ADDITIONAL SKILL ACQUISITION PROGRAMME

asap

Enrolled Agent

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Course name: Enrolled Agent

About the programme:

An Enrolled Agent (EA) is a professional who has the privilege of representing tax payers before the IRS, the U.S federal agency that oversees the collection of taxes and enforcement of tax laws. As an EA, you may perform the following services:

- Prepare tax returns
- Represent clients before the IRS
- Have unlimited representation rights
- Appeal in favour of clients before the IRS and advice clients on taxation aspects related to their business transactions

The EA course is divided into three components

- Part 1 – Individual taxation
- Part 2 – Business taxation
- Part 3 – Representation, practices and procedures

Programme outcomes:

- Proficiency in US taxation
- Tax return preparation and filing
- Advisory skills

Eligibility criteria:

- BCom/ BBA/ MCom/ MBA graduates who have an interest in building a career in US Taxation, working closely with US teams and clients
- Candidates pursuing 2nd & 3rd year graduation in BCom, BBA

Duration of the programme:

Hours: 180
Days: 60
Months: 6 months

Offline training centres:

NA

Course syllabus:

Part 1

Module 1:

Domain 1: Preliminary Work and Taxpayer Data 14 Questions

Description: Preliminary work to prepare tax returns

- Use of prior years' returns for comparison, accuracy, and carryovers for current year's return
- Taxpayer personal information (e.g., date of birth, marital status, dependents, identity protection PIN, state-issued photo ID)
- Residency status and/or citizenship (e.g., visas, green cards, resident alien or non-resident alien, ITIN)
- Filing requirements and due date
- Taxpayer filing status
- Sources of worldwide taxable and non-taxable income (e.g., interest, wages, business, sales of property, dividends, rental income, flow-through entities, alimony received)
- Sources of applicable exclusions and adjustments to gross income (e.g., foreign earned income exclusion, retirement plans, HSAs, alimony paid, health insurance, self-employment tax)
- Sources of applicable deductions (e.g., itemised, standard)
- Qualifications for dependency
- Sources of applicable credits (e.g., education, foreign tax, child and dependent care, credit for other dependents, child tax credit)
- Sources of tax payments and refundable credits
- Previous IRS correspondence with taxpayer
- Additional required returns to be filed, and taxes paid (e.g., employment, gifts, international information returns, and other information returns)
- Special filing requirements (e.g. foreign income, presidentially declared disaster areas, injured spouse)
- Foreign account and asset reporting (e.g., FBAR, Form 8938)
- Minor children's unearned income (“Kiddie” tax)
- ACA requirements (e.g., total household income, premium tax credit, household size)

Module 2

Domain 2: Income and Assets 17 Questions

Income

- Taxability of wages, salaries and other earnings
- Interest Income (e.g., taxable and non-taxable)
- Dividends and other distributions from mutual funds, corporations, and other entities
- Personal property rental
- Gambling income and allowable deductions (e.g., Form W-2G, documentation)
- Tax treatment of cancellation of debt (e.g., Form 1099C, foreclosures, insolvency)
- Tax treatment of a U.S. citizen/resident with foreign income (e.g., tax treaties, Form 1116, Form 2555, Form 3520, Form 5471)

- Other income (e.g., scholarships, barter income, hobby income, alimony, nontaxable combat pay, unearned income, taxable recoveries, NOL, illegal income)
- Constructive receipt of income
- Constructive dividends (e.g., payments of personal expenses from a business entity)
- Passive income and loss
- Pass-through income (e.g., Schedule K-1, income, deductions, basis, qualified business income (QBI) items)
- Royalties and related expenses
- State/local income tax refund and other itemised deduction recoveries
- 1099 MISC, 1099 NEC, 1099 K reporting, irregularities, and corrections

Retirement income

- Basis in a traditional IRA (Form 8606)
- Comparison of and distributions from traditional and Roth IRAs
- Distributions from qualified and non-qualified plans (e.g., pre-tax, after-tax, rollovers, Form 1099R, qualified charitable distribution)
- Excess contributions and tax treatment (e.g., penalties)
- Penalties and exceptions on premature distributions from qualified retirement plans and IRAs
- Prohibited transactions and tax consequences
- IRA conversions and recharacterisation (Form 8606)
- Required minimum distributions
- Loans from qualified plans
- Taxability of Social Security and Railroad Retirement benefits
- Inherited retirement accounts
- Foreign pensions and retirement income

