### **Citation Index**

#### **CODE SECTIONS**

#### **Internal Revenue Code (IRC)**

```
§1 ... 120
§11 ... 120
§23 ... 485
§23(d)(1)(D) ... 52
§23(e) ... 46
§24 ... 498
§32 ... 487-488, 541
§32(c)(3)(C) ... 201
§35 ... 486
§44 ... 501
§48 ... 618
§50(c)(4)(A) ... 342
§52(a) ... 606
§52(b) ... 606
§55 ... 467–468
§55(c) ... 435
§56 ... 468
§56(b)(1)(C) ... 468
§56(e)(1) ... 468
§61 ... 209, 467, 487, 493, 519,
      521–523, 525, 529, 564, 573
§61(a)(12) ... 519
§62 ... 493-494, 579
§62(a)(19) ... 490, 522
§62(a)(2)(D) ... 211
§62(c) ... 494
§63 ... 605
§67(b)(4) ... 411
§67(e)(1) ... 271
§71 ... 504
§71(b)(1)(D) ... 504
§72 ... 526, 565, 569
§72(a) ... 520
§72(e) ... 520
§72(s) ... 520
§72(t) ... 565
§72(t)(1) ... 569–570
§72(t)(2)(A)(iv) ... 569
§73 ... 434
§74 ... 209
§77 ... 423
§83(a) ... 434
§83(h) ... 434
§86(e) ... 29
§104 ... 521, 523
§104(a)(2) ... 521
```

§104(a)(4) ... 194

```
§104(b) ... 194
§107 ... 213, 219
§108 ... 342
§110 ... 622
§112 ... 189
§114(a) ... 598
§114(e) ... 598
§117 ... 207
§119 ... 54
§121 ... 139, 196, 288, 365, 389,
      565
§121(c) ... 565
§121(d)(10) ... 365
§121(d)(9)(B) ... 196
§125 ... 492
§126(b)(1)(A) ... 430
§126(b)(1)(B) ... 430
§126(c) ... 432–433
§137 ... 485
§139(g) ... 446
§152 ... 498
§152(d)(1)(D) ... 444
§162 ... 233, 283, 433, 476–477,
      490-491, 494, 523, 529, 577-
      579
§162(1) ... 490
§162(1)(1)(A) ... 490
§162(1)(2)(A) ... 490
§162(a) ... 578–579
§162(a)(2) ... 578
§163 ... 283
§164 ... 283
§165 ... 415, 481, 525, 532, 544,
      632
§165(a) ... 481
§165(c)(3) ... 481
§165(d) ... 525
§167 ... 496, 501
§167(g) ... 630
§168 ... 233, 385
§168 (i)(2)(B) ... 614
§168(e)(3)(E)(iii) ... 503
§168(f)(4) ... 615
§168(i)(2)(B) ... 627
§168(k)(2)(B) ... 234
§170 ... 477
§170(b)(1)(A) ... 405
§170(e)(2) ... 406
§170(f)(11)(D) ... 411
§170(h)(2)(C) ... 399
§172 ... 312, 605, 632
```

```
§172(b)(3) ... 299
§174 ... 631
§179 ... 240
§179(d)(10) ... 350
§179A(e)(4) ... 342
§183 ... 532, 544, 562–563
§190 ... 342
§193 ... 342
§194(b) ... 435
§197 ... 243
§199 ... 491, 597, 604, 606–608,
     610-611, 613-616, 630
§199(b)(1) ... 632
§199(c)(1) ... 606
§199(c)(2) ... 630
§199(c)(3)(A) ... 606
§199(c)(3)(B) ... 606
§199(c)(4) ... 606
§199(c)(4)(A)(i) ... 621, 625
§199(c)(4)(A)(i)(I) ... 609, 611
§199(c)(4)(A)(i-iii) ... 606
§199(c)(4)(A)(ii) ... 621
§199(c)(4)(A)(iii) ... 621
§199(c)(4)(B)(i) ... 622
§199(c)(5)(B) ... 627
§199(c)(7) ... 636
§199(c)(7)(A) ... 606
§199(c)(7)(B) ... 606
§199(d)(1)(B) ... 638
§199(d)(3) ... 642
§199(d)(3)(A)(ii) ... 643
§199(d)(3)(B)(i) ... 642
§199(d)(4) ... 617
§199(d)(5) ... 606–607
§199(d)(6) ... 605
§212 ... 270, 274, 283
§215 ... 504
§219 ... 566
§219(g) ... 566
§219(g)(2)(A)(i) ... 566
§220 ... 495
§220(i) ... 495
§220(j) ... 495
§220(j)(2)(A) ... 496
§222 ... 212
§223 ... 488, 490
§223(a) ... 488, 490
§223(b)(5) ... 488
§223(c)(1)(A) ... 488
§247(e)(2) ... 474
§262 ... 578
```

00.60 47.4	0.621(1) 425	01001( )(1) 076
§263 474	§631(b) 435	§1031(a)(1) 376
§263(a) 621	§642(b) 262, 276	§1031(a)(2)(A) 389
§263A 608, 610–611, 613, 618–	§642(c) 262	§1031(a)(3) 363
619, 630–631, 644	§642(g) 271	§1031(b) 376
§263A(d)(3) 244	§643(b) 272	§1031(f) 554
§263A(g)(2) 610	§643(g) 278	§1031(f)(1) 554
§265 220, 274, 473, 567	§651 262, 265	§1031(f)(4) 365
§267 554	§661 262	§1033 257, 357
· ·		
\$267(b) 243, 364, 554	§663(b) 274	§1033(e) 418, 420
§274 474, 579	§667 530	§1033(f) 419
§274(d) 477	§671 264, 279, 288	§1059A(b)(1) 631
§274(e) 474	§672 288	§1221(2) 330
§274(e)(9) 474	§673 264, 279, 288	§1223(1)(A) 419
§280A 210	§674 264, 279, 288	§1223(11) 287, 331, 406
§280F 235, 386, 496	§675 264, 279, 288	§1223(2) 287, 406
§280F(a)(1)(C) 317	§676 264, 279, 288	§1231 416
§280F(b)(2) 350	§677 264, 279, 288	§1231(b) 336, 360
§280F(d) 350	§678 288	§1231(b)(1) 336
\$280F(d)(4)(A)(v) 477	§679 288	§1231(b)(1)(C) 336
§280F(d)(5) 312	§691 521	§1231(b)(1)(D) 336
§301 482	§691(a)(1) 270	§1231(c) 340
§316 482	§691(b) 283	§1237(a) 413
§401(a)(9) 146	§691(c) 128, 141, 284	§1245 234, 373
§401(k) 124, 126–127, 130,	§691(c)(1) 276	§1250 127, 258, 358
193, 202	§692 192	§1253(d)(2) 342
§402(a) 567	§692(a) 192	§1255 432
§402(e)(1)(A) 567	§701 532, 544	§1274A 417
§402(g)(3) 605	§704(c) 184–185	§1301 467, 607
§403(b) 124, 127, 231, 566	§707(b) 364	§1341 29–30, 38
§408 471, 505, 569	§732(d) 184	§1374 482
§408(d)(1) 569–570	§734(b) 183–186	§1382(b) 642
§408(d)(3)(A) 570	§743(b) 183–186	§1382(c) 642
§408(d)(3)(1) 570	§751 170, 638	§1382(d) 643
§409 567	§754 184, 186, 555	§1401 473, 567
§412(i) 124, 127	§754(b) 258	§1401(a) 473
§414(m) 606	§755 184–186	§1402 213
§414(o) 606	§861 610, 631	§1402(a)(1) 607
§415 568	§924 621	§1504(a) 635
§446 74	§936 610	§2031 266, 515
· ·	· ·	
§451 466	§941(a)(1)(C) 600	§2032 266, 286
§451(e)(1) 419	§942 598	§2032(c) 267, 286
§454(a) 282	§942(c)(1) 603	§2032A 130, 267, 286, 513
§457 124, 127, 605	§943(g) 603	§2032A(b)(5) 607
§469 558–560	§954 611	§2032A(e)(6) 607
§469(c)(1) 607	§1012 285	§2033 261
§469(c)(2) 559	§1014 282, 286, 520	§2035 261
§469(h)(1) 607	§1014(a)(1) 520	§2036 261, 510–511
§481(a) 251	§1014(b)(9)(A) 520	§2036(a) 511–512
§483 417	§1014(c) 269, 286	
		§2036(a)(1) 511
\$501(c)(3) 399, 403	§1014(e) 286	§2037 261
§522(d)(10)(E) 472	§1015 289	§2038 261
§523 472	§1016 285, 564	§2039 261
§529 29, 535	§1016(a) 564	§2040 261
§532(a)(1) 514	§1031 257, 357, 359, 363, 369,	§2040(a) 287
§613A(e)(2) 617	418, 554	§2040(b) 287

