

Note: This document only contains information related to the REG section. Download the other Exam section Blueprints or the complete Exam Blueprints at aicpa.org/examblueprints.

Uniform CPA Examination[®] Regulation (REG) Blueprint

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Uniform CPA Examination Blueprints

The Uniform CPA Examination (the Exam) is comprised of four sections, each four hours long: Auditing and Attestation (AUD), Business Environment and Concepts (BEC), Financial Accounting and Reporting (FAR) and Regulation (REG).

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

| Section | Section time | Multiple-choice questions (MCQs) | Task-based simulations (TBSs) | Written communication |
|---------|--------------|----------------------------------|-------------------------------|-----------------------|
| AUD | 4 hours | 72 | 8 | — |
| BEC | 4 hours | 62 | 4 | 3 |
| FAR | 4 hours | 66 | 8 | — |
| REG | 4 hours | 76 | 8 | — |

The table below presents the scoring weight of multiple-choice questions (MCQs), task-based simulations (TBSs) and written communication for each Exam section.

| Section | Score weighting | | |
|---------|----------------------------------|-------------------------------|-----------------------|
| | Multiple-choice questions (MCQs) | Task-based simulations (TBSs) | Written communication |
| AUD | 50% | 50% | — |
| BEC | 50% | 35% | 15% |
| FAR | 50% | 50% | — |
| REG | 50% | 50% | — |

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

Approximately 600 representative tasks that are critical to a newly licensed CPA’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 a newly licensed CPA. Based on the nature of a task, one of four skill levels, derived from the revised Bloom’s Taxonomy, was 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. |

Uniform CPA Examination Blueprints (continued)

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

| Section | Remembering and Understanding | Application | Analysis | Evaluation |
|---------|-------------------------------|-------------|----------|------------|
| AUD | 30–40% | 30–40% | 15–25% | 5–15% |
| BEC | 15–25% | 50–60%* | 20–30% | — |
| FAR | 10–20% | 50–60% | 25–35% | — |
| REG | 25–35% | 35–45% | 25–35% | — |

*Includes written communication

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, 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 the representative tasks a newly licensed CPA would need to perform to be considered competent. The blueprints are organized by content AREA, content GROUP, and content TOPIC. Each topic includes one or more representative TASKS that a newly licensed CPA 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 newly licensed CPAs.
- 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. It also should be noted that 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.

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 Regulation (REG)

Blueprint



Regulation

The Regulation (REG) section of the Uniform CPA Examination (the Exam) tests the knowledge and skills that a newly licensed CPA must demonstrate with respect to:

- U.S. federal taxation
- U.S. ethics and professional responsibilities related to tax practice
- U.S. business law

A listing of reference materials relevant to the REG section of the Exam are included under References at the conclusion of this introduction.

Content organization and tasks

The REG section blueprint is organized by content AREA, content GROUP and content TOPIC. Each topic includes one or more representative TASKS that a newly licensed CPA may be expected to complete when performing tax preparation services, tax advisory services or other responsibilities of a CPA.

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 REG section of the Exam. Additionally, it should be noted that 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. Similarly, examples provided within the task statements should not be viewed as all-inclusive.

Content allocation

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

| Content area | | Allocation |
|--------------|--|------------|
| Area I | Ethics, Professional Responsibilities and Federal Tax Procedures | 10–20% |
| Area II | Business Law | 10–20% |
| Area III | Federal Taxation of Property Transactions | 12–22% |
| Area IV | Federal Taxation of Individuals | 15–25% |
| Area V | Federal Taxation of Entities | 28–38% |

Overview of content areas

Area I of the REG section blueprint covers several topics, including the following:

- Ethics and Responsibilities in Tax Practice – Requirements based on Treasury Department Circular 230 and the rules and regulations for tax return preparers
- Licensing and Disciplinary Systems – Requirements of state boards of accountancy to obtain and maintain the CPA license
- Federal Tax Procedures – Understanding federal tax processes and procedures, including appropriate disclosures, substantiation, penalties and authoritative hierarchy
- Legal Duties and Responsibilities – Understanding legal issues that affect the CPA and his or her practice

Regulation (continued)

Area II of the REG section blueprint covers several topics of Business Law, including the following:

- Knowledge and understanding of the legal implications of business transactions, particularly as they relate to accounting, auditing and financial reporting
- Areas of agency, contracts, debtor-creditor relationships, government regulation of business, and business structure
 - The Uniform Commercial Code under the topics of contracts and debtor-creditor relationships
 - Nontax-related business structure content. Area V of the REG section blueprint covers the tax-related issues of the various business structures
- Federal and widely adopted uniform state laws and references as identified in References below.

