taxable income.
	✓				Explain the concept of permanent establishment for a corporation and the activities that would create it.
	✓				Explain the difference between a foreign branch and foreign subsidiary with respect to federal income taxation to a U.S. corporation.
	✓				Explain the requirements related to Interest Charge Domestic International Sales Corporation (IC-DISC), foreign derived intangible income (FDII), base erosion and anti-abuse (BEAT) and global intangible low-taxed income (GILTI).
		✓			Calculate U.S. and foreign source income given a specific scenario.
B. S corporations					
1. Basis of shareholder's interest		✓			Calculate the impact on a shareholder's stock basis in an S corporation for tax purposes resulting from contributions of noncash property, including an S corporation's assumption of debt on the contributed property.
		✓			Calculate the impact on a shareholder's stock basis in an S corporation for tax purposes resulting from nonliquidating distributions of noncash property.
		✓			Calculate the impact on a shareholder's debt basis in an S corporation for tax purposes resulting from loans made by a shareholder to an S corporation.
			✓		Review a shareholder's stock and debt basis schedules in an S corporation for tax purposes and supporting documentation, including any source data used to create the schedule, to determine the accuracy of transactions reflected.

Area II – Entity Tax Compliance (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. S corporations (continued)					
2. Transactions between a shareholder and an S corporation (contributions to and distributions from a corporation)		✓			Calculate a shareholder's tax realized and recognized gain (loss) on the contribution of noncash property to an S corporation, and the S corporation's basis in the property contributed.
		✓			Calculate the tax realized and recognized gain (loss) for both an S corporation and shareholders on a nonliquidating distribution of noncash property, and the shareholders' basis in the property received.
		✓			Calculate the tax realized and recognized gain (loss) for both an S corporation and shareholders on a liquidating distribution, and the shareholders' basis in the property received.
		✓			Calculate the allocation of S corporation income (loss) after the sale of a shareholder's ownership interest in the S corporation for tax purposes.
C. Partnerships					
1. Basis of partner's interest		✓			Calculate the impact on a partner's basis in a partnership for tax purposes resulting from contributions of noncash property, including a partnership's assumption of debt on the contributed property.
		✓			Calculate the impact on a partner's basis in a partnership for tax purposes resulting from nonliquidating distributions of noncash property.
		✓			Calculate the impact on a partner's basis in a partnership for tax purposes resulting from recourse and nonrecourse partnership debt incurred during the current year, including loans made by a partner to a partnership.
			✓		Review a partner's basis schedule in a partnership for tax purposes and supporting documentation, including any source data used to create the schedule, to determine the accuracy of transactions reflected.
2. Partnership and partner elections	✓				Recall partner elections applicable to a partnership for tax purposes (e.g., partnership tax year, adjustment to basis of property).

Area II – Entity Tax Compliance (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Partnerships (continued)					
3. Transactions between a partner and a partnership (services performed by a partner and contributions to and distributions from a partnership)		✓			Calculate the tax implications of certain transactions between a partner and partnership (e.g., services performed by a partner) for tax purposes.
		✓			Calculate a partner's tax realized and recognized gain (loss) on the contribution of noncash property to a partnership, and the partnership's basis in the property contributed.
		✓			Calculate the tax realized and recognized gain (loss) for both a partnership and partners on a nonliquidating distribution of noncash property, and the partner's basis in the property received.
		✓			Calculate the tax realized and recognized gain (loss) for both a partnership and partners on a liquidating distribution, and the partner's basis in the property received.
4. Ownership changes		✓			Calculate the allocation of partnership income (loss) after the sale of a partner's share in a partnership for tax purposes.
		✓			Calculate the revised basis of partnership assets due to a transfer of a partnership interest for tax purposes.

Area II – Entity Tax Compliance (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Trusts					
1. Types of trusts	✓				Recall and explain the characteristics of various types of trusts, including simple trusts, complex trusts and grantor trusts.
	✓				Recall and explain a trust as a pass-through entity and the roles of grantor, trustee, and beneficiaries and the concept of corpus.
	✓				Recall and explain the characteristics of revocable trusts.
2. Income and deductions		✓			Identify the allocation of items between income and corpus in a given scenario.
		✓			Calculate a trust's accounting income, distributable net income and taxable income, including the income distribution deduction.
E. Tax-exempt organizations					
1. Obtaining and maintaining tax-exempt status	✓				Recall the requirements to qualify as an IRC Section 501(c)(3) tax-exempt organization.
	✓				Recall the events that would cause an entity to lose its tax-exempt status.
2. Unrelated business income	✓				Recall the different types of unrelated business income for tax-exempt organizations for tax purposes.

Area III – Entity Tax Planning (10–20%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Formation and liquidation of business entities					
		✓			Prepare a schedule that is used as an input to an entity selection decision that calculates the tax implications of noncash property transactions for multiple entity types.
		✓			Identify the type of business entity that is best described by a given set of legal characteristics.
			✓		Derive the tax implications of entity selection and formation decisions across multiple entity types and compare the results.
			✓		Derive the tax implications of entity liquidation decisions across multiple entity types and compare the results.
B. Tax planning for C corporations					
		✓			Calculate the potential tax savings from utilization of net operating and capital loss carryovers.
		✓			Identify opportunities to optimize state and local income tax rules in tax planning for business expansion given a specific scenario, including apportionment of income and location of business.
		✓			Calculate the effect of changing tax rates and legislation on the timing of income and expense items for tax planning purposes given a specific scenario.
		✓			Calculate estimated tax payments for a C corporation in order to avoid underpayment penalties given a specific planning scenario.
			✓		Derive the tax implications to a shareholder and C corporation for a proposed transaction after formation of the corporation, including noncash property contributions and noncash property distributions.

Area III – Entity Tax Planning (10–20%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Tax planning for S corporations					
		✓			Calculate the projected amount subject to built-in gains for a proposed disposition of an asset in order to minimize the built-in gains tax due.
		✓			Identify the implications of terminating an S corporation election given a specific planning scenario.
			✓		Derive the tax implications to a shareholder and S corporation for a proposed transaction after formation of the corporation, including noncash property contributions and distributions, and loans and repayment of loans from and to a shareholder.
			✓		Derive the tax implications of a contemplated election to treat distributions to shareholders as being made from an S corporation's accumulated earning and profits (AEP) and not from the accumulated adjustments account (AAA).
D. Tax planning for partnerships					
		✓			Calculate the tax implications to a partner for the contribution to a partnership of noncash property that has appreciated or depreciated in value.
		✓			Calculate the tax implications of various types of payments to a partner, including guaranteed payments and a nonliquidating distribution.
			✓		Derive the tax implications to a partner and partnership for a proposed transaction, including a contribution of noncash property, a nonliquidating distribution of noncash property or the sale of a partnership interest.

Area IV – Property Transactions (disposition of assets) (10–20%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Nontaxable disposition of assets					
		✓			Calculate the realized gain, recognized gain and deferred gain on like-kind property exchange and involuntary conversion transactions for tax purposes and the basis of the asset received as a result of the transactions.
			✓		Review asset sale and exchange transactions, and relevant supporting documentation, to determine whether they are taxable or nontaxable.
B. Amount and character of gains and losses on asset disposition and netting process					
		✓			Identify the character of the gain and loss recognized by a taxpayer on the disposal of an asset given a specific scenario.
		✓			Calculate the Section 1231 capital gain and Section 1231 ordinary loss recognized for tax purposes on the disposition of an asset used in a trade or business.
		✓			Calculate the Section 1245 and Section 1250 depreciation recapture recognized for tax purposes on the disposition of an asset used in a trade or business.
		✓			Calculate the unrecaptured Section 1250 gain recognized for tax purposes on disposition of an asset used in a trade or business.
		✓			Calculate the loss allowed on the disposition of Section 1244 small business stock for tax purposes.

Area IV – Property Transactions (disposition of assets) (10–20%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	**Application**	**Analysis**	**Evaluation**	
B. Amount and character of gains and losses on asset disposition and netting process (continued)					
		✓			Calculate the amount of gain recognized on an installment sale.
			✓		Review a schedule of asset dispositions for the current year and supporting documentation, including any source data used, to determine the completeness and accuracy of the amount and the character of the gain or loss recognized for tax purposes.
			✓		Review and resolve discrepancies identified by automated diagnostic and validation checks to ensure the completeness and accuracy of the amount and character of a gain or loss reported on a tax return based on the source data used to prepare the return.
C. Related party transactions, including imputed interest					
	✓				Recall related parties for tax purposes.
		✓			Calculate the direct and indirect ownership percentages of corporation stock or partnership interests to determine whether there are related parties for tax purposes.
		✓			Calculate a taxpayer's gain or loss on a subsequent disposition of an asset to an unrelated third party that was previously purchased from a related party.
		✓			Calculate the amount and treatment of imputed interest on related party transactions for tax purposes.