§2041 261	
§2042 261	
82043 261	
§2043 261 §2044 261	
§2044 261	
§2057(b)(1)(D)(ii)	. 607
§2057(f)(1)(A) 60	07
§2201 192	
§2204 514	
§3121 213, 571	
§3401 213	
§3401(a) 605	
§3401(c) 121	
§4051 517	
§4251 516	
§4252 516	
§4252(b)(1) 516	
§4253(d) 203–20	4
§4958 403	
§6012(a) 122	
§6015 527–528, 5	573
	715
§6051(a)(3) 605	
§6051(a)(8) 605	
§6072(d) 643	
§6159 67, 551	
§6213 528	
§6213(a) 529	
§6213(b) 528	
	556
§6231(a)(1)(B)(ii)	. 556
§6320 551	
§6324 514	
§6324(a)(1) 514	
§6330 547–548, s	551–553
§6511(a) 193	
§6651 510, 523	
§6653 523	
§6653(b)(1) 573	
§6654(d) 278	
§6656 510	
§6662 412, 523, 5	529
§6663 570	
§6673 547–548	
§6673(a)(1) 548	
§6871 471	
§6903 265	
§7122 469	
§7508 202	
§7508(a) 193	
§7520 515	
§7525 575	
§7602 76	
§7604 536	
§7701(a)(14) 121	
§7701(a)(36) 96	
§7701(c) 121	
§9100 555	

### **REGULATIONS**

#### **Treasury Decisions**

9115 ... 384 9180 ... 482 9201 ... 99 9202 ... 371-372

#### Treasury Regulations

§1.1.83-2(b) ... 562 §1.48-1(c) ... 614 §1.61-2(a)(1) ... 187 §1.61-2(b) ... 188 §1.61-21(b) ... 475 §1.62-2(d)(1) ... 494 §1.62-2(f)(1) ... 494 §1.107(b) ... 218 §1.107-1(a) ... 213 §1.121-5(b) ... 196 §1.152-2(a) ... 49 §1.162-5 ... 433 §1.167(a)-1(b) ... 315 §1.167(h) ... 272 §1.170A-10(d) ... 305 §1.170A-14 ... 399 §1.170A-14(a) ... 403 §1.170A-14(c) ... 400 §1.170A-14(e)(1) ... 400 §1.170A-14(h)(3)(i) ... 411 §1.170A-8(d)(2) ... 406 §1.172-1(c) ... 311 §1.179-1(e)(1) ... 350 §1.179-2(c)(6)(ii) ... 607 §1.183-2(b) ... 563 §1.212-1(i) ... 270 §1.213-1(d) ... 276 §1.263A-8(c) ... 619 §1.274A-1(c) ... 417 §1.401(a)(9)-5 ... 143 §1.446-4(e) ... 606 §1.451-2 ... 393 §1.451-2(a) ... 397 §1.451-7(a)-(h) ... 420 §1.451-7(e)(1) ... 420 §1.469-2(f)(6) ... 561 §1.469-4(c)(1) ... 560 §1.641(b)-3(a) ... 264 §1.642(c)-1 ... 270  $\S1.642(c)-1(a) \dots 271$ §1.643(a)-3(c) ... 273 §1.643(a)-6 & (b) ... 273 §1.643(b)-(1) ... 289

§1.691(a) ... 282 §1.754-1(b) ... 555 §1.754-1(c)(2) ... 184 §1.861-(8)(f) ... 631 §1.861-17 ... 632 §1.861-17(b) ... 632 §1.861-8 ... 603 §1.1031(a)-1(c) ... 359, 372 §1.1031(a)-2 ... 371 §1.1031(a)-2(b)(2) ... 370 §1.1031(a)-2(b)(4) ... 372 §1.1031(a)-2(c) ... 374 §1.1031(a)-2(c)(2) ... 374 §1.1031(b)-1(a) ... 375 §1.1031(d)-2 ... 376 §1.1031(j)-1 ... 371 §1.1031(k)-1(e)1-4 ... 388 §1.1033(e)-1(b) ... 418 §1.1223-1(j) ... 288 §1.1301-1(b)(2) ... 607 §1.1402(c)-5 ... 213 §1.1402(e)-3 ... 230 §1.1502-13 ... 636 §1.1502-76 ... 637 §1.1563-1(b)(2)(ii)(c) ... 239 §20.2036-1(a) ... 512 §301.7701-2(a) ... 369 §301.7701-4(a) ... 261 §301.9100-1 ... 555 §301.9100-1(c) ... 555 §301.9100-3 ... 555

### **Temporary Treasury** Regulations

§1.469-1T(e)(3)(ii)(B) ... 559 §1.469-1T(e)(3)(iv) ... 560 §1.469-1T(e)(3)(viii)-Example 4 ... 560 §1.61-2T ... 324 §1.921-3T(b) ... 603 §1.927(a)-1T(d)(1) ... 598 §16A.126-1(a) ... 430