Area III, Area IV and Area V of the REG section blueprint cover various topics of federal income taxation and gift and estate tax. Accounting methods and periods, and tax elections are included in the Areas listed below:

- Area III covers the federal income taxation of property transactions. Area III also covers topics related to federal estate and gift taxation.
- Area IV covers the federal income taxation of individuals from both a tax preparation and tax planning perspective.
- Area V covers the federal income taxation of entities including sole proprietorships, partnerships, limited liability companies, C corporations, S corporations, joint ventures, trusts, estates and tax-exempt organizations, from both a tax preparation and tax planning perspective.

Skill allocation

The Exam focuses on testing higher order skills. Based on the nature of the task, each representative task in the REG section blueprint is assigned a skill level. REG section considerations related to the skill levels are discussed 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. |

- Remembering and understanding is mainly concentrated in Area I and Area II. These two areas contain the general ethics, professional responsibilities and business law knowledge that is required for newly licensed CPAs and is tested at the lower end of the skill level continuum
- Application and analysis skills are primarily tested in Areas III, IV and V. These three areas contain more of the day-to-day tasks that newly licensed CPAs are expected to perform 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 a newly licensed CPA would reasonably be expected to perform. The REG section does not test any content at the Evaluation skill level as newly licensed CPAs are not expected to demonstrate that level of skill in regards to the REG content.

Regulation (continued)

References – Regulation

- Revised Model Business Corporation Act
- Revised Uniform Limited Partnership Act
- Revised Uniform Partnership Act
- Securities Act of 1933
- Securities Exchange Act of 1934
- Uniform Accountancy Act
- Uniform Commercial Code
- Internal Revenue Code of 1986, as amended
- Treasury Department Circular 230
- Treasury Regulations
- Other administrative pronouncements regarding federal taxation
- Case law on federal taxation
- Public Law 86-272
- Uniform Division of Income for Tax Purposes Act (UDITPA)
- Current textbooks covering business law, federal taxation, auditing, accounting and ethics

Summary blueprint

| Content area allocation | Weight |
|---|--------|
| I. Ethics, Professional Responsibilities and Federal Tax Procedures | 10–20% |
| II. Business Law | 10–20% |
| III. Federal Taxation of Property Transactions | 12–22% |
| IV. Federal Taxation of Individuals | 15–25% |
| V. Federal Taxation of Entities | 28–38% |

| Skill allocation | Weight |
|-------------------------------|--------|
| Evaluation | — |
| Analysis | 25–35% |
| Application | 35–45% |
| Remembering and Understanding | 25–35% |

Area I – Ethics, Professional Responsibilities and Federal Tax Procedures (10-20%)

| Content group/topic | Skill | | | Representative task |
|--|-------------------------------|-------------|----------|--|
| | Remembering and Understanding | Application | Analysis | |
| A. Ethics and responsibilities in tax practice | | | | |
| 1. Regulations governing practice before the Internal Revenue Service | ✓ | | | Recall the regulations governing practice before the Internal Revenue Service. |
| | | ✓ | | Apply the regulations governing practice before the Internal Revenue Service given a specific scenario. |
| 2. Internal Revenue Code and Regulations related to tax return preparers | ✓ | | | Recall who is a tax return preparer. |
| | ✓ | | | Recall situations that would result in federal tax return preparer penalties. |
| | | ✓ | | Apply potential federal tax return preparer penalties given a specific scenario. |
| B. Licensing and disciplinary systems | | | | |
| | ✓ | | | Understand and explain the role and authority of state boards of accountancy. |
| C. Federal tax procedures | | | | |
| 1. Audits, appeals and judicial process | ✓ | | | Explain the audit and appeals process as it relates to federal tax matters. |
| | ✓ | | | Explain the different levels of the judicial process as they relate to federal tax matters. |
| | | ✓ | | Identify options available to a taxpayer within the audit and appeals process given a specific scenario. |
| | | ✓ | | Identify options available to a taxpayer within the judicial process given a specific scenario. |

Area I – Ethics, Professional Responsibilities and Federal Tax Procedures (10-20%) (continued)

| Content group/topic | Skill | | | Representative task |
|---|-------------------------------|-------------|----------|---|
| | Remembering and Understanding | Application | Analysis | |
| C. Federal tax procedures (continued) | | | | |
| 2. Substantiation and disclosure of tax positions | ✓ | | | Summarize the requirements for the appropriate disclosure of a federal tax return position. |
| | | ✓ | | Identify situations in which disclosure of federal tax return positions is required. |
| | | ✓ | | Identify whether substantiation is sufficient given a specific scenario. |
| 3. Taxpayer penalties | ✓ | | | Recall situations that would result in taxpayer penalties relating to federal tax returns. |
| | | ✓ | | Calculate taxpayer penalties relating to federal tax returns. |
| 4. Authoritative hierarchy | ✓ | | | Recall the appropriate hierarchy of authority for federal tax purposes. |
| D. Legal duties and responsibilities | | | | |
| 1. Common law duties and liabilities to clients and third parties | ✓ | | | Summarize the tax return preparer’s common law duties and liabilities to clients and third parties. |
| | | ✓ | | Identify situations which result in violations of the tax return preparer’s common law duties and liabilities to clients and third parties. |
| 2. Privileged communications, confidentiality and privacy acts | ✓ | | | Summarize the rules regarding privileged communications as they relate to tax practice. |
| | | ✓ | | Identify situations in which communications regarding tax practice are considered privileged. |

Area II – Business Law (10-20%)

| Content group/topic | Skill | | | Representative task |
|--|-------------------------------|-------------|----------|--|
| | Remembering and Understanding | Application | Analysis | |
| A. Agency | | | | |
| 1. Authority of agents and principals | ✓ | | | Recall the types of agent authority. |
| | | ✓ | | Identify whether an agency relationship exists given a specific scenario. |
| 2. Duties and liabilities of agents and principals | ✓ | | | Explain the various duties and liabilities of agents and principals. |
| | | ✓ | | Identify the duty or liability of an agent or principal given a specific scenario. |
| B. Contracts | | | | |
| 1. Formation | ✓ | | | Summarize the elements of contract formation between parties. |
| | | ✓ | | Identify whether a valid contract was formed given a specific scenario. |
| | | ✓ | | Identify different types of contracts (e.g., written, verbal, unilateral, express, implied, etc.) given a specific scenario. |
| 2. Performance | ✓ | | | Explain the rules related to the fulfillment of performance obligations necessary for an executed contract. |
| | | ✓ | | Identify whether both parties to a contract have fulfilled their performance obligation given a specific scenario. |

Area II – Business Law (10-20%) (continued)

| Content group/topic | Skill | | | Representative task |
|--|-------------------------------|-------------|----------|--|
| | Remembering and Understanding | Application | Analysis | |
| B. Contracts (continued) | | | | |
| 3. Discharge, breach and remedies | ✓ | | | Explain the different ways in which a contract can be discharged (e.g., performance, agreement, operation of the law, etc.). |
| | ✓ | | | Summarize the different remedies available to a party for breach of contract. |
| | | ✓ | | Identify situations involving breach of contract. |
| | | ✓ | | Identify whether a contract has been discharged given a specific scenario. |
| | | | ✓ | Identify the remedy available to a party for breach of contract given a specific scenario. |
| C. Debtor-creditor relationships | | | | |
| 1. Rights, duties and liabilities of debtors, creditors and guarantors | ✓ | | | Explain the rights, duties and liabilities of debtors, creditors and guarantors. |
| | | ✓ | | Identify rights, duties or liabilities of debtors, creditors or guarantors given a specific scenario. |
| 2. Bankruptcy and insolvency | ✓ | | | Explain the rights of the debtors and the creditors in bankruptcy and insolvency. |
| | ✓ | | | Summarize the rules related to the different types of bankruptcy. |
| | ✓ | | | Explain discharge of indebtedness in bankruptcy. |
| | | ✓ | | Identify the rights of the debtors and the creditors in bankruptcy and insolvency given a specific scenario. |
| | | | ✓ | Identify the type of bankruptcy described in a specific scenario. |

Area II – Business Law (10-20%) (continued)

| Content group/topic | Skill | | | Representative task |
|--|-------------------------------|-------------|----------|---|
| | Remembering and Understanding | Application | Analysis | |
| C. Debtor-creditor relationships (continued) | | | | |
| 3. Secured transactions | ✓ | | | Explain how property can serve as collateral in secured transactions. |
| | ✓ | | | Summarize the priority rules of secured transactions. |
| | ✓ | | | Explain the requirements needed to create and perfect a security interest. |
| | | ✓ | | Identify the prioritized ordering of perfected security interests given a specific scenario. |
| | | ✓ | | Identify whether a creditor has created and perfected a security interest given a specific scenario. |
| D. Government regulation of business | | | | |
| 1. Federal securities regulation | ✓ | | | Summarize the various securities laws and regulations that affect corporate governance with respect to the federal Securities Act of 1933 and federal Securities Exchange Act of 1934. |
| | | ✓ | | Identify violations of the various securities laws and regulations that affect corporate governance with respect to the federal Securities Act of 1933 and federal Securities Exchange Act of 1934. |
| 2. Other federal laws and regulations (e.g., employment tax, qualified health plans and worker classification) | ✓ | | | Summarize federal laws and regulations, for example, employment tax, qualified health plans and worker classification federal laws and regulations. |
| | | ✓ | | Identify violations of federal laws and regulations, for example, employment tax, qualified health plans and worker classification federal laws and regulations. |

