

2023 Comprehensive Income Tax Course – Learning Objectives

MODULE 1

Chapter 1 – General Material

- 1) Determine who must or should file a return and which California form to use.
- 2) Determine the taxpayer's California residency status.
- 3) Identify which filing status the taxpayer should use.
- 4) Identify return due dates, discuss how to assemble a return, and describe the extension process.

Chapter 2 - Standard Deduction and Exemptions

- 1) Determine how to calculate the standard deduction and when to use the standard deduction.
- 2) Identify what constitutes an exemption and when the taxpayer can claim an exemption credit.
- 3) Identify credits unique to the California taxpayer, such as special Head of Household credits and the excess CASDI credit.
- 4) Determine when estimated tax payments are required, examine taxpayer penalties and statutes of limitation, and discuss taxpayer issues regarding extensions of time to file.

Chapter 3 – Income

- 1) Summarize how adjustments are made to federal AGI to arrive at California AGI.
- 2) Describe how California income tax law affects several types of income, either included in or omitted from federal income, and determine how to report the necessary adjustments on California Schedule CA (540), Part I.

Chapter 4 – Interest and Dividend Income

- 1) Discuss the reporting of different types of taxable and nontaxable interest.
- 2) Describe the reporting of dividend income and nondividend distributions.
- 3) Identify the methods used to report a child's investment income.

Chapter 5 – Community Property

- 1) Identify the differences between community property and separate property.
- 2) Report income, deductions, and credits when filing a separate return.
- 3) Determine the classification of property when moving to or from other states.
- 4) Identify when a credit is allowed for state taxes withheld.
- 5) Recognize the validity of prenuptial agreements.

MODULE 2

Chapter 6 – Common Tax Credits

- 1) Summarize the differences between the federal and California Child and Dependent Care Credit and how to report the difference.
- 2) Describe the availability of the College Access Credit.
- 3) Identify who may claim the Child Adoption Credit and which costs may be used to determine the amount of the credit.
- 4) Determine who is eligible to claim the California Earned Income Tax Credit and how to calculate the credit. Also determine when a taxpayer qualifies for the Young Child Tax Credit.
- 5) Recognize when a credit for excess California SDI or VPDJ withheld may be claimed.
- 6) Determine who is eligible to claim the New Employment Credit and how to calculate the credit.
- 7) Determine when a taxpayer qualifies for the Nonrefundable Renter's Credit.
- 8) Describe who qualifies for the Credit for Joint Custody Head of Household, Credit for Dependent Parent, and Credit for Senior Head of Household.
- 9) Review the Other State Tax Credit for taxpayers with double-taxed income.
- 10) Recognize California credits that have been repealed, have carryover provisions, and/or are subject to recapture as well as the overall business credit limitations applicable to recent tax years.

Chapter 7 – Retirement Income and Other Income Types

- 1) Summarize the differences between federal and California tax law for distributions from pensions, annuities, IRAs, and HSAs.
- 2) Identify when and how to adjust for Social Security and Railroad Retirement benefits reported on the federal return.
- 3) Recognize when an adjustment is necessary on the California return for other types of federal taxable income.

Chapter 8 – Adjustments to Income

- 1) Discuss adjustments to income on Schedule CA (540) for California residents.
- 2) Explain adjustments to income reported on Schedule CA (540NR) in columns B and C for part-year residents and nonresidents.
- 3) Determine amounts reported on Schedule CA (540NR) in columns D and E for part-year residents and nonresidents.
- 4) Review the rules for retirement plan adjustments.

Chapter 9 – Standard and Itemized Deductions

- 1) Determine whether standard or itemized deductions are the most advantageous for the taxpayer.
- 2) Describe the overall limitation on itemized deductions.
- 3) Determine what adjustments must be made to federal itemized deductions for California taxes on Schedule CA (540 or 540NR).

Chapter 10 – Residency

- 1) Determine a taxpayer's California residency status.
- 2) Recognize how California taxes residents, part-year residents, and nonresidents, and identify which form to use.
- 3) Examine how residency rules apply to military servicemembers and their spouses.

MODULE 3

Chapter 11 – Employee Business Expenses

- 1) Determine which expenses qualify as California employee business expenses.
- 2) Differentiate between the standard mileage rate and the actual auto expense methods of figuring auto expenses.
- 3) Indicate the conditions which must be met, and which expenses are deductible for the business use of a home.
- 4) Discuss deductible travel, gift, and entertainment expenses.
- 5) Summarize the treatment of political activity expenses.