649

§1.645-1 ... 267

	Estate of Wilson v. United	Panages v. Commr 478
COURT CASES	States 390	Patterson v. Commr 211
	FedEx Corporation v. Commr 474	Picknally v. Commr 210
Adams v. Commr 214	Feinstein v. Commr 211	Porth v. Brodrick 121
Ahmad and Amerneh v.	First American Title Insurance Co. v.	Powers v Commr 312
Commr 565	United States 514	Rateau v. Commr 498
Alaniz v. Commr 552	Florida Industries v. Commr 390	Rasmussen v. Commr 219
American Bankers Insurance Group v.	Ford v. Commr 573	Roberts v. Commr 548
United States 516	Freed v. Commr 563	Rogers v. Commr 348
Applegate v. Commr 395	Garcia v. Commr 211	Romine v. Commr 394
Arevalo v. Commr 501		
Arnwine v. Commr 396	Glass v. Commr 401	Rousey et ux v. Jacoway 471
Assaf v. Commr 558	Goodwin v. United States 217	Rutland v. Commr 373, 395
Ballich v. Commr 563	Green v. Commr 311	Salkov v. Commr 214
Barlow v. Commr 504	Haugen, v. Commr 467	Salman v. Dept. of Treasury 122
Bean Lumber Transport, Inc. v. United	Hawkins v. Commr 553	Sampson v. Commr 487
States 391	Helvering v. Mitchell 120	Scherbart v. Commr 397
Biermann v. Commr 121	Hendricks v. Commr 527	Schiff v. United States 120
Bigelow v. Commr 510	Hoopengarner v. Commr 311	Schulz v. Commr 536
Biscayne Trust Co 373	Huckaby v. New York State Division of	Shackleford v. United States 515
Bloomington Coca-Cola Bottling Co.	Tax Appeals 518	Silverman v. Commr 214
v. Commr 388	Hurst v. Commr 479	Singerman v. Commr 481
Bolker v. Commr 390	In re Herbert Alonzo Stone, Jr 194	Small v. Fritz Cos 481
Bramante v. Commr 499	Iowa 80 Group Inc., et al v. IRS 502	Smith v. Internal Revenue 390
	Jefferson v. United States 211	Speltz v. Commr 469
Brushaber v. Union Pacific	Johnson v. Commr 120	Spiegelman v. Commr 209
R.R 121	Johnston v. Commr 394	Strangi v. Commr 511
Bunker v. Commr 519	Jones v. Commr 477	Suzy's Zoo v. Commr 610
Busby v. United States 397	Jorgensen v. Commr 210	Swaim v. United States 390
Bynum v. Commr 331	Kahler v. Commr 394	Sweet and Lawson v. Commr 559
Carlos v. Commr 560	Kelley v. Commr 567	Teruya Brothers v. Commr 554
Carter-Colton Cigar Co. v.	Kilburg v. Commr 312	Tesar v. Commr 211
<i>Commr.</i> 331	Klarkowski v C.I.R 389	Tsang v. Commr 566
Chamberlain v. United States 521	Klein v. Commr 390	United States v. BDO Seidman,
<i>Colsen v. IRS</i> 472	Klingaman v. Commr 525	LLP 575
Commr. v. Banks 522	Kungaman v. Commr 323 Kolker v. Commr 547–548	
Commr. v. Groetzinger 479		United States v. Bisceglia 536
Commr. v. Glenshaw Glass Co 120	Levine v. Commr 505	United States v. Condo 120
Cook v. Commr 528	Loomis v. Commr 396	United States v. Johnson 75
Crain v. Commr 210	M. Papermaster v. US 96	United States v. Neff 122
Dalan v. Commr 220, 473	Malone v. Commr 497	United States v. Nelson 121
Davis v. Commr 394	McClune v. Commr 480	United States v. Sileven 121
Deason v. Commr 220, 473	McCorkle v. Commr 551	United States v. Sullivan, 121
Donovan, Jr. v. United States 515	<i>McFarland v. Commr.</i> 220, 473	Veterinary Surgical Consultants, P.C.
Dowd v. Commr 208	McGuire v. United States 215	v. Commr 484
Dumond v. Commr 476	McLennan v. United States 400	Walford v. Commr 562
Eiselstein v. Commr 548	<i>Miles v. Commr.</i> 211	Walter v. United States 394
Eren v. Commr 506	Miller v. Commr 501	Warren v. United States 397
Estate of Stone v. Commr., 512	Morrison v. Commr 482	Weber v. Commr 215
	Mosley v. Commr 214	Welch v. Commr 483, 559
Estate of Hoover v. Commr 513	Muhammad v. Commr 211	Westby v. Commr 523
Estate of Kamm v. Commr 394	Mulherin v. Commr 210	Whalen v. Commr 578
Estate of Kimbell v. United	Murphy, et al. v. IRS 523	Wheir v. Commr 577
States 513	Mutch v. Commr 218	Williams v. Commr 120, 396
Estate of Maddox, v. Commr 513	Okerson v. Commr 503	Yacksyzn v. Commr 548
Estate of Meyer v. Commr 390	Orvis v. Commr 579	Young v. Commr 221, 473
Estate of Williams v. Commr. 100	ee e./	

Estate of Williams v. Commr. ... 499

Pabon v. Commr. ... 121

### **REVENUE RULINGS**

55-206 212
55-422 218
57-107 214
50 162 205
58-162 395
58-221 214
50 50 214
59-50 214
59-58 217
59-270 214
60-32 396
60-378 209
62-117 218, 231
62-171 214
63-156 218, 231
64-104 282
64-326 218
65-98 421
65-124 214
66-90 214
68-44 396
68-68 214
68-126 394
68-145 282
70-72 397
71-58 210
72-23 434
72-249 218
72-450 201
73-258 231
73-381 231
73-393 434
74-523 271
79 72 272
78-72 372
78-163 373
78-172 214
79-78 231
79-335 520-521
81-152 564
81-171 96
81-270 96
81-277 564
87-32 219
87-103 423, 425
88-65 626
1964-1 282
1968-1 CB203 282
1974-2 CB 304 271
1987-1 CB 131 219
2002-83 365
2003-123 414
2005-11 468
2005-25 488
2005-30 128, 520
2003-30 120. 320

2005-51	528
2005-52	493
CB223	282

### **REVENUE PROCEDURES**

97.56 252 270 502
87-56 253, 370, 503
87-57 385
89-15 247
93-1 420
96-31 251
2002-9 251, 423
2002-22 369, 387
2002-28 620
2003-16 570
2004-20 235
2004-34 624
2004-71 6
2005-10 579
2005-12 550
2005-13 496
2005-19 517
2005-31 43, 46–47, 485
2005-32 537
2005-39 540
2005-48 517

### **OTHER IRS RELEASES**

#### **Chief Counsel Advice**

200431012 446
200431013 97
200431015 97
200519048 466
200524001 490

#### **IRS Announcements**

2005-12	495
2005-19	529
2005-26	533
2005-19	530

#### **IRS Fact Sheets**

2005-10	 541
2005-11	 529
2005-12	 570
2005-14	 543

### **IRS Letter Rulings**

7902033	96
8001001	395
8111071	96
8350005	219

8817010 208
8928050 419
9014041 432
9052001 214
200039031 414
200236001 446
200328002 613
200447035 193
200448006 513
200503036 569
200504012 565
200504037 569
200513011 564
200523017 555

8519004 ... 214

### **IRS News Releases** IR-2004-114 ... 533

IK-2004-114 333
IR-2004-129 542
IR-2004-152 540
IR-2004-155 567
IR-2005-8 534
IR-2005-11 541
IR-2005-14 495
IR-2005-17, 529
IR-2005-18 507
IR-2005-19 530
IR-2005-27 530
IR-2005-29 517
IR-2005-30 549
IR-2005-31 468
IR-2005-33 533
IR-2005-34 556
IR-2005-35 545
IR-2005-37 532
IR-2005-38 543
IR-2005-45 544
IR-2005-50 544
IR-2005-51 541
IR-2005-52 483
IR-2005-53 535
IR-2005-59 540
IR-2005-63 545
IR-2005-68 553
IR-2005-69 495
IR-2005-73 540
IR-2005-80 535
IR-2005-81 535