Property, real and personal

- Sale or disposition of property including depreciation recapture rules and 1099A
- Capital gains and losses (e.g., netting effect, short-term, long-term, mark-to-market, virtual currency)
- Basis of assets (e.g., purchased, gifted or inherited)
- Basis of stock after stock splits and/or stock dividends (e.g., research, schedules, brokerage records)
- Publicly traded partnerships (PTP) (e.g., sales, dispositions, losses)
- Sale of a personal residence (e.g., IRC sec 121 exclusions)
- Installment sales (e.g., related parties, original cost, date of acquisition, possible recalculations and recharacterisation)
- Options (e.g., stock, commodity, ISO, ESPP)
- Like-kind exchange
- Non-business bad debts
- Investor versus trader

Adjustments to Income

- Self-employment tax

- Retirement contribution limits and deductibility (e.g., earned compensation requirements)
- Health savings accounts
- Other adjustments to income (e.g., student loan interest, alimony, moving expenses for active military, write-in adjustments)
- Self-Employed Health Insurance

Module 3
Domain 3: Deductions and Credits 17 Questions
Itemized deductions and QBI

- Medical, dental, vision, and long-term care expenses
- Various taxes (e.g., state and local, personal property, real estate)
- Interest expense (e.g., mortgage interest, investment interest, tracing rules, points, indebtedness limitations)
- Charitable contributions (e.g., cash, non-cash, limitations, documentation required)
- Nonbusiness casualty and theft losses
- Other itemized deductions
- Itemized deductions for Form 1040-NR
- Qualified Business Income (QBI) deduction

Credits

- Child and dependent care credit
- Child tax credit and credit for other dependents
- Education credits
- Foreign tax credit
- Earned income tax credit (e.g., paid preparer's earned income credit checklist, eligibility and disallowance)
- Adoption credits (e.g., carryovers, limitations, special needs)
- ACA premium tax credit
- Other credits (refundable and non-refundable) (e.g., health coverage tax credit, energy credits, Retirement savings contribution credit)

Module 4
Taxation 15 Items
Taxation

- Alternative minimum tax and credit for prior year
- Household employees
- Underpayment penalties and interest
- Self-employment tax
- Excess Social Security withholding
- Tax provisions for members of the clergy
- Tax provisions for members of the military
- Income in respect of decedent
- Net investment income tax
- Additional Medicare tax

- Uncollected Social Security and Medicare tax
- Other taxes (e.g., first-time homebuyer credit repayment)

Module 5
Domain 5: Advising the individual taxpayer 11 Questions
Advising the Individual Taxpayer

- Reporting obligations for individuals (e.g., 1099, bartering, cash)
- Property sales (e.g., homes, stock, businesses, antiques, collectables)
- Education planning (e.g., lifetime learning credit, IRC section 529 plans)
- Estate planning (e.g., gift versus inheritance, trusts, family partnerships, charitable giving, long-term care, life insurance)
- Retirement planning (e.g., annuities, IRAs, employer plans, early retirement rules, required minimum distribution, beneficiary ownership, charitable distributions from an IRA)
- Marriage and divorce (e.g., divorce settlement, common-law, community property, alimony)
- Items that will affect future/past returns (e.g., carryovers, net operating loss, Schedule D, Form 8801, negative QBI carryover)
- Injured spouse
- Innocent spouse
- Estimated tax and penalty avoidance (e.g., mid-year estimated tax planning)
- Adjustments, deductions, and credits for tax planning (e.g., timing of income and expenses)
- Character of transaction (e.g., use of capital gain rates versus ordinary income rates)
- Advantages and disadvantages of MFJ/MFS/HOH filing statuses in various scenarios (e.g., joint and several liabilities)
- Conditions for filing a claim for refund (e.g., amended returns)
- Penalty of perjury

Module 6
Domain 6: Specialized Returns for Individuals 11 Questions
Estate Tax

- Gross estate, taxable estate (calculations and payments), unified credit
- Jointly held property
- Marital deduction and other marital issues (e.g., portability election)
- Life insurance, IRAs, and retirement plans
- Estate filing requirements and due dates (e.g., Form 706: Form 1041)

Gift Tax

- Gift-splitting
- Annual exclusion
- Unified credit
- Effect on estate tax (e.g., Generation-skipping transfer tax)

- Filing requirements (e.g., Form 709)

International Information Reporting

- Filing and reporting requirements and due dates (e.g., FBAR, Form 8938, Form 8865, Form 5471, Form 3520)
- Covered accounts (e.g., FBAR, Form 8938)
- Potential penalties (e.g., failure to file, underreporting, substantially incomplete, statute of limitations, reduction of tax attributes)
- Distinctions between FBAR and Form 8938 requirements