Area II – Business Law (10-20%) (continued)

| Content group/topic | Skill | | | | Representative task |
|---|-------------------------------|-------------|----------|------------|--|
| | Remembering and Understanding | Application | Analysis | Evaluation | |
| E. Business structure | | | | | |
| 1. Selection and formation of business entity and related operation and termination | ✓ | | | | Summarize the processes for formation and termination of various business entities. |
| | ✓ | | | | Summarize the non-tax operational features for various business entities. |
| | | ✓ | | | Identify the type of business entity that is best described by a given set of nontax-related characteristics. |
| 2. Rights, duties, legal obligations and authority of owners and management | ✓ | | | | Summarize the rights, duties, legal obligations and authority of owners and management. |
| | | ✓ | | | Identify the rights, duties, legal obligations or authorities of owners or management given a specific scenario. |

Area III – Federal Taxation of Property Transactions (12-22%)

| Content group/topic | Skill | | | Representative task |
|--|-------------------------------|-------------|----------|---|
| | Remembering and Understanding | Application | Analysis | |
| A. Acquisition and disposition of assets | | | | |
| 1. Basis and holding period of assets | | ✓ | | Calculate the tax basis of an asset. |
| | | ✓ | | Determine the holding period of a disposed asset for classification of tax gain or loss. |
| 2. Taxable and nontaxable dispositions | | ✓ | | Calculate the realized and recognized gain or loss on the disposition of assets for federal income tax purposes. |
| | | ✓ | | Calculate the realized gain, recognized gain and deferred gain on like-kind property exchange transactions for federal income tax purposes. |
| | | | ✓ | Analyze asset sale and exchange transactions to determine whether they are taxable or nontaxable. |
| | | | | |
| 3. Amount and character of gains and losses, and netting process (including installment sales) | | ✓ | | Calculate the amount of capital gains and losses for federal income tax purposes. |
| | | ✓ | | Calculate the amount of ordinary income and loss for federal income tax purposes. |
| | | ✓ | | Calculate the amount of gain on an installment sale for federal income tax purposes. |
| | | | ✓ | Review asset transactions to determine the character (capital vs. ordinary) of the gain or loss for federal income tax purposes. |
| | | | ✓ | Analyze an agreement of sale of an asset to determine whether it qualifies for installment sale treatment for federal income tax purposes. |
| | | | | |

Area III – Federal Taxation of Property Transactions (12-22%) (continued)

| Content group/topic | Skill | | | | Representative task |
|---|-------------------------------|-------------|----------|------------|---|
| | Remembering and Understanding | Application | Analysis | Evaluation | |
| A. Acquisition and disposition of assets (continued) | | | | | |
| 4. Related party transactions (including imputed interest) | ✓ | | | | Recall related parties for federal income tax purposes. |
| | ✓ | | | | Recall the impact of related party ownership percentages on acquisition and disposition transactions of property for federal income tax purposes. |
| | | ✓ | | | Calculate the direct and indirect ownership percentages of corporation stock to determine whether there are related parties for federal income tax purposes. |
| | | ✓ | | | Calculate a taxpayer's basis in an asset that was disposed of at a loss to the taxpayer by a related party. |
| | | ✓ | | | Calculate a taxpayer's gain or loss on a subsequent disposition of an asset to an unrelated third party that was previously disposed of at a loss to the taxpayer by a related party. |
| | | ✓ | | | Calculate the impact of imputed interest on related party transactions for federal tax purposes. |
| B. Cost recovery (depreciation, depletion and amortization) | | | | | |
| | | ✓ | | | Calculate tax depreciation for tangible business property and tax amortization of intangible assets. |
| | | ✓ | | | Calculate depletion for federal income tax purposes. |
| | | | ✓ | | Compare the tax benefits of the different expensing options for tax depreciation for federal income tax purposes. |
| | | | ✓ | | Reconcile the activity in the beginning and ending accumulated tax depreciation account. |

Area III – Federal Taxation of Property Transactions (12-22%) (continued)

| Content group/topic | Skill | | | Representative task |
|--|-------------------------------|-------------|----------|---|
| | Remembering and Understanding | Application | Analysis | |
| C. Estate and gift taxation | | | | |
| 1. Transfers subject to gift tax | ✓ | | | Recall transfers of property subject to federal gift tax. |
| | ✓ | | | Recall whether federal Form 709 – <i>United States Gift (and Generation-Skipping Transfer) Tax Return</i> is required to be filed. |
| | | ✓ | | Calculate the amount and classification of a gift for federal gift tax purposes. |
| | | ✓ | | Calculate the amount of a gift subject to federal gift tax. |
| 2. Gift tax annual exclusion and gift tax deductions | ✓ | | | Recall allowable gift tax deductions and exclusions for federal gift tax purposes. |
| | ✓ | | | Recall situations involving the gift tax annual exclusion, gift-splitting and the impact on the use of the lifetime exclusion amount for federal gift tax purposes. |
| | | ✓ | | Compute the amount of taxable gifts for federal gift tax purposes. |
| 3. Determination of taxable estate | ✓ | | | Recall assets includible in a decedent's estate for federal estate tax purposes. |
| | ✓ | | | Recall allowable estate tax deductions in a decedent's estate. |
| | | ✓ | | Calculate the taxable estate for federal estate tax purposes. |
| | | ✓ | | Calculate the gross estate for federal estate tax purposes. |
| | | ✓ | | Calculate the allowable estate tax deductions for federal estate tax purposes. |

Area IV – Federal Taxation of Individuals (including tax preparation and planning strategies) (15-25%)

| Content group/topic | Skill | | | | Representative task |
|--|-------------------------------|-------------|----------|------------|--|
| | Remembering and Understanding | Application | Analysis | Evaluation | |
| A. Gross income (inclusions and exclusions) | | | | | |
| | | ✓ | | | Calculate the amounts that should be included in, or excluded from, an individual's gross income as reported on federal Form 1040 – <i>U.S. Individual Income Tax Return</i> . |
| | | | ✓ | | Analyze projected income for use in tax planning in future years. |
| | | | ✓ | | Analyze client-provided documentation to determine the appropriate amount of gross income to be reported on federal Form 1040 – <i>U.S. Individual Income Tax Return</i> . |
| B. Reporting of items from pass-through entities | | | | | |
| | | ✓ | | | Prepare federal Form 1040 – <i>U.S. Individual Income Tax Return</i> based on the information provided on Schedule K-1. |
| C. Adjustments and deductions to arrive at adjusted gross income and taxable income | | | | | |
| | | ✓ | | | Calculate the amount of adjustments and deductions to arrive at adjusted gross income and taxable income on federal Form 1040 – <i>U.S. Individual Income Tax Return</i> . |
| | | ✓ | | | Calculate the qualifying business income (QBI) deduction for federal income tax purposes. |
| | | | ✓ | | Analyze client-provided documentation to determine the validity of the deductions taken to arrive at adjusted gross income or taxable income on federal Form 1040 – <i>U.S. Individual Income Tax Return</i> . |
| D. Passive activity losses (excluding foreign tax credit implications) | | | | | |
| | ✓ | | | | Recall passive activities for federal income tax purposes. |
| | | ✓ | | | Calculate net passive activity gains and losses for federal income tax purposes. |
| | | ✓ | | | Prepare a loss carryforward schedule for passive activities for federal income tax purposes. |
| | | ✓ | | | Calculate utilization of suspended losses on the disposition of a passive activity for federal income tax purposes. |

Area IV – Federal Taxation of Individuals (including tax preparation and planning strategies) (15-25%) (continued)

| Content group/topic | Skill | | | | Representative task |
|--|-------------------------------|-------------|----------|------------|---|
| | Remembering and Understanding | Application | Analysis | Evaluation | |
| E. Loss limitations | | | | | |
| | | ✓ | | | Calculate loss limitations for federal income tax purposes for an individual taxpayer. |
| | | | ✓ | | Analyze projections to effectively minimize loss limitations for federal income tax purposes for an individual taxpayer. |
| | | | ✓ | | Determine the basis and the potential application of at-risk rules that can apply to activities for federal income tax purposes. |
| F. Filing status | | | | | |
| | ✓ | | | | Recall taxpayer filing status for federal income tax purposes. |
| | ✓ | | | | Recall relationships meeting the definition of dependent for purposes of determining taxpayer filing status. |
| | | ✓ | | | Identify taxpayer filing status for federal income tax purposes given a specific scenario. |
| G. Computation of tax and credits | | | | | |
| | ✓ | | | | Recall and define minimum requirements for individual federal estimated tax payments to avoid penalties. |
| | | ✓ | | | Calculate the tax liability based on an individual's taxable income for federal income tax purposes. |
| | | ✓ | | | Calculate the impact of the tax deductions and tax credits and their effect on federal Form 1040 – <i>U.S. Individual Income Tax Return</i> . |

Area IV – Federal Taxation of Individuals
 (including tax preparation and planning strategies)
 (15-25%) (continued)

| Content group/topic | Skill | | | | Representative task |
|----------------------------|-------------------------------|-------------|----------|------------|--|
| | Remembering and Understanding | Application | Analysis | Evaluation | |
| H. Alternative minimum tax | ✓ | | | | Recall income and expense items includible in the computation of an individual taxpayer's alternative minimum taxable income (AMTI). |
| | | ✓ | | | Calculate alternative minimum tax (AMT) for an individual taxpayer. |

Area V – Federal Taxation of Entities (including tax preparation and planning strategies) (28-38%)

| Content group/topic | Skill | | | Representative task |
|---|-------------------------------|-------------|----------|--|
| | Remembering and Understanding | Application | Analysis | |
| A. Tax treatment of formation and liquidation of business entities | | | | |
| | | ✓ | | Calculate the realized and recognized gain for the owner and entity upon the formation and liquidation of business entities for federal income tax purposes. |
| | | | ✓ | Compare the tax implications of liquidating distributions from different business entities. |
| | | | ✓ | Analyze the tax advantages and disadvantages in the formation of a new business entity. |
| B. Differences between book and tax income (loss) | | | | |
| | | ✓ | | Identify permanent vs. temporary differences to be reported on Schedule M-1 and/or M-3. |
| | | ✓ | | Calculate the book/tax differences to be reported on a Schedule M-1 or M-3. |
| | | ✓ | | Prepare a Schedule M-1 or M-3 for a business entity. |
| | | | ✓ | Reconcile the differences between book and taxable income (loss) of a business entity. |
| C. C corporations | | | | |
| 1. Computations of taxable income, tax liability and allowable credits | | ✓ | | Calculate taxable income and tax liability for a C corporation. |
| | | ✓ | | Calculate the credits allowable as a reduction of tax for a C corporation. |

Area V – Federal Taxation of Entities (including tax preparation and planning strategies) (28-38%) (continued)

| Content group/topic | Skill | | | | Representative task |
|--|-------------------------------|-------------|----------|------------|---|
| | Remembering and Understanding | Application | Analysis | Evaluation | |
| C. C corporations (continued) | | | | | |
| 2. Net operating losses and capital loss limitations | | ✓ | | | Calculate the current-year net operating or capital loss of a C corporation. |
| | | ✓ | | | Prepare a net operating and/or capital loss carryforward schedule for a C corporation. |
| | | | ✓ | | Analyze the impact of the charitable contribution and/or dividends received deductions on the net operating loss calculation of a C corporation. |
| | | | ✓ | | Analyze the impact of net operating and/or capital losses during tax planning for a C corporation. |
| 3. Entity/owner transactions, including contributions, loans and distributions | | ✓ | | | Calculate an entity owner's basis in C corporation stock for federal income tax purposes. |
| | | ✓ | | | Calculate the tax gain (loss) realized and recognized by both the shareholders and the corporation on a contribution or on a distribution in complete liquidation of a C corporation for federal income tax purposes. |
| | | ✓ | | | Calculate the tax gain (loss) realized and recognized on a nonliquidating distribution by both a C corporation and its shareholders for federal income tax purposes. |
| | | ✓ | | | Calculate the amount of the cash distributions to shareholders of a C corporation that represents a dividend, return of capital or capital gain for federal income tax purposes. |
| | | | | ✓ | Reconcile an owner's beginning and ending basis in C corporation stock for federal income tax purposes. |
| 4. Consolidated tax returns | ✓ | | | | Recall the requirements for filing a consolidated federal Form 1120 – <i>U.S. Corporation Income Tax Return</i> . |
| | | ✓ | | | Prepare a consolidated federal Form 1120 – <i>U.S. Corporation Income Tax Return</i> . |
| | | | ✓ | | Calculate federal taxable income for a consolidated federal Form 1120 – <i>U.S. Corporation Income Tax Return</i> . |

Area V – Federal Taxation of Entities (including tax preparation and planning strategies) (28-38%) (continued)

| Content group/topic | Skill | | | | Representative task |
|--|-------------------------------|-------------|----------|------------|---|
| | Remembering and Understanding | Application | Analysis | Evaluation | |
| C. C corporations (continued) | | | | | |
| 5. Multijurisdictional tax issues (including consideration of local, state and international tax issues) | ✓ | | | | Define the general concept and rationale of nexus with respect to multijurisdictional transactions. |
| | ✓ | | | | Define the general concept and rationale of apportionment and allocation with respect to state and local taxation. |
| | ✓ | | | | Explain the difference between a foreign branch and foreign subsidiary with respect to federal income taxation to a U.S. company. |
| | ✓ | | | | Explain how different types of foreign income are sourced in calculating the foreign tax credit for federal income tax purposes. |
| | ✓ | | | | Recall payment sources to determine federal tax withholding requirements. |
| | ✓ | | | | Identify situations where the base erosion and anti-abuse tax (BEAT) would apply. |
| | ✓ | | | | Identify factors that would qualify income as Foreign Derived Intangible Income (FDII). |
| | ✓ | | | | Define the components of Global Intangible Low-Taxed Income (GILTI). |
| | | | ✓ | | identify situations that would create nexus for multijurisdictional transactions. |
| | | | ✓ | | Identify the federal filing requirements of cross border business investments. |
| | | | ✓ | | Calculate the apportionment percentage used in determining state taxable income. |

Area V – Federal Taxation of Entities (including tax preparation and planning strategies) (28-38%) (continued)

| Content group/topic | Skill | | | Representative task |
|---|-------------------------------|-------------|----------|--|
| | Remembering and Understanding | Application | Analysis | |
| D. S corporations | | | | |
| 1. Eligibility and election | ✓ | | | Recall eligible shareholders for an S corporation for federal income tax purposes. |
| | ✓ | | | Recall S corporation eligibility requirements for federal income tax purposes. |
| | ✓ | | | Explain the procedures to make a valid S corporation election for federal income tax purposes. |
| | | ✓ | | Identify situations in which S corporation status would be revoked or terminated for federal income tax purposes. |
| 2. Determination of ordinary business income (loss) and separately stated items | | ✓ | | Calculate ordinary business income (loss) for an S corporation for federal income tax purposes. |
| | | ✓ | | Calculate separately stated items for an S corporation for federal income tax purposes. |
| | | | ✓ | Analyze both the accumulated adjustment account and the other adjustments account of an S corporation for federal income tax purposes. |
| | | | ✓ | Analyze the accumulated earnings and profits account of an S corporation that has been converted from a C corporation. |
| | | | ✓ | Analyze components of S corporation income/deductions to determine classification as ordinary business income (loss) or separately stated items on federal Form 1120S – <i>U.S. Income Tax Return for an S Corporation</i> . |
| 3. Basis of shareholder's interest | | ✓ | | Calculate the shareholder's basis in S corporation stock for federal income tax purposes. |
| | | | ✓ | Analyze shareholder transactions with an S corporation to determine the impact on the shareholder's basis for federal income tax purposes. |

Area V – Federal Taxation of Entities
 (including tax preparation and planning strategies)
 (28-38%) (continued)

| Content group/topic | Skill | | | | Representative task |
|---|-------------------------------|-------------|----------|------------|---|
| | Remembering and Understanding | Application | Analysis | Evaluation | |
| D. S corporations (continued) | | | | | |
| 4. Entity/owner transactions (including contributions, loans and distributions) | | ✓ | | | Calculate the realized and recognized gain or loss to the shareholder of property contribution to an S corporation. |
| | | ✓ | | | Calculate the allocation of S corporation income (loss) after the sale of a shareholder's share in the S corporation for federal income tax purposes. |
| | | | ✓ | | Analyze the shareholder's impact of an S corporation's loss in excess of the shareholder's basis for federal income tax purposes. |
| | | | ✓ | | Analyze the federal income tax implication to the shareholders and the S corporation resulting from shareholder contributions and loans as well as S corporation distributions and loans to shareholders. |
| 5. Built-in gains tax | ✓ | | | | Recall factors that cause a built-in gains tax to apply for federal income tax purposes. |

Area V – Federal Taxation of Entities (including tax preparation and planning strategies) (28-38%) (continued)

| Content group/topic | Skill | | | | Representative task |
|---|-------------------------------|-------------|----------|------------|---|
| | Remembering and Understanding | Application | Analysis | Evaluation | |
| E. Partnerships | | | | | |
| 1. Determination of ordinary business income (loss) and separately stated items | | ✓ | | | Calculate ordinary business income (loss) for a partnership for federal income tax purposes. |
| | | ✓ | | | Calculate separately stated items for a partnership for federal income tax purposes. |
| | | | ✓ | | Analyze components of partnership income/deductions to determine classification as ordinary business income (loss) or separately stated items on federal Form 1065 – <i>U.S. Return of Partnership Income</i> . |
| 2. Basis of partner's interest and basis of assets contributed to the partnership | | ✓ | | | Calculate the partner's basis in the partnership for federal income tax purposes. |
| | | ✓ | | | Calculate the partnership's basis in assets contributed by the partner for federal income tax purposes. |
| | | | ✓ | | Analyze partner contributions to the partnership to determine the impact on the partner's basis for federal income tax purposes. |
| 3. Partnership and partner elections | ✓ | | | | Recall partner elections applicable to a partnership for federal income tax purposes. |
| 4. Transactions between a partner and the partnership (including services performed by a partner and loans) | | ✓ | | | Calculate the tax implications of certain transactions between a partner and partnership (such as services performed by a partner or loans) for federal income tax purposes. |
| | | | ✓ | | Analyze the tax implications of a partner transaction with the partnership (such as services performed by a partner or loans) to determine the impact on the partner's tax basis for federal income tax purposes. |
| 5. Impact of partnership liabilities on a partner's interest in a partnership | | ✓ | | | Calculate the impact of increases and decreases of partnership liabilities on a partner's basis for federal income tax purposes. |
| | | | ✓ | | Analyze the impact of partnership liabilities as they relate to the general partners and limited partners for federal income tax purposes. |

Area V – Federal Taxation of Entities (including tax preparation and planning strategies) (28-38%) (continued)

| Content group/topic | Skill | | | Representative task |
|---------------------------------------|-------------------------------|-------------|----------|--|
| | Remembering and Understanding | Application | Analysis | |
| E. Partnerships (continued) | | | | |
| 6. Distribution of partnership assets | | ✓ | | Calculate the realized and recognized gains (losses) by the partnership and partners of liquidating distributions from the partnership for federal income tax purposes. |
| | | | ✓ | Calculate the realized and recognized gains (losses) by the partnership and partners of nonliquidating distributions from the partnership for federal income tax purposes. |
| | | | ✓ | Calculate the partner's basis of partnership assets received in a liquidating distribution for federal income tax purposes. |
| | | | ✓ | Calculate the partner's basis of partnership assets received in a nonliquidating distribution for federal income tax purposes. |
| 7. Ownership changes | ✓ | | | Recall the situations in which a partnership would be terminated for federal income tax purposes. |
| | | ✓ | | Calculate the allocation of partnership income (loss) after the sale of a partner's share in the partnership for federal income tax purposes. |
| | | | ✓ | Calculate the revised basis of partnership assets due to a transfer of a partnership interest for federal income tax purposes. |
| F. Limited liability companies | | | | |
| | ✓ | | | Recall the tax classification options for a limited liability company for federal income tax purposes. |
| G. Trusts and estates | | | | |
| 1. Types of trusts | ✓ | | | Recall and explain the differences between simple and complex trusts for federal income tax purposes. |

Area V – Federal Taxation of Entities (including tax preparation and planning strategies) (28-38%) (continued)

| Content group/topic | Skill | | | Representative task |
|---|-------------------------------|-------------|----------|--|
| | Remembering and Understanding | Application | Analysis | |
| G. Trusts and estates (continued) | | | | |
| 2. Income and deductions | | ✓ | | Calculate the total amount of income items reportable on a federal Form 1041 – <i>U.S. Income Tax Return for Estates and Trusts</i> . |
| | | ✓ | | Calculate the total amount of deductible expenses reportable on a federal Form 1041 – <i>U.S. Income Tax Return for Estates and Trusts</i> . |
| 3. Determination of beneficiary's share of taxable income | | ✓ | | Calculate the beneficiary's share of taxable income from a trust for federal income tax purposes. |
| H. Tax-exempt organizations | | | | |
| 1. Types of organizations | ✓ | | | Recall the different types of tax-exempt organizations for federal tax purposes. |
| 2. Obtaining and maintaining tax-exempt status | ✓ | | | Recall the requirements to qualify as an IRC Section 501(c)(3) tax-exempt organization. |
| | ✓ | | | Summarize the federal filing and disclosure requirements to obtain tax-exempt status for an organization. |
| | ✓ | | | Summarize the annual federal filing and disclosure requirements for a tax-exempt organization. |
| | ✓ | | | Explain the requirements necessary for retaining tax-exempt status. |
| | ✓ | | | Explain the procedures and recall the time period required to obtain tax-exempt status once the status has been revoked. |
| 3. Unrelated business income | | ✓ | | Calculate the unrelated business income for a tax-exempt organization for federal income tax purposes. |

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