#### **IRS Notices**

89-55	419–420
99-30	190
575 26	5
2000-04.	384, 387

2000-4 257
2002-17 190
2003-15 47
2003-21 190, 203
2004-41 398, 401, 412
2004-72 568
2005-8 490
2005-14 491, 597, 605
2005-30 530
2005-31 1, 3
2005-42 492
2005-45 474
2005-50 486
2005-51 415, 467

#### **IRS Private Letter Rulings**

8938045 ... 373 9428007 ... 373 200513010 ... 369

#### **IRS Publications**

- 3, Armed Forces' Tax Guide ... 188, 193
- 225, Farmer's Tax Guide ... 394
- 463, Travel, Entertainment, Gift and Car Expenses ... 235, 323–324
- 501, Exemptions, Standard Deduction, and Filing Information ... 49
- 502, Medical and Dental Expenses ... 6
- 517, Social Security and Other Information for Members of the Clergy and Religious Workers ... 231
- 525, Taxable and Nontaxable Income ... 39
- 559, Survivors, Executors, and Administrators ... 266, 271
- 575, Pension and Annuity Income ... 151
- 590, Individual Retirement Accounts (IRAs) ... 20
- 594, The IRS Collection Process ... 59
- 600, Optional State Sales Tax Tables ... 1–3
- 721, Tax Guide to U.S. Civil Service Retirement Benefits ... 153
- 784, How to Prepare Application for Certificate of Subordination of Federal Tax Lien ... 69
- 915, Social Security and Equivalent Railroad Retirement Benefits ... 30, 38, 133, 150

- 919, How Do I Adjust My Tax Withholding? ... 544
- 939, General Rule for Pensions and Annuities ... 151
- 946, How to Depreciate Property ... 235, 241, 245
- 947 Practice Before the IRS and Power of Attorney ... 101
- 968, Tax Benefits for Adoption ... 44,
- 969, Health Savings Accounts and Other Tax-Favored Health Plans ... 5–6
- 970, Tax Benefits for Education ... 207
- 463, Travel, Entertainment Gift and Car Expenses ... 314
- 1045, Tax Professionals Guide to Federal Tax Products ... 542
- 1494, Table of Figuring Amount Exempt from Levy on Wages, Salary, and Other Income ... 72
- 1726, IRS Tax Products CD-ROM ... 542

### **FORMS & SCHEDULES**

#### **IRS Forms**

- 56, Notice Concerning Fiduciary Relationship ... 265
- 433 A, Collection Information
  Statement for Wage Earners and
  Self-Employed
  Individuals ... 66–67
- 433 B, Collection Information Statement for Businesses ... 66
- 656, Offer in Compromise ... 67, 542, 553
- 656-A, Income Certification for OIC Application Fee ... 542
- 706, United States Estate (and Generation-Skipping Transfer) Tax Return ... 260–261, 263, 266–267, 269–271, 276, 284, 286, 288–289
- 720, Quarterly Federal Excise Tax Return ... 439
- 940, Employer's Annual Federal Unemployment (FUTA) Tax Return ... 221
- 941, Employer's Quarterly Federal Tax Return ... 507

- 1040, U.S. Individual Income Tax Return ... 5, 30, 32, 42, 54, 58, 62, 88, 96, 109–110, 122, 133– 134, 136, 194, 197–198, 200, 207, 209, 215–216, 218, 221, 230–231, 260, 263, 265–266, 270, 282, 292, 311
- 1040-NR, U.S. Nonresident Alien Income Tax Return ... 212
- 1040X, Amended U.S. Individual Income Tax Return ... 195, 299, 311, 421
- 1041, U.S. Income Tax Return for Estates and Trusts ... 260, 262– 265, 267–274, 276, 278–279, 283–284, 289
- 1041-ES, Estimated Income Tax for Estates and Trusts ... 278
- 1041-T, Allocation of Estimated Tax Payments to Beneficiaries ... 278
- 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons ... 540
- 1045, Application for Tentative Refund ... 292, 299, 305, 311
- 1065, U.S. Return of Partnership Income ... 89, 158, 169, 175, 361
- 1099-C, Cancellation of Debt ... 548 1099-INT, Interest Income ... 418
- 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. ... 526, 567
- 1099-S, Proceeds From Real Estate Transactions ... 418
- 1099-SA, Distributions from an HSA, Archer MSA or Medicare Advantage MSA ... 5, 13
- 1120, U.S. Corporation Income Tax Return ... 169
- 1120S, U.S. Income Tax Return for an S Corporation ... 89, 169
- 1310, Statement of Person Claiming Refund Due a Deceased Taxpayer ... 266
- 2106, Employee Business Expense ... 88–89, 197–199, 210–212, 216, 219–221, 313, 578
- 2290, Heavy Highway Vehicle Use Tax Return ... 553
- 2441, Child and Dependent Care Expenses ... 443

- 2553, Election by a Small Business Corporation ... 644
- 2553, Election by a Small Business Corporation, ... 169
- 2555, Foreign Earned Income ... 52, 54–57
- 2555-EZ, Foreign Earned Income Exclusion ... 52
- 2758, Application for Extension of Time to File Certain Excise, Income, Information and Other Returns ... 279
- 2848, Power of Attorney and Declaration of Representation ... 64, 97, 109, 203, 534
- 3115, Application for Change in Accounting Method ... 251, 423
- 3911, Taxpayer Statement Regarding Refund ... 545
- 4361, Application for Exemption from Self-Employment Tax for Use by Ministers, Members of Religious Orders, and Christian Science Practitioners ... 230– 231, 473
- 4562, Depreciation and Amortization ... 234, 313, 385
- 4684, Casualties and Thefts ... 332
- 4768, Application for Extension of Time to File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes ... 267
- 4797, Sales of Business Property ... 330, 416
- 4835, Farm Rental Income and Expenses ... 421
- 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return ... 363, 538
- 4952, Investment Interest Expense Deduction ... 311
- 5498, IRA Contribution Information ... 15
- 5498-SA, HSA, Archer MSA or Medicare Advantage MSA Information ... 5, 14
- 5754, Statement by Person(s) Receiving Gambling Winnings ... 525
- 6251, Alternative Minimum Tax-Indviduals ... 468
- 6252, Installment Sale Income ... 346

- 7004, Application for Automatic Extension of Time to File Corporation Income Tax Return ... 363
- 8027, Employer's Annual Information Return of Tip Income and Allocated Tips ... 540
- 8271, Investor Reporting of Tax Shelter Registration Number ... 311
- 8275, Disclosure Statement ... 481
- 8283, Noncash Charitable Contributions ... 411
- 8302, Electronic Deposit of Tax Refund of \$1 Million or More ... 311
- 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents ... 443, 499–500
- 8546, Claim for Reimbursement of Bank Charges Incurred Due to Erroneous Service Levy or Misplaced Check ... 69
- 8582, Passive Activity Loss Limitations ... 559, 561
- 8736, Application for Automatic Extension of Time to File U.S. Return for a Partnership, REMIC, or for Certain Trusts ... 279
- 8800, Application for Additional Extension of Time to File U.S. Return for a Partnership, REMIC, or for Certain Trusts ... 279
- 8815, Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued After 1989 ... 22,
- 8821, Taxpayer Information Authorization ... 534
- 8824, Like-Kind Exchanges ... 343, 378
- 8832, Entity Classification Election ... 167–168
- 8839, Qualified Adoption Expenses ... 43, 50–52
- 8849, Claim for Refund of Excise Taxes ... 203, 206, 439, 516
- 8855, Election to Treat a Qualified Revocable Trust as Part of an Estate ... 267

