

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)

Prepared by **John O. Everett, CPA, Ph.D.**