Chapter 12 – Education Tax Benefits

- 1) Calculate the student loan interest deduction on the federal and California returns.
- 2) Determine when California educators can deduct educator expenses.
- 3) Identify who is eligible to deduct work-related education expenses.
- 4) Recognize how different education savings plans affect taxpayers.

Chapter 13 – Capital Gains and Losses

- 1) Summarize the treatment of capital gains and losses on a California tax return.
- 2) Describe the options for reporting capital gain distributions for children.
- 3) Compute the potential gain on the sale of a home or personal residence.
- 4) Describe the proper tax treatment of an installment sale.
- 5) Explain what constitutes a like-kind exchange and how to report one.
- 6) Calculate nonresident withholding on sales of real property.
- 7) Summarize the differences between California and federal mortgage forgiveness debt relief provisions.

Chapter 14 – Depreciation

- 1) Discuss how California and federal depreciation have evolved over the years.
- 2) Describe the purpose of Form FTB 3885A and how to report depreciation adjustments.
- 3) Distinguish between federal and California depreciation methods and recovery periods.
- 4) Recognize differences between federal and California tax law regarding property expensing, including the Section 179 deduction and listed property.
- 5) Explain amortization adjustments to business property required by California law.
- 6) Discuss specific guidelines of the final repair regulations and safe harbor as they relate to California and federal tax returns.

Chapter 15 – Self-Employment Income

- 1) Discuss the California treatment of self-employment income and self-employment tax.
- 2) Describe what adjustments need to be made to property basis and business deductions as a result of California's nonconformity with federal tax law.
- 3) Discuss credits available to employers.
- 4) Demonstrate how to report NOL carryforwards and NOL carrybacks.
- 5) Determine when withholding is required for payments made to nonresident independent contractors.
- 6) Apply the "common law" test to determine when a worker is an employee and recognize California nonconformity to IRS Section 530 Relief for employers who have been incorrectly treating certain workers as independent contractors.
- 7) Describe the difference between a statutory employee, a "common law" employee, and an independent contractor.
- 8) Discuss reporting and withholding requirements for businesses.

MODULE 4

Chapter 16 – Rental Property

- 1) Summarize the differences between California and federal rental real estate net income.
- 2) Describe passive activity losses and loss limitations.
- 3) Explain the consequences of noncompliance for substandard rental housing (SRH).
- 4) Identify common taxpayer errors made when reporting a rental loss.
- 5) Determine items of income and deductions from pass-through entities.

Chapter 17– Amended Returns, Estimated Tax Payments, Injured and Innocent Spouse, and More

- 1) Identify when and how to complete and file an amended California income tax return.
- 2) Recognize when estimated tax payments are required and how to make the payments.
- 3) Differentiate between an innocent spouse and an injured spouse for California purposes.
- 4) Describe an Offer in Compromise.
- 5) Discuss how family support payments are enforced in California.
- 6) Examine the interest and penalties associated with late payment of state income tax due and late filing of the California state tax return.
- 7) Describe the process of obtaining an extension to file a California individual income tax return.
- 8) Identify the California Voluntary Contribution Funds available on state tax returns.

Chapter 18 – AMT, Other State Tax Credit, and ACA

- 1) Review which taxpayers are affected by the California Alternative Minimum Tax (AMT) and what factors may affect the calculation of AMT, and determine who qualifies to claim the credit for prior year AMT.
- 2) Determine the California tax treatment for taxes paid to another state.
- 3) Identify the forms associated with the Affordable Care Act.

Chapter 19 – CTEC Registered Tax Preparers (CRTPs)

- 1) Outline the purpose, responsibilities, and authority of the California Tax Education Council (CTEC).
- 2) Describe the requirements necessary to become a CTEC Registered Tax Preparer (CRTP) and to maintain the designation in subsequent years.
- 3) Summarize the Tax Preparer Code of Conduct and Responsibilities mandated for CRTPs.

Chapter 20 – Tax Preparer Ethics and Professional Responsibilities

- 1) Indicate who is required to register with CTEC and the requirements for those who do.
- 2) Summarize Chapter 14, Sections 22250–22259, of the California Business and Professions Code.
- 3) Describe professional responsibilities regarding disclosure of taxpayer information.