- 8863, Education Credits (Hope and Lifetime Learning Credits) ... 20–24, 26–27, 29
- 8864, Biodiesel Fuels Credit ... 439
- 8873, Extraterritorial Income Exclusion ... 600
- 8886, Reportable Transaction
  Disclosure Number ... 311
- 8889, Health Savings Accounts ... 5–12, 16–17
- 8893, Election of Partnership Level Tax Treatment ... 556
- 8903, Domestic Production Activities Deduction ... 644
- 9465, Installment Agreement Request ... 66
- CSA-1099R, Statement of Annuity Paid ... 153
- CT-1, Employer's Annual Railroad Retirement Tax Return ... 540
- Package X ... 542
- RRB-1099, Payments by the Railroad Retirement Board ... 149
- RRB-1099-R, Annuities or Pensions by the Railroad Retirement Board ... 149–150
- SS-4, Application for Employer Identification Number ... 161,
- SSA-1099, Social Security Benefit Statement ... 29–31, 38, 150
- W-2, Wage and Tax Statement ... 15, 29, 38, 47–48, 102, 187–188, 201–202, 207, 216, 219, 221, 278, 324–325
- W-3, Transmittal of Wage and Tax Statements ... 221
- W-4, Employee's Withholding Allowance Certificate ... 216, 544

#### **IRS Schedules**

#### 1040, U.S. Individual Income Tax Return

- Schedule A, Itemized
  Deductions ... 1–2, 22, 32, 39–41, 109, 219, 276, 292, 313
- Schedule B, Interest and Ordinary Dividends ... 32
- Schedule C, Profit or Loss from Business ... 39, 88, 106, 215, 217, 219, 221, 268, 313, 487

- Schedule C-EZ, Net Profit from Business ... 39
- Schedule D, Capital Gains and Losses ... 39, 355
- Schedule E, Supplemental Income and Loss ... 88, 269
- Schedule F, Profit or Loss from Farming ... 39, 88, 269, 422, 433
- Schedule J, Income Averaging for Farmers and Fishermen ... 467
- Schedule SE, Self-Employment Tax ... 221, 230–231

### 1041, U.S. Income Tax Return for Estates and Trusts

- Schedule A, Charitable Deduction ... 262, 270
- Schedule B, Income Distribution
  Deduction ... 262, 272, 274–
  276
- Schedule D, Capital Gains and Losses ... 269, 277, 288

- Schedule G, Tax
  Computation ... 277
  Schedule I, Alternative Minimum
  Tax ... 275, 277
- Schedule K-1, Beneficiary's Share of Income, Deductions, Credits, etc. ... 263, 268–269, 273, 275, 278, 284

### 1045, Application for Tentative Refund

- Schedule A, NOL ... 278 Schedule B, NOL
  - Carryover ... 306–307

### 1065, U.S. Return of Partnership Income

- Schedule K, Partners' Distributive Share Items ... 185
- Schedule K-1, Partner's Share of Income, Deductions, Credits, etc. ... 96, 105, 185, 311, 639
- Schedule M-1, Reconciliation of Income (Loss) per Books With Income (Loss) per Return ... 74, 185

Schedule M-2, Analysis of Partners' Capital Accounts ... 74, 185

#### 1120, U.S. Corporation Income Tax Return

- Schedule M-1, Reconciliation of Income (Loss) per Books With Income per Return ... 74, 185
- Schedule M-2, Analysis of Unappropriated Retained Earnings per Books ... 74, 185
- Schedule M-3, Net Income (Loss)
  Reconciliation for
  Corporations with Total
  Assets of \$10 Million or
  More ... 483

# Index

A	depreciation 247	homestead exemption 451
Α	domestic production activities	IRA 447, 471
Abusive tax avoidance	deduction 605	retirement plans 451
executive stock option	extraterritorial income	Roth IRA 451
scheme 529	exclusion 598	tax returns 472
Accelerated Cost Recovery System	home mortgage interest 468	Bankruptcy Abuse Prevention and
(ACRS) 244	tax preference items 247, 411	Consumer Protection
Accrual-basis taxpayer 393	American Disabilities Act of 1990	Act 451
Adjusted basis rule 286	(ADA) 501	Basis 252
Adoption 200	American Jobs Creation Act of 2004	adjusted basis rule 286
credit 45–46	(AJCA) 1, 67–68, 95, 116,	gifted property 256
employer-provided	235, 314, 365, 435, 437, 474,	inherited property 255
benefits 43	522–523, 551, 553, 597	involuntary conversion 257
foreign child 45–46, 485	Amortization 416, 421	land, donated easement 412
IR visa 47	business start-up expenses 435	like-kind exchange 257
qualified expenses 44, 485	organizational costs 244	nontaxable exchange 257
safe harbor	start-up costs 244	payment in kind transfer 434
foreign child 46	AMT. See Alternative minimum tax	purchased property 252
special needs children 44	Annual lease value 324	residential rental property under
Advance payment rule 624	Archer medical savings accounts	§754 election 258
Agricultural cooperative	(MSAs) 440	stepped-up basis 286
domestic production activities	Asset	tobacco buy-out quota 416
deduction 605	capital 414	Beneficiary 263
Agricultural program	inventory 414	estate 259
payments 421	recharacterization 414, 416	income 263
advance payments 421	sale of inherited 269	ordinary 284
cash basis taxpayer 421–422	transfer	unitrust payment 289
commodity certificates 422	basis 434	nonresident aliens 267
basis 422	risk of forfeiture 434	remainder 263
disposition 422	Audits 95	trust 262
speculating 426	tax schemes 530	Bonds 129
constructive receipt 396	tax shelters 532	municipal 129
payment in kind (PIK) 423	wages 528	Bonus depreciation 233
pollution contol facility 421	Automobile. See Vehicle	expiration 234
tobacco467	Awards	Boot 380
AJCA. See American Jobs Creation	teachers 209	Business expense
Act of 2004 (AJCA)		capitalization versus repairs 474
Alternate valuation date 286, 288	В	capitalized 233
estate 266	В	entertainment 474
Alternative Depreciation System	Bad debt	gambling 478
(ADS) 244	business 470	ordinary and necessary 233
150% declining balance rate 247	Bankruptcy 447	start-up costs 435
election 245	§529 plans 451	unreimbursed employee
Alternative minimum tax	Chapter 7 447, 471	expense 477
(AMT) 245, 441, 467	Chapter 11 448	wages to children 476
carryforward 247	Chapter 12 448	
charitable contributions 411	post-petition taxes 449	C
class life 247	Chapter 13 447, 451	0
constructive receipt	discharge 451	C corporation
deferred payment	education IRA 451	conversion to S 482
contracts 396	family farms 448	Cafeteria plan 492

