



Wolters Kluwer

Small Business Taxes Made Easy: Income 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 % 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: June 2020

Course Description

Join the class to learn how to set up or improve your business during this COVID19 time in the world. This course is based on the tips and tools discussed in TaxMama's latest book, *Small Business Taxes Made Easy*. Many small business owners make major mistakes when they record their income for tax purposes. Either they include deposits that are not income; or don't include earnings that are income. This course will help tax professionals identify missing income and to guide tax professionals and business owners on what is taxable income.

Learning Objectives

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

- Identify what the IRS considers income — even when it's not paid in cash or check
- Describe business income
- Describe true statements regarding issuing 1099-MISC
- Recognize which forms to file and when
- Identify examples of barter
- Describe kinds of income

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

- **Barter:** Generally a casual exchange of goods or service – often, with no contract involved.
- **Business Income:** Income is all compensation you receive for your goods or services. Note the word ‘compensation’, as opposed to money. Sometimes, you don’t get money - you get stock, or a share in partnership or LLC. Perhaps you trade your expertise for services, or two chickens; or you get painting, or your lawn mower.
- **Constructive receipt:** Income is constructively received when an amount is credited to your account or made available to you without restriction. You do not need to have possession of it. If you authorize someone to be your agent and receive income for you, you are considered to have received it when your agent receives it. Income is not constructively received if your control of its receipt is subject to substantial restrictions or limitations. Example. You are a calendar year taxpayer. Your bank credited, and made available, interest to your bank account in December 2018. You did not withdraw it or enter it into your books until 2019. You must include the amount in gross income for 2018, the year you constructively received the interest income.
- **Investors:** People who own shares of the business (stockholders, partners, LLC members).
- **Offshore Income:** Income earned outside the United States.
- **Substantial Presence Test:** You will be considered a United States resident for tax purposes if you meet the substantial presence test for the calendar year. To meet this test, you must be physically present in the United States (U.S.) on at least: 1. 31 days during the current year, and 2. 183 days during the 3-year period that includes the current year and the 2 years immediately before that, counting:
 - o All the days you were present in the current year, and
 - o 1/3 of the days you were present in the first year before the current year, and
 - o 1/6 of the days you were present in the second year before the current year.Example: You were physically present in the U.S. on 120 days in each of the years 2012, 2013, and 2014. To determine if you meet the substantial presence test for 2014, count the full 120 days of presence in 2014, 40 days in 2013 (1/3 of 120), and 20 days in 2012 (1/6 of 120). Since the total for the 3-year period is 180 days, you are not considered a resident under the substantial presence test for 2014.