Part 2

Module 1

Domain 1: Business Entities and Considerations 30 Questions

Business Entities

- Sole proprietorships
- Partnerships and qualified joint ventures (QJV)
- Corporations
- S corporations
- LLCs
- Tax-exempt entities and associations
- Entity type default classifications and elections
- Employer identification number
- Accounting periods (tax year)
- Reporting requirements (e. g., Forms W-2, W-4, Form 1099)
- Hobby versus business determination and loss limitations

Partnerships

- Partnership income, expenses, distributions, and flow-through (e. g., self-employment income)
- Family partnerships
- Partner's dealings with partnership (e. g., exchange of property, guaranteed payments)
- Contribution of property and/or services to a partnership (e. g., partnership's basis, property subject to indebtedness)
- Basis of partner's interest
- Disposition of partner's interest
- Partnership formation (e. g., partnership agreement, general vs limited partners, capital contributions)
- Dissolution of partnership (e. g., sale, death of partner)
- Filing requirements, due dates, penalties, and audit notice requirements
- Partnership cancellation of debt
- Partnership level audit and opt-out

Corporations in general

- Filing requirements, due dates, and penalties
- Earnings and profits
- Shareholder dividends, distributions, and recognition requirements
- Special deductions and credits (e. g., dividends received deductions, charitable deduction)
- Liquidations and stock redemptions
- Accumulated earnings tax
- Estimated tax payments
- Corporate minimum tax credit

Forming a corporation

- Services rendered to a corporation in return for stock
- IRC section 351 exchange
- Transfer and/or receipt of money or property in addition to corporate stock
- Transfer of property subject to indebtedness
- Controlled groups
- Closely held corporations

S corporations

- Requirements to qualify (e. g., qualifying shareholders)
- Election procedure
- Income, expenses and separately stated items
- Treatment of distributions
- Shareholder's basis (e. g., loan basis, distributions and losses in excess of basis, services for stock)
- Revocation, termination and reinstatement
- Debt discharge

Module 2
Domain 2: Business Tax Preparation 37 Questions

Business Income

- Gross receipts and other income
- Cost of goods sold (e. g., inventory practices, expenditures included, uniform capitalization rules)
- Net income/loss and at-risk limitations
- Cancellation of business debt

Business expenses, deductions and credits

- Officers and employees' compensation (e. g., deductibility, fringe benefits, rules of family employment, statutory employee, necessary and reasonable)
- Business rental deduction, including self-rentals
- Depreciation, amortization (start-up and organizational cost), IRC section 179, depletion, bonus depreciation, and correcting errors

- Business bad debts
- Business travel, meals, and gift expenses
- Vehicle use and expenses
- Interest expense
- Insurance expense
- Taxes (e. g., deductibility of taxes, assessments, and penalties; proper treatment of sales taxes paid, excise)
- Employment taxes
- Casualties, thefts, and condemnations -
- Qualified business income(QBI) (e.g., SSTB, calculations, phase out, UBIA)
- Eligibility and deductibility of general business credits (e. g., disabled access credit, R & D credit, small business healthcare tax credit, foreign tax credit)
- Net operating loss deduction
- Home office

Business assets

- Basis of assets
- Disposition of property or assets
- Like-kind exchange
- Converted property
- Capitalization and repair regulations (e. g., elections)

Analysis of financial records

- Proper business type, the use of classification codes, and year-to-year comparison
- Income statement
- Balance sheet (e. g., proofing beginning and ending balances, relationship to income statement and depreciation)
- Method of accounting and changes (e. g., accrual, cash, hybrid, Form 3115)
- Depreciation recovery (e. g., recapture, IRC sec 280F)
- Pass-through activity (e. g., K-1, separately stated items, non-deductible expenses)
- Reconciliation of tax versus books (e. g., M-1, M-2, M-3)
- Related party activity
- Loans to and from owners

Advising the business taxpayer
Outcome Expected

Module 3

Domain 3: Specialised Returns and Taxpayers 18 Questions

Trust and estate income tax

- Trust types (e. g., simple/complex, grantor, irrevocable, tax shelters, foreign)
- Distributable net income and accounting income
- Exclusions, exemptions, and deductions
- Fraudulent trusts
- Income (e. g., allocations, corpus versus income)
- Separately stated items (e.g., items reported on the K-1)

- Filing requirements, tax years, and penalties

Exempt organisations
- Qualifying for and maintaining tax-exempt status (e. g., IRC 501(c))
- Applying for IRS tax-exempt status (e. g., Form 1023, Form 1024)
- Filing requirements (e. g., Form 990 series)
- Unrelated business taxable income