Capital gains (losses)	§10.35 99	Conservation easements. See
estate 268, 273	§10.36 99–100	Easements
sale of family business 479	§10.37 100, 104	Conservation Reserve Program
trust 273, 289	§10.50 111	(CRP) 466
Car. See Vehicle	§10.51 109	Consideration furnished test 287
Cash-basis taxpayer 393	Class life 241	Constructive receipt 393
Casualty loss	table 241	agent sales 396
adjusted basis 480	Clergy 213	alternative minimum tax
definition 331	accountable plan 220	(AMT) 396
stock value 481	allocation of income 473	crop insurance proceeds 396
Cents-per-mile method 325	business expenses 219	deferred payment contract 394
restrictions 325	compensation 216	installment sale 394
CGS. See Cost of goods sold	definition 213	irrevocable escrow account 397
Charitable contributions	dual status 216	uncashed check 394
alternative minimum tax	earned income credit 231	value of tenant's dwelling 397
(AMT) 411	employment status 215	Continuing education 98
capital asset 406	employment taxes 221	Contracts
carryover 410	expense allocations 220	construction of deferral
cash 447	expenses 219–220	contract 395
donative intent 401	FICA adjustment 217	constructive receipt
income limitation 405	gifts 217	value-added payments 397
trusts 414	housing allowance 217–218,	cooperative
Charitable Remainder Unitrust	231	units of equity
(CRUT) 148	retired ministers 218	participation 397
Child	housing expenses 219	deferred payment 394
adoption 45–46, 442, 485	income 216	alternative minimum tax
credit 444	independent contractor 216	(AMT) 396
divorced parents 443	Medicare 221	price later 395
foreign 45–46, 485	mortgage interest 219	Cooperative 642
qualifying	nonaccountable plan 220	Corporation
age test 442	parsonage allowance 218	constructive dividend 482
_	retirement 231	double taxation 482
dependency exemption 444 dependent care credit 444		farm 434
earned income credit	self employment tax	
	exemption 230	Corpus estate 263
(EIC) 444	social security 221	trust 262–263
relationship test 442	utility allowance 218	
residency test 442	witholding 216	Cost of goods sold 630
Child Citizenship Act of 2000 49	Cohan rule 477	Cost segregation studies 252
Chose in action 362	Combat was 180, 202	Coverdell education savings account
Circular 230 95–96, 98–101, 103,	Combat pay 189, 202	(ESA) 21–22
109–111, 115, 119, 122, 540	exclusion 190–191	Covered opinion 99–100
§10.20 101	Combat zone 190	exceptions 99
§10.21 102	Commodity certificates. See	CP codes 61
§10.22 102–103	Agricultural program payments	Credit
§10.23 104	Commodity Credit Corporation	adoption 485
§10.25 105	(CCC) 422	agri-biodiesel 455
§10.26 105	loan 422	alternative fuels 455
§10.27 105	Complex trust 264–265	alternative motor vehicle 453
§10.28 106	irrevocable 261	biodiesel
§10.29 106	Compliance 89	fuel 438–439, 455
§10.30 107–108	ensuring 99	mixture 438, 455
§10.31 108	Computer software 243	business solar investment 458
§10.32 108	Computers	child 441, 443–444
§10.33 101	depreciation 210	clean coal 459
§10.34 108		clean fuel refueling stations 455

dependent care 441, 443–444	Archer MSA 495	Liberty Zone 244
EIC 20, 27, 441, 443–444, 487–	business losses 497	listed property 317
488, 541	charitable	luxury vehicles 242
education 209	estate 270	method 244
electricity production 459	trust 270	150% declining balance
energy-efficient appliances 458	clean-fuel vehicle 495	(DB) 245
energy-efficient new home 457	deductions in respect of a decedent	200% declining balance
energy-efficient commercial	(DRD) 283	(DB) 245–246
building 458	depreciation 496	straight-line 246
enhanced refining 459	domestic production	pay phones 501
excise tax 439	activities 491	recapture 342, 358
health coverage 486	estate 270–271	§1245 346
oil and gas production 459	flexible spending accounts 492	goodwill 352
personal residence solar and fuel	health insurance	intangible assets 352
cell 459	self employed 490	listed property 350
qualified energy efficiency	health savings account	reporting on Form 4797 339
improvement 456	(HSA) 488–489	sale of office in home 355
qualified fuel cell motor	high deductible health plan	restaurant property 233
vehicle 454	(HDHP) 488	retail motor fuel outlet 502
renewable diesel 455	married couples 488	short tax year 247
renewable electricity	home mortgage interest 468	allocation method 250–251
production 440, 459	itemized 473	calculations 250
research 440	standard meal allowance 494	conventions 248
small ethanol producer 439	student loan interest 22	placed in service
		before 250
solar energy property 458	trust (IDD) 271	
welfare-to-work 440	wages-paid limitation 632	during 249
work opportunity 440	Deferred exchange 363, 366	recovery period 248
Crop insurance proceeds	Deferred payment contracts 394	simplified method 250
constructive receipt 396	Depletion 416	straight-line method 243
Customer Account Services	Depreciation 233, 416, 421	SUVs 233, 235
(CAS) 88	2005 maximum §179	tangible personal property 234
Customer, Assistance, Relationships	deduction 233, 238	trust 272, 273
and Education (CARE) 88	2006 maximum §179	vehicle
	deduction 238	basis 316, 322
D	30/50% bonus 234	expense 316
<b>D</b>	Alternative Depreciation System	limits 242, 317, 496
Daycare providers	(ADS) 244	Disability, military 194
standard meal allowance 494	alternative minimum tax	Disaster payments 446
Daylight savings time 460	(AMT) 245, 247	Disposition
Decedent 259	basis 252	capital assets 330
accrual basis 282	bonus depreciation 233	noncapital assets 330
cash basis 282	catch-up 251	Distributable net income (DNI) 272
final return 266	class life 241	Distributions of earnings 158
refund 266	computer software 243	Divorce
Deductions	conventions 246	alimony 503
accountable plans 493	cost segregation studies 252	dependency exemption 443,
alimony 504	errors 251	498, 500
allocation and apportionment	General Depreciation System	military 194
§861 method 631	(GDS) 244	property settlement 504
domestic production gross	income forecast method 243	Domestic production activities 597
receipts 631	intangibles	604
simplified deduction	assets 243	qualified production
method 632	patents and copyrights 243	property 612
small business simplified overall	leasehold improvements 233,	substantial-in-nature test 612
sman ousiness simplified overall	,	

657

243

method ... 632

Domestic production activities	de minimus safe harbor 624	Hope credit 20–21, 29
deduction	deductions 631	lifetime learning credit 20–21,
agricultural cooperative 605	computer software income 627	23, 25, 29
AMT 605	exceptions 627	military 201
C corporation 604	construction 621	qualified tuition program
computer software 614	de minimus rule 619	(QTP) 21
construction	cost allocation 630	§529 plans 21–22, 29
multiple taxpayers 620	de minimus exception 626	contributions 21
real property 618	defined 606	investment losses 22
requirements 617	electricity, natural gas, or potable	qualified distributions 21
tangential services 620	water production 616	student loan interest 22
trade or business 619	de minimus receipts 616	tax incentives 20
cooperative 604, 642	income segregation 616	teachers 210, 212
EAG 635	embedded services 626	tuition and fees deduction 20, 23
film production 615	engineering and architectural	Tuition Plan Consortium 25
gross receipts 625	services 621	U.S. savings bond interest 22,
intangible property 614	real property 622	26
intellectual and creative	excluded receipts 606–607	Educator expenses 211
property 614	qualified activities 606	Educator. See Teacher
land developer 620	qualified films 628	EIC. See Earned income credit
limitation 605	qualified warranty 626	EIN. See Employer identification
limited liability company 604	related party transactions 636	number
MPGE 608	sale of food and beverages 622	Electronic filing 533
design and development 613	5% de minimus rule 623	large corporations 534
direct activity	segregation 624	tax-exempt organization 534
requirement 609	television programming 630	transcript delivery system
exported components 612	time period 625	(TDS) 533
oil 612	DPGR. See Domestic production gross	Emergency Supplemental
packaging 613	receipts	Appropriations Act of
partnership 604	Drought 418–419	2005 195
pass-through entity 637		Employee 215
personal service corporation 605	_	Employee Retirement Income Security
potable water 617	E	Act of 1974 (ERISA) 91, 123
qualified electricity, natural gas, or	EAG. See Expanded affiliated group	Employer identification number
potable water		(EIN) 161, 264
production 616	EAT. <i>See</i> Exchange accommodation titleholder	Employer-provided vehicles 517
qualified taxpayer 609		Employer-sponsored pension
qualifying gross receipts 625	Earned income credit (EIC) 62,	plan 471
S corporation 604	201, 231, 444, 487	Employment taxes
sole proprietorship 604	Easements	clergy 221
sound recordings 615	charitable contribution 398–	delinquent filing 510
tangible personal property 614	406, 411–413	facsimile signatures 540
trade or business 607	basis 412	independent contractor 505
active management 607	conservation 398	tax returns 507
expense method	open space 402, 414	worker classification 505
depreciation 607	perpetual conservation	Energy Tax Incentives Act of 2005
farm income averaging 607	restriction 399	(ETIA) 452
material participation 607	qualified real property	Enrolled agents
United States 613	interest 399	continuing education 98
Domestic production gross receipts	Education 201	license renewal 97
(DPGR) 605–606, 609–610	Coverdell education savings	Equitable servitude. See Easements
§172 NOL 632	account (ESA) 21–22	=
advance payment rule 624	credits 20, 22, 27	Equity balancing worksheet 379 Estate 260
advance payment rule 624 advertising income 627	Fulbright grants 208	\$454(a) election 282
allocation 624	grant, SE tax 209	
anocation 024		administration expense 271

administrator 260	fiduciary fees 270	covered opinion 99–100
advantages of 261	fiscal year 263, 267	exceptions 99
alternate valuation date 266, 286	funeral and medical	diligence 103
appreciated asset 286	expenses 276	more-likely-than-not 119
assets	heir 259	reasonable possibility of
adjusted cost basis 285	income 268	success 118
basis 266, 285–286	farm 269	reliance opinion 99
fair market value 286	fiduciary accounting income	standards of practice 103
holding period 285	(FAI) 271	written advice requirements 100
income in respect of a decedent	income beneficiary 263	Evangelist 216, 218
(IRD) 286	income distribution deduction	Examinations
basis 266	(IDD) 262, 271	reopening 537
adjusted basis rule 286	income in respect of a decedent	Exchange accommodation titleholder
property	(IRD) 276, 282–284, 286	(EAT) 367
joint tenancy 287	discount savings bonds 282	Excise tax
stepped-up basis rule 286	inherited IRA 283	long distance phone calls 516
beneficiary 259, 262–263	inherited IKA 283	truck body 517
nonresident aliens 267		Excise Tax Reduction Act of
	asset 285	
rents, royalities, partnerships,	sale of 269	1965 516
estates, trusts 269	IRA 283	Executive stock option scheme 529
calendar year 263	property	Executor, executrix
capital gains 268, 273	holding period 287	estate 260
capital losses 273	intestate succession 260	trust 263
charitable deduction 262, 270–	IRA roll over 283	Exemption
271	liabilities 276	dependency 442, 444
consideration furnished test 287	lottery payments 515	homestead 451
corpus 262–263	minority and marketability	Expanded affiliated group
creator 262	discounts 513	(EAG) 635
decedent 259, 262	net operating loss (NOL) 278	attribution of activities rule 636
final return 266	non-probate property 261	partial year member 636
deduction in respect of a decedent	personal exemption 262	QPAD 635
(DRD) 283	personal representative 259–260	QPAD allocation 636
deductions 270	probate 259, 261	Export property 598
depreciable assets 289	avoiding 279	Extraterritorial income exclusion
depreciation 273	court 260	export property 598
disadvantages of 261	property 261	foreign direct costs 599
distributable net income	property	foreign trade
(DNI) 271–272, 284	basis 285	economic process tests 599
direct expense 274	community property	gross receipts 598
indirect expense 274	state 288	income
employer identification number	joint tenancy 287	calculation 600, 603
(EIN) 264–265	remainder beneficiary 263	patronage dividends 603
entity creation 263	Roth IRA distribution 283	per unit retain
estimated taxes 278	special-use valuation 267	allocations 603
exclusion 266	rules 286	property qualifications 599
executor, executrix 260	Subchapter J 262	manufacturing 600
exemption 276	tax lien 514	=
_	tax return 266	qualifying foreign trade income 600
expenses 271		
extension to file 279	taxation 262	property 599
fair market value (FMV) 266	termination 264	excluded 600
family limited partnership 510–	tier 1 distribution 274	Extraterritorial Income Exclusion Act
511	tier 2 distribution 274	of 2000 (ETI) 613
fiduciary 259–260, 262–263	will 260	repeal 597
fiduciary accounting income	Ethics 95	
(FAI) 271	client's omission 102	

659

-	Fringe benefits 517	Head of household
F	FSA crop disaster payments. See	qualifying child 444
FAI. See Fiduciary accounting income	Agricultural program payments	Health savings account (HSA) 5-
Family trust 261	FSC Repeal and Extraterritorial	16, 18, 490
Farm income averaging	Income Exclusion Act of	benefits 6
alternative minimum tax	2000 598	contributions 490
(AMT) 435	Fuel	distributions 6
tobacco buy-out payments 418	agri-biodiesel 439	employer contributions 6
Farm Service Agency (FSA) 171,	biodiesel mixture 438	high deductible health plan
419	clean fuel refueling stations 455	(HDHP) 5–6, 488
Farmer	dyed 437	contributions 6
compensation paid	excise tax 438	tax savings table 18
family member 434	taxation 437	Heir 259
farm worker 433	Fulbright grants 208	High deductible health plan
payment in kind 434	FUTA	(HDHP) 5–6, 488
extraterritorial income	tax deposit threshold 435	Home building materials 3
exclusion 598		Hope credit 20–21, 209
FICA 221	G	Housing allowance 217–218
adjustment or offset 217	G	clergy 218
clergy 216	G.I. Bill 201	HSA. See Health savings account
Fiduciary 263	General asset class 370, 372	(HSA)
estate 259	General Depreciation System	
IRS notification 265	(GDS) 244–245	
trust 262	General sales taxes 2	
Fiduciary accounting income	Gifts 217	Income
(FAI) 271	Golden Apple Award 209	averaging 467
depreciation 272	Grantor trust 261, 264, 279	beneficiary
Fiduciary accounting rules 271	asset	trust 289
Financial status audit techniques 76	basis 288	compensatory damages 523
Fleet-average value 518	defined 279	contingent attorney fees 522
Foreign adoption 45–46, 485	estimated taxes 278	distribution deduction
Foreign economic process tests 599	Grants 207	(IDD) 262
Foreign educators 212	fulbright 208	estate
Foreign income exclusion 52	Gross income	distributable net income
bona fide residence test 53	contingent attorney fees 522	(DNI) 271
military 202	discharge of indebtedness 519	fiduciary accounting income
physical presence test 53	discrimination award 523	(FAI) 271
qualifications 53	gambling winnings 525	gambling winnings 525
tax home test 53	income in respect of a decedent	in respect of a decedent
Foreign sales corporations	(IRD) 520	(IRD) 268–269, 272, 276,
(FSC) 598, 603	interest on tax-free damages 521	282, 284, 520
Foreign trade	life insurance 526	asset 286
gross receipts 598	state income tax 518	basis 269
income calculation 603	unreported income 523	discount savings bonds 282
property qualifications 599	•	estate 283
Form 4797 311, 330–343, 416	11	life insurance 526
part I 340	Н	limitation 239
part II 339	Hague Convention of Protection of	military 187
part III 339	Children and Co-operation in	trust
partnership 355	Respect of Intercountry	distributable net income
s corporation 355	Adoption 46	(DNI) 271
Fraud	HDHP. See High Deductible Health	fiduciary accounting income
dirty dozen 530	Plan (HDHP)	(FAI) 271
Son of Boss 532	· ···· (····· )	Independent contractor 215, 505

