



Wolters Kluwer

# **1040 Preparation and Planning 6: Gross Income: Business, Farm, and Rental Income (2024) Course Instructions**

Author: Barbara Weltman, Sidney Kess, Greg White

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## Instructions to Participants

To assist the participant with navigating the learning process through to successful completion, this course has been produced with the following elements:

**Overview of Topics / Table of Contents:** In this electronic format you'll find a slide menu on the left side of the screen. This serves as your overview of topics for the program. You may navigate to any topic by clicking on the slide name.

**Definition of Key Terms / Glossary:** You'll find key terms defined for this program in the course information on the following page(s).

**Index / Key Word Search:** You can find information quickly in the PDF materials (slide handout plus any additional handouts) by using the search function built into your Adobe Reader.

**Review Questions:** Questions that test your understanding of the material are placed throughout the course. You'll see explanatory feedback pop up for each incorrect answer, and reinforcement feedback for the correct answer for every review question.

**Final Exam:** The final exam measures if you have gained the knowledge, skills, or abilities outlined in the learning objectives. You may submit your final exam at the end of the course. Exams are graded instantly. A minimum score of % is required to receive the certificate of completion. **You have one year from date of purchase to complete the course.**

**Course Evaluation:** Once you have successfully passed your online exam, please complete our online course evaluation. Your feedback helps Wolters Kluwer maintain its high quality standards!

## About This Course

This section provides information that is important for understanding the course, such as course level and prerequisites. Please consider this information when filling out your evaluation after completing the course.

**Publication Date:** September 2023

### Course Description

This six-hour CPE course, the sixth in the 1040 Preparation and Planning series, covers income and expenses of sole proprietors and independent contractors on Schedule C, farm income and expenses on Schedule F, and rents and royalties on Schedule E.

Tax developments reflected in this course, including the Consolidated Appropriations Act, 2023 (including SECURE Act 2.0), the Inflation Reduction Act of 2022, and other tax legislation, IRS pronouncements, and court decisions, are extensive. They impact 2023 tax year returns that will be filed during the 2024 filing season and refund opportunities for earlier years; as well as point the way to strategic planning in 2024 and beyond. This course brings the tax preparer "up-to-speed" in preparing 2023 tax returns for the 2024 filing season.

### Learning Objectives

Upon successful completion of this course, participants should be able to:

- Explain how to complete Schedule C
- Determine eligibility for and report deductions on a range of business expenses
- Describe how to report deductions for travel-away-from-home costs
- Determine whether meal cost limitations apply
- Describe how to calculate deductions for business vehicle use
- Describe how to figure the home office deduction
- Explain property depreciation, first-year expensing, bonus depreciation, and depreciation recapture
- Recognize how to apply the rules for amortization, depletion, different types of losses, and bad debts
- Identify expenses subject to amortization
- Describe how to figure depletion deductions
- State how to apply the limits on trade or business losses
- Determine net operating losses
- Determine whether a debt is a business or nonbusiness bad debt
- List special deductions for farming activities
- Recognize how to apply the passive activity loss rules to businesses and rental activities
- Determine when losses from the rental of a home are deductible
- Recognize how to figure the qualified business income deduction

### NASBA Field of Study

Taxes. Some state boards may count credits under different categories—check with your state board for more information.

**Course Level**

Intermediate. Program knowledge level that builds on a basic program, most appropriate for CPAs with detailed knowledge in an area. Such persons are often at a mid-level within the organization, with operational and/or supervisory responsibilities.

**Prerequisites**

1040 Preparation and Planning: Fundamentals or basic understanding of Form 1040.

**Advance Preparation**

None.

**Course Expiration**

AICPA and NASBA Standards require all Self-Study courses to be completed and the final exam submitted within 1 year from the date of purchase as shown on your invoice. No extensions are allowed under AICPA/NASBA rules.

## Key Terms

- **Accountable Plan:** A plan where an employer advances or reimburses an employee for business expenses.
- **Bad Debts:** A type of debt that cannot be recovered.
- **Business Interest Expense:** The cost of interest that is charged on business loans used to maintain operations.
- **Capital Gain:** A profit from the sale of property or an investment.
- **Cash Method:** An accounting method that recognizes revenues and expenses at the time cash is received or paid out.
- **Engaged Trade or Business:** The activity is one entered into with at least the expectation of making a profit and the taxpayer devotes a substantial part of his business time to it, or if the taxpayer operates it through an agent or employee who devotes a substantial part of his time to it.
- **Improvement:** Materially adds to the value or utility of the property or appreciably prolongs its useful life.
- **Kickback:** A payment made to someone who has facilitated a transaction or appointment, especially illicitly.
- **Lobbying:** Seeking to influence (a politician or public official) on an issue.
- **Necessary:** It is appropriate and helpful in developing and maintaining the trade or business.
- **Ordinary:** If incurring it is a common and accepted practice in the taxpayer's field of business.
- **Qualified Business Income:** Ordinary, non-investment income of the business.
- **(QBID):** Qualified Business Income Deduction - Provides for a qualified business income deduction of up to 20% of qualified business income, applied at the individual level, and subject to certain limitations.
- **Repair:** An expense made to maintain the taxpayer's business property in an ordinary, efficient operating condition.
- **Schedule C:** An IRS form which provides the profit or loss from a business.
- **Section 179 Intangible:** A type of intangible asset that is generally amortized over 15 years.
- **Sole Proprietorship:** A type of enterprise that is owned and run by one person and in which there is no legal distinction between the owner and the business entity.
- **Spousal:** Relating to marriage or to a husband or wife.