

# CPA REG Syllabus

## I. Ethics, Professional, and Legal Responsibilities (15% -19%)

### 1. Ethics and Responsibilities in Tax Practice

- Treasury Department Circular 230
- AICPA Statements on Standards for Tax Services
- Internal Revenue Code of 1986, as amended, and Regulations related to tax return preparers

### 2. Licensing and Disciplinary Systems

- Role of state boards of accountancy
- Requirements of regulatory agencies

### 3. Legal Duties and Responsibilities

- Common law duties and liability to clients and third parties
- Federal statutory liability
- Privileged communications, confidentiality, and privacy acts

## II. Business Law (17% - 21%)

### 1. Agency

- Formation and termination
- Authority of agents and principals
- Duties and liabilities of agents and principals

### 2. Contracts

- Formation
- Performance
- Third party assignments
- Discharge, breach, and remedies

### 3. Uniform Commercial Code

- Sales contracts
- Negotiable instruments
- Secured transactions
- Documents of title and title transfer

### 4. Debtor-Creditor Relationships

- Rights, duties, and liabilities of debtors, creditors, and guarantors
- Bankruptcy and insolvency

### 5. Government Regulation of Business

- Federal securities regulation

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- Other federal laws and regulations (antitrust, copyright, patents, money-laundering, labor, employment, and ERISA)

### 6. Business Structure (Selection of a Business Entity)

- Advantages, disadvantages, implications, and constraints
- Formation, operation, and termination
- Financial structure, capitalization, profit and loss allocation, and distributions
- Rights, duties, legal obligations, and authority of owners and management

## III. Federal Tax Process, Procedures, Accounting, and Planning (11% - 15%)

### 1. Federal Tax Legislative Process

### 2. Federal Tax Procedures

- Due dates and related extensions of time
- Internal Revenue Service (IRS) audit and appeals process
- Judicial process
- Required disclosure of tax return positions
- Substantiation requirements
- Penalties
- Statute of limitations

### 3. Accounting Periods

### 4. Accounting Methods

- Recognition of revenues and expenses under cash, accrual, or other permitted methods
- Inventory valuation methods, including uniform capitalization rules
- Accounting for long-term contracts
- Instalment sales

### 5. Tax Return Elections, Including Federal Status Elections, Alternative Treatment Elections, or Other Types of Elections Applicable to an Individual or Entity's Tax Return

### 6. Tax Planning

- Alternative treatments
- Projections of tax consequences
- Implications of different business entities
- Impact of proposed tax audit adjustments
- Impact of estimated tax payment rules on planning
- Role of taxes in decision-making

### 7. Impact of Multijurisdictional Tax Issues on Federal Taxation (Including Consideration of Local, State, and Multinational Tax Issues)

### 8. Tax Research and Communication

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- Authoritative hierarchy
- Communications with or on behalf of clients

### IV. Federal Taxation of Property Transactions (12% - 16%)

1. Types of Assets
2. Basis and Holding Periods of Assets
3. Cost Recovery (Depreciation, Depletion, and Amortization)
4. Taxable and Nontaxable Sales and Exchanges
5. Amount and Character of Gains and Losses, and Netting Process
6. Related Party Transactions
7. Estate and Gift Taxation
  - Transfers subject to the gift tax
  - Annual exclusion and gift tax deductions
  - Determination of taxable estate
  - Marital deduction
  - Unified credit

### V. Federal Taxation of Individuals (13% - 19%)

1. Gross Income
  - Inclusions and exclusions
  - Characterization of income
2. Reporting of Items from Pass-Through Entities
3. Adjustments and Deductions to Arrive at Taxable Income
4. Passive Activity Losses
5. Loss Limitations
6. Taxation of Retirement Plan Benefits
7. Filing Status and Exemptions
8. Tax Computations and Credits
9. Alternative Minimum Tax

### VI. Federal Taxation of Entities (18% - 24%)

1. Similarities and Distinctions in Tax Treatment among Business Entities

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- Formation
- Operation
- Distributions
- Liquidation

## 2. Differences between Tax and Financial Accounting

- Reconciliation of book income to taxable income
- Disclosures under Schedule M-3

## 3. C Corporations

- Determination of taxable income/loss
- Tax computations and credits, including alternative minimum tax
- Net operating losses
- Entity/owner transactions, including contributions and distributions
- Earnings and profits
- Consolidated returns

## 4. S Corporations

- Eligibility and election
- Determination of ordinary income/loss and separately stated items
- Basis of shareholder's interest
- Entity/owner transactions, including contributions and distributions
- Built-in gains tax

## 5. Partnerships

- Determination of ordinary income/loss and separately stated items
- Basis of partner's/member's interest and basis of assets contributed to the partnership
- Partnership and partner elections
- Transactions between a partner and the partnership
- Treatment of partnership liabilities
- Distribution of partnership assets
- Ownership changes and liquidation and termination of partnership

## 6. Trusts and Estates

- Types of trusts
- Income and deductions
- Determination of beneficiary's share of taxable income

## 7. Tax-Exempt Organizations

- Types of organizations
- Obtaining and maintaining tax-exempt status
- Unrelated business income