Indirect method of determining	IRD. See Income in respect of a	L
income 73	decedent (IRD)	L
Individual retirement account	Irrevocable trust 265	Land trust. See Conservation
(IRA) 123–124, 130, 140,	basis	easements
143, 283, 471	personal residence 288	Leasehold improvements 243
beneficiary	IRS	common area 243
nonspouse 141	accrual basis taxpayers 78	
spouse 141	cash transaction method 78	escalator or elevator 243
trust 148	collection appeals process 64	termination of lease 243
contribution limitations 124	CP codes 62	Liability protection 160
disadvantage 125	doubt as to collectibility 66	Life insurance
prohibited investments 126	doubt as to liability 66	military 194
purpose 123	fast track mediation 63	Lifetime learning credit 20–21,
Roth 29, 125	financial status audit	209, 212
self-directed 126	techniques 76	Like-kind exchange 357
SEP IRA 20, 506	incorrect bill 63	200% rule 369
SIMPLE 126	indirect method of determining	95% rule 369
stretch 126, 143	income 73	advantages 358
traditional 124	installment agreements 64	assumption of liabilities 376
contributions 19	levies 69	basis 384
		excess 385
Inherited property 331	liens 68	boot 374
basis 255	net worth method 85	net mortgage relief 375
holding period 287	partial payment installment	paid 375
stepped-up basis 255	agreement (PPIA) 67	received 375
Innocent spouse	payment options 73	calculations 362
joint and several liability 527–	private collection agencies 68	chose in action 362
528	promote effective tax	dealer property 389
Installment sale	administration 66	deferred exchange 363, 366
constructive receipt 394	restructuring 86	depreciable tangible personal
method 416	sale of property 71	property 370
recapture 346	small business and self-employed	depreciation 384–385
tobacco quota 416	division 89	automobiles 386
Installment Sales Revision Act of 1980	tax exempt and government entities	MACRS 384
(ISRA) 395	division 91	disadvantages 359
Intangibles	tax preparer problems 92	exchange accommodation
assets 243	taxpayer rights 63	•
Inter vivos 261–262, 264	unreported income 74, 77	titleholder (EAT) 367
irrevocable trust	wage and investment	exclusions 361
asset basis 289	division 88	fixer-upper property 389
Intercountry Adoption Act of	web addresses 62	general asset class 370, 372
2000 46		goodwill or going concern 374
Inventory 414		holding period 365
Investment Company Institute Annual	J	identification period 368
Tracking Survey 123	I.h. m.l. d. d. a. m. m. m. m.	improvement exchange 388
Involuntary conversion 339	Job-related expenses	intangible personal
livestock 419	military 196	property 370, 374
property 330	teachers 210	like-class 370
		like-kind property 362, 372
tobacco buy-out 418 weather-related livestock sales	K	like-kind requirements 370
	K	logistics 362
deferral of income 419	Kosovo 190	nondepreciable personal
holding period 419		property 370, 374
replacement 419		North American Industry
IRA. See Individual retirement		Classification System
account (IRA)		(NAICS) 371
Iraq 190		( )

partnership 361	MSSP Audit Technique	Manufacturer's deduction. See
product class 372	Guide 175	Domestic production activities
property 372	new members 165	deduction
property classification 371	nonactive member 159	Marriage penalty relief 441
property held for	nonmember manager 163	Military 187
investment 360	operating agreement 163	basic quarters 188
real property 370, 554	arbitration and mediation 164	combat pay 189, 202
recapture 342	contributions 164	exclusion 190–191
related parties 364	duration of LLC 163	combat zone 190
replacement property 369	liquidation and	Afghanistan 190
reporting 378	dissolution 164	Arabian peninsula area 190
reverse exchange 367	management system 163	death in 192
selling expenses 376	restriction on transfer 163	Iraq 190
simultaneous exchange 363, 365	operating entity 171	Kosovo 190
Standard Industrial Classification	options to purchase 166	death 192
(SIC) 371	ownership 158	disability 194
taxation 359	partnership 175	education
	permitted owner 166	G.I. Bill 201
tenants-in-common (TIC) 361, 387	*	
	piercing the corporate veil 159	education expenses 201
agreement 362	real estate holding 171	EIC 201
three-property rule 369	§754 election 169, 183–184	excise tax 203
timing 363, 368	self-employment tax 159	foreign earned income
tobacco buy-out 418	single-member 157	exclusion 202
trade or business 360	liquidation 170	job-related expenses 196, 201
trust or beneficial interest 362	statutory agent 161	life insurance 194
vacation property 388	taxation 158–159, 167	moving expenses 201
value-debt-equity rules 377	contributed property 169	nontaxable benefits 195
Limited liability company	debt exceeding basis 169	pay 187
(LLC) 157	intangible tax 170	power of attorney 203
active member 159	liquidation 170	reservist travel 197
allocations 158	transfer of ownership	retirement 193–194
articles of organization 157, 161	interests 165	return due date 202
asset conversion 172	vacation home 172	sale of residence 196
basis 169	voting system 162	state income tax 202
buy-sell agreements 166	Livestock	suspended acts 203
discounting 166	sales 418–419	Military Authorization Act of
financing 167	weather-related sales 418–419	2004 190
C corporation	Living trust 261	Ministers. See Clergy
liquidation 170	Luxury vehicles 242	Mitigation payments 446
centralized management 158,		Modified Accelerated Cost Recovery
162	M	System (MACRS) 244
check-the-box regulations 158,	IVI	rates 245
167	Manufactured, produced, grown, or	Montgomery G.I. Bill 201
contributions 164	extracted (MPGE) 608	More-likely-than-not 119
default rule 157	activities	MPGE. See Manufactured, produced
employer identification number	allowable 608	grown or extracted
(EIN) 161	excluded 608, 612	Municipal bonds 129
farm 171	cost safe harbor test 608, 612	Mutual funds 130
formation 161	design and development 613	
history 157	direct activity requirement 609	
liquid vs. nonliquid assets 172	imported components 612	
management 162	oil 612	
structure 158, 162	packaging 613	
managing member 162	substantial-in-nature test 608	
member-managed 158, 162	substantiai-in-nature test 008	
، · · · · · · · · · · · · · · · