

Best Practices for Tax Income and Expense Recognition (INCX)

Course Overview

Gain an understanding of timing issues under federal income tax law by understanding how to maximize timing to benefit your clients; reviewing historical antecedents, including U.S. Supreme Court cases and federal tax rules regarding timing of income and expenditures; and learning how cash and accrual methods of accounting have grown toward mirroring each other for federal income tax purposes. You'll also study underutilized planning opportunities to defer income or facilitate tax reporting and benefit from the hands-on approach to Code and Regulation sections, revenue procedures and court cases.

Objectives

- Identify and apply statutory provisions of the Internal Revenue Code regarding timing of income and expenditures, and policies underlying those rules.
- Determine fundamental principles regarding cash receipts and disbursements methods of accounting.
- Recognize fundamental principles of the accrual method of accounting.
- Determine how the cash and accrual methods of accounting for tax purposes have grown toward each other over time.
- Recognize tax timing planning opportunities and restrictions.
- Identify the rules governing the use of accounting periods and methods by various taxpayers.

Major Topics

- Cash receipts and disbursements method of accounting, including history
- Cash method limitations, including tax shelters per IRC Sec. 448(d)(3), 461(i)(3) and 1256(e)(3)
- Cash method by small businesses, including Revenue Procedures 2001-10 and 2002-28
- NAICS codes
- Accrual of income and expenses, including history
- Economic Performance and Recurring Item Exception, IRC Sec. 461(h)
- Deferral of Certain Advance Payments (Revenue Procedure 2004-34)

Field of Interest Code: Taxes

CPE Hours: 8.00 | AA: 8.00 | LS-TX: 6.50 | MCLE: 6.50

Level: Intermediate

Designed for:

CPAs, attorneys and others engaged in income tax return preparation or consulting.

Author/Instructors: David J Clark CPA, JD, Esq