

### Accredited Tax Advisor (ATA) Exam Outline

#### **Domain 1: Financial Statements Accounting**

##### **Task 1: Record Setup – Design a system for record setup to organize the financial data.**

###### **Knowledge of:**

- a. Accounting cycle
- b. Accounting methods
- c. Debits and credits
- d. Journals and ledgers

###### **Skill in:**

- a. Creating a chart of accounts

##### **Task 2: Establish a system to measure revenue and expense.**

###### **Knowledge of:**

- a. Cash vs. accrual

##### **Task 3: Documentation – Detail the process and procedures used in engaging and preparing financial statements.**

###### **Knowledge of:**

- a. Engagement letters
- b. Financial reporting framework (e.g., generally accepted accounting principles [GAAP]) or financial accounting framework (e.g., other comprehensive basis of accounting [OCBOA])
- c. Work papers

###### **Skill in:**

- a. Preparing financial statements
- b. Making adjusting and reversing journal entries

##### **Task 4: Balance Sheet – Prepare financial statements to report financial condition.**

###### **Knowledge of:**

- a. Accounting principles (e.g., cash and equivalents, accounts receivable, discounted notes, investments, inventory, property and equipment, intangible assets, liabilities, current liabilities, long-term liabilities, leases, pensions, stockholder's equity)

##### **Task 5: Income Statement – Prepare financial statements to report revenue and expenses.**

###### **Knowledge of:**

- a. Accounting principles (e.g., revenue recognition, matching principle, owner's equity)

##### **Task 6: Statement of Cash Flows – Prepare financial statements to report use and availability of cash.**

###### **Knowledge of:**

- a. Direct or indirect method
- b. Operating activities
- c. Investing activities
- d. Financing activities

##### **Task 7: Reports – Provide documents for owners and interested parties using client representations to provide additional information regarding financial statements.**

|  |
|--|
| <b>Knowledge of:</b>   |
| a. Disclosures   |
| b. Report/Transmittals   |
| c. Statement analysis  |
| d. Accounting pronouncements   |
| e. Depreciation  |
| f. Cost basis  |
| g. Going concern   |
|  |
| <b>Domain 2: Taxation</b>  |
| <b>Task 1: Overview of Tax Structure – Identify the five basic taxable reporting entities (e.g., individuals, corporations, partnerships, estates, trusts).</b>  |
| <b>Knowledge of:</b>   |
| a. Tax entity determination reporting  |
|  |
| <b>Task 2: Individual Tax Returns (1040) – Collect information from the taxpayer to prepare a complete and accurate return.</b>  |
| <b>Knowledge of:</b>   |
| a. Self-employment (e.g., sole proprietor, farms)  |
| b. Rentals   |
| c. Inventory (e.g., FIFO, LIFO, lower cost of market)  |
| d. Depreciation (e.g., straight line, modified accelerated cost recovery system [MACRS], Section 179)  |
| e. Business use of home  |
| f. Farming activities  |
| g. Rental activities   |
| h. Basis of assets   |
| i. Independent contractor  |
| j. Taxability of gifts   |
| k. Taxability of insurance proceeds  |
|  |
| <b>Skill in:</b>   |
| a. Selecting an inventory method   |
| b. Utilizing an appropriate depreciation method  |
| c. Calculating actual and simplified method  |
| d. Applying passive activity loss rules  |
|  |
| <b>Task 3: Filing Consideration – Determine the correct filing status and eligible dependents for an individual tax return.</b>  |
| <b>Knowledge of:</b>   |
| a. Filing status choices   |
| b. Rules of dependency   |
|  |
| <b>Task 4: Inclusions in Income – Determine the sources of income to be included on a tax return.</b>  |
| <b>Knowledge of:</b>   |
| a. U.S. tax law (e.g., compensation income, including fringe benefits, scholarships, fellowships, teaching stipends, interest, dividends, capital gains, state and local refunds, alimony received, business and farm income, rental activities and pass-through entities, debt relief, gambling |

|  |
|--|
| income, hobby income, prizes, jury duty, Social Security benefits, unemployment compensation, retirement distributions, life insurance, disability, VA benefits)   |
| <b>Task 5: <i>Deductions for AGI</i> – Determine the eligible adjustments from total income to produce adjusted gross income.</b>  |
| <b>Knowledge of:</b>   |
| a. U.S. tax law (e.g., alimony, self-employment health insurance deduction, health savings account [HSA] deductions, Keogh/Self-employment plan [SEP], IRA contributions, self-employment tax deduction, moving expense, penalty on early savings withdrawal, student loan interest, tuition and fees deduction, educator expenses, domestic production deduction) |
| <b>Task 6: <i>Itemized Deductions</i> – Determine the use of standard or itemized deductions to calculate the lowest taxable income.</b>   |
| <b>Knowledge of:</b>   |
| a. Schedule A (e.g., medical expense, tax expense, interest expense, charitable contributions, miscellaneous, unreimbursed employee expenses, gambling losses, casualty/theft)   |
| <b>Skill in:</b>   |
| a. Applying reduction to appropriate deductions  |
| b. Applying limitation on Schedule A   |
| <b>Task 7: <i>Income Tax Credits</i> – Determine eligible reduction in income tax from various tax credits.</b>  |
| <b>Knowledge of:</b>   |
| a. U.S. tax law (e.g., earned income tax credit, due diligence requirements, foreign tax credit, retirement credit, child and dependent care credit, education, credits, child tax credits, energy credits)  |
| <b>Task 8: <i>Limited Liability Companies/Disregarded Entities</i> – Determine the best method of reporting client income and expenses for LLCs and disregarded entities.</b>  |
| <b>Knowledge of:</b>   |
| a. Single-member/multimember LLC tax law   |
| <b>Skill in:</b>   |
| a. Selecting the appropriate filing entity   |
| <b>Task 9: <i>S Corporations (1120S)</i> – Compile client data to prepare a complete and accurate S corporation tax return.</b>  |
| <b>Knowledge of:</b>   |
| a. S corporation tax law (e.g., basis, built-in gains tax, shareholder compensation, S corporation election and revocation, shareholder benefits, shareholder loans and distributions, eligible owners, at-risk rules, capital accounts)   |
| <b>Task 10: <i>Partnerships (1065)</i> – Compile client data to prepare a complete and accurate partnership tax return.</b>  |
| <b>Knowledge of:</b>   |
| a. Partnership tax law (e.g., basis – inside and outside, capital accounts, elections, at-risk rules)  |

**Task 11: *Corporations (1120)* – Compile client data to prepare a complete and accurate corporate tax return.**

**Knowledge of:**

- a. Corporate tax law

**Task 12: *Trust and Estates Income Tax (1041)* – Compile client data to prepare a complete and accurate fiduciary tax return.**

**Knowledge of:**

- a. Trust document
- b. The will
- c. Titling of assets (probate)
- d. Roles of trustees, executor, beneficiary, surviving spouse
- e. Fiduciary tax law

**Task 13: *Federal Estate Tax Return (706)* – Compile client data to prepare a complete and accurate estate tax return.**

**Knowledge of:**

- a. The will
- b. Trust document
- c. Probate
- d. Gift tax returns filed by decedent prior to death
- e. Estate tax law
- f. Roles of trustees, executor (personal representative), beneficiaries, and surviving spouse

**Task 14: *Nonprofit Issues (990)* – Compile client data to prepare a complete and accurate nonprofit information return.**

**Knowledge of:**

- a. Type of nonprofit (e.g., churches, veteran’s organizations, hospitals, member organizations, schools) and related tax code section
- b. Nonprofit tax law

**Task 15: *United States Gift (and Generation Skipping Transfer) Tax Return (709)* – Compile and prepare gift tax returns to report the transfer of money or property.**

**Knowledge of:**

- a. Limits on annual gift exclusion
- b. Transfer of assets to reduce estate tax

**Task 16: *Specialty Topics* – Review additional topics that might affect the client.**

**Knowledge of:**

- a. Investment taxation
- b. Divorce issues
- c. Community property
- d. Social Security and Medicare issues
- e. Retirement issues
- f. Net operating loss (NOL)

|  |
|--|
| g. Payroll   |
| h. Tax estimates for all types of entities (e.g., individuals, corporations)   |
| i. Affordable Care Act   |
|  |
| <b>Skill in:</b>   |
| a. Assessing tax liability of divorce settlements  |
| b. Assisting clients in financial decisions during and after divorce   |
| c. Recognizing issues related to community assets and income   |
| d. Counseling appropriate age to take benefits   |
| e. Discussing correct time to apply for Medicare benefits  |
| f. Determining the appropriate retirement plan   |
| g. Determining whether a client has enough income to retire  |
| h. Understanding carryback vs carryforward   |
| i. Clarifying for client health insurance options vs. penalty for no health insurance  |
|  |
| <b>Domain 3: Business Law</b>  |
| <b>Task 1: Recognize different business entities and transactions to advise clients.</b>   |
| <b>Knowledge of:</b>   |
| a. Business law principles (e.g., property law, contracts, Uniform Commercial Code, agency, partnerships, corporations, trusts, limited liability companies) |
|  |
| <b>Domain 4: Ethics</b>  |
| <b>Task 1: Determine best practices and procedures for tax professionals.</b>  |
| <b>Knowledge of:</b>   |
| a. Circular 230  |
| b. Practice procedures   |
| c. Due diligence   |
|  |
| <b>Skill in:</b>   |
| a. Determining when an attorney referral is necessary  |
| b. Knowing when to hire, refer, or gain skill in a specific area   |