Retirement plans
- Employer and employee contributions
- Reporting requirements
- Plans for self-employed persons (e. g., SEP and SIMPLE)
- Prohibited transactions
- Qualified and non-qualified plans
- Non-discrimination rules

Farmers
- Farm income (e.g., livestock, crop insurance proceeds, subsidies, patronage dividends, conservation payments)
- Depreciation for farmers
- Disaster-area provisions (e.g., drought, flood, other weather-related conditions)
- Farm rental (e.g., Form 4835)
- Farm tax computation (e.g., Schedule J, Schedule SE, estimated tax)

Rental Property
- Real estate professional qualifications
- Commercial rentals versus residential rentals
- Mixed-used property/vacation home
- Passive loss limitation (e.g., special $25,000 allowance, MAGI limits)
- Rental income (e.g., deposits, pre-paid rent, not rented for profit)
- Rental expenses (e.g., allocation between personal and rental, repair versus capitalised)

Part 3

Module 1

Domain 1: Practices and Procedures 26 Questions

Practice before the IRS
- What constitutes practice before the IRS
- Categories of individuals who may practice and extent of practice privileges

Requirements for Enrolled Agents
- Information to be furnished to the IRS

- Omission or error on return, document, or affidavit
- Rules for employing or accepting assistance from former IRS employees or disbarred/ suspended persons
- Rules for restrictions on advertising, solicitation and fee information
- Rules regarding fees (e.g., contingent, unconscionable)
- Due diligence requirements
- Conflict of interest
- Rules for refund check negotiation
- Standards for written advice, covered opinions, tax return positions and preparing returns
- Continuing education requirements
- Enrollment cycle and renewal
- Rules for prompt disposition of matters before the IRS
- Rules for returning a client's records and documents
- PTIN requirements
- Practitioner supervisory responsibilities

Sanctionable acts

- Incompetence and disreputable conduct
- Sanctions imposed by the Office of Professional Responsibility
- Frivolous submissions (returns and documents)
- Fraudulent transactions (e.g., badges of fraud)

Rules and penalties

- Assessment and appeal procedures for preparer penalties
- Types of penalties (e.g., negligence, substantial understatement, overvaluation)
- Furnishing a copy of a return to a taxpayer
- Signing returns and furnishing identifying numbers
- Keeping copies or lists of returns prepared
- Employees engaged or employed during a return period (e.g., IRC section 6060)
- Preparer due diligence penalties

Module 2
Domain 2- Representation before the IRS 25 Questions

Power of attorney

- Purpose of power of attorney
- Signature authority (e.g., extension of assessment period, closing agreement)
- Authority granted by taxpayer
- Limitations on signing tax returns on behalf of taxpayer
- Proper completion of power of attorney (Form 2848)
- Alternate forms of power of attorney (durable)
- Rules for client privacy and consent to disclose
- Distinctions between power of attorney (Form 2848) and tax information authorization (Form 8821)

- Requirements to be met when changing or dropping representatives or withdrawal of representative
- Purpose of a Centralised Authorization File (CAF) number
- Conference and practice requirements (Publication 216)

Building the taxpayer’s case-Preliminary work

- Identification of tax issue(s) with supporting details
- Potential for criminal aspects
- Competence, expertise, and time to handle issue
- Conflict of interest in regards to representation
- Transcripts from IRS (e.g., access to and use of e-services)

Taxpayer financial situation

- Taxpayer's ability to pay the tax (e.g., installment agreements, offer in compromise, currently not collectable)
- General financial health (e.g., bankruptcy, lawsuits, garnishments, cash flow, assets, and insolvency)
- Third-party research (e.g., property assessment for taxes, asset values, state and local tax information)
- Discharge of the tax liability in bankruptcy
- IRS Collection Financial Standards

Supporting documentation

- Financial documents and expense records (e.g., cancelled checks or equivalent, bank statements, credit card statements, receipts, brokerage records)
- Legal documents (e.g., birth certificate, divorce decrees, lawsuit settlements)
- Prior and subsequent tax returns
- Other substantive and contemporaneous documentation (e.g., corporate minutes)
- Business entity supporting documents (e.g., partnership agreement, corporate bylaws)

Legal authority and references

- Internal Revenue Code and income tax regulations
- Revenue rulings and revenue procedures
- Case law
- IRS forms, instructions, and publications
- Private letter ruling
- Internal Revenue Manual
- Authoritative versus non-authoritative source material
- Tax treaties

