



Wolters Kluwer

Basic Partnership Taxation Course Instructions

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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 70% 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.

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Course Description

The fastest growing tax reporting entity is the LLC taxed as a partnership. Tax practitioners now see partnership tax vehicles used by any type of taxpayer, including large corporations. The flexibility of partnership taxation has much to do with their use, but the distinctions between the “aggregate” and the “entity” approaches create significant uncertainty in many transactions.

This course is “Part I” of a two-part program on partnership taxation. This course will review many of the basic provisions of subchapter K and will help prepare both staff and management for dealing with more complex partnership tax concepts.

In this four-hour CPE course nationally recognized tax expert and instructor James Hamill, CPA, Ph.D., will explain the taxation of partnerships by use of commonly encountered transactions. The course will generally follow a “life cycle” approach, beginning with a review of what it means to be a partnership for tax purposes, the consequences of formation, and ending with the effects of distributions on both the partnership and the partners.

Learning Objectives

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

- Determine the consequences of forming a partnership
- Identify key tax reporting issues
- Describe how to select an accounting period
- Identify how to articulate allocations of profit and loss
- Determine share of recourse liabilities
- Recognize how to explain the rules affecting partnership distributions
- Describe the aggregate approach
- Identify how material participation applies
- Recognize what's included for a partner's at-risk basis
- Identify results of liquidating distributions
- Describe tax effect of a distribution in various client scenarios
- Recognize and apply Section 734 Adjustments
- Identify UBIA for Section 199A
- Recognize how recourse debt is presented
- Describe how 704(b) capital is recorded
- Recognize how to differentiate true statements regarding nonrecourse deductions

NASBA Field of Study

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

Course Level

Basic. Program knowledge level most beneficial to CPAs new to a skill or an attribute. These individuals are often at the staff or entry level in organizations, although such programs may also benefit a seasoned professional with limited exposure to the area.

Prerequisites

None.

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

- **Aggregate Approach:** The tax treatment is the same as if the partners were co-owners, and we analyzed a transaction at the partner (aggregation) level.
- **Entity Approach:** An approach that treats the partnership and its partners as separate entities.
- **Liquidation:** The process of liquidating a business.
- **Nonrecourse Deduction:** The payment source is borrowing from a source for which the lender has no recourse if the partnership cannot pay.
- **Nonrecourse Liability:** A partnership liability where no partner, or person related to a partner, bears the economic risk of loss.
- **Partnership:** A type of business organization in which two or more individuals pool money, skills, and other resources, and share profit and loss in accordance with terms of the partnership agreement.
- **Partnership Representative:** Party selected to represent a partnership before the IRS and take tax actions on behalf of the partnership.
- **(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.
- **Recourse Liability:** One for which a partner, or a party related to a partner, bears an economic risk of loss if the partnership is unable to pay the liability.
- **Safe Harbor:** A provision of a statute or a regulation that specifies that certain conduct will be deemed not to violate a given rule.
- **Substantial Economic Effect:** The economic effect of an allocation (or allocations) where there is a reasonable possibility that the allocation (or allocations) will affect substantially the dollar amounts to be received by the partners from the partnership, independent of tax.
- **(TEFRA):** Tax Equity and Fiscal Responsibility Act of 1982 - A law passed in 1982 that was designed to reduce the federal budget deficit through a combination of tax increases, spending cuts, and tax reform measures.