Related issues

- Statute of limitations
- Post-filing correspondence (e.g., math error notices, under-reporting notices)
- Deadlines and timeliness requirements)
- Third-party correspondence (e.g., witness communications, employment records)
- Freedom of Information Act (FOIA) requests
- Tax avoidance vs tax evasion
- Tax return disclosure statements
- Taxpayer Advocate Service (e.g., criteria for requesting assistance)
- Taxpayer identity Theft
- Judicial levels of representation beyond the scope of EA representation

Module 3:
Domain 3: Specific Areas of Representation 20 Questions

Representing a taxpayer in the collection process

- Extension of time to pay (e.g., Form 1127)
- Instalment agreements
- Offer in compromise
- Collection appeals program (e.g., denial of instalment agreements, discharge applications)
- Collection appeals and due process (e.g., lien, levy, and Form 12153)
- Adjustments to the taxpayer's account (e.g., abatements and refund offsets)
- Requesting an audit reconsideration (e.g., documents and forms)
- Representing a decedent
- Collection notice and Notice of Federal Tax Lien
- Levy and seizure of taxpayer's property
- Currently Not Collectible (e.g., reasons and reactivation)
- IRS Collection Summons (e.g., purposes)
- Collections statute of limitations
- Trust fund recovery penalty
- Amended returns and claims for refund (e.g., Form 1040X, Form 843, effect on statute of limitations)
- Passport revocation

Penalties and/or interest abatement

- Penalties subject to abatement
- Basis for having penalties abated or refunded
- Basis for having interest abated or refunded
- Interest recalculation
- Procedures for requesting abatement

Representing a taxpayer in audits/examinations

- IRS authority to investigate
- Limited practitioner privilege (e.g., IRC section 7525)
- Verification and substantiation of entries on the return
- IRS authority to fix time and place of investigation
- Steps in the process (e.g., initial meeting, submission of IRS requested information)

- Interpretation and analysis of revenue agent report (RAR) (e.g., 30-day letter)
- Interpretation and analysis of CP-2000 notice and correspondence audits
- Explanations of taxpayer options (e.g., agree or appeal)
- Taxpayer's burden of proof

Representing a taxpayer before appeals

- Right to appeal Revenue Agent findings
- Request for appeals consideration (e.g., preparation, elements contained)
- Enrolled Agent appearance at appeals conference
- Settlement function of the appeals process
- Issuance of 90-day letter

Module 4
Domain 4: Filing Process 14 Questions

Accuracy

- Reliance on software (e.g., review of results)
- Miscalculations and recognition of duplicate entries

Record maintenance

- Length of time to retain returns and records
- Data security (e.g., electronic, systems, paper)

Electronic filing

- Application process to be an e-file provider (e.g., e-services, EFIN)
- E-file mandate and exceptions (Form 8948)
- Advertising standards
- Definition and responsibilities of an ERO
- Levels of infractions
- Compliance requirements to continue in programme
- EFIN revocation appeal process
- E-file authorisation and supporting documentation (e.g., Form 8879 and Form 8453) Rejected returns and resolution (e.g., client notification, IP PIN)

Certification Process:

Special Enrolment Examination (SEE)

The SEE is the test to be cleared to become an Enrolled Agent (EA). The applicant must have a Preparer Tax Identification Number (PTIN) to schedule the test. A person who has attained 18 years of age is eligible to appear and pass the Special Enrolment Examination (SEE).

SEE is an online examination which is conducted in three parts and covers the following–

- Part 1 - Individual Taxation
- Part 2 – Business Taxation
- Part 3 – Representation, Practices & Procedures

Each part is 3.5 hours long and consists of 100 Multiple Choice Questions (MCQs). The candidate must obtain a scaled score of 105 to pass each test.

- ➢ The examination may be taken in any sequence at the option of the student, and once a student passes one part, he/she gets 3 years to pass the other 2 parts.

- ➢ The test is offered from May 1 to the end of February of the following year (called the testing window). The test is not offered during the annual blackout period in March and April. During this time, the test is updated with the most recent tax law. Each exam may be taken 4 times per testing window.

- ➢ Once all the parts are completed, the candidate should apply for enrolment with IRS within 1 year of the date the third part is completed.

- ➢ The test is conducted at Prometric test centres located at various locations in the world, including India. In India, there are three exam centres for attempting the SEE – New Delhi, Hyderabad and Bengaluru.

It is noteworthy that the PTIN and EA enrolment are subject to renewal requirements.
No prior experience in tax is required to pursue EA. However, owing to the job market requirements in India, we suggest the applicant at least undergo/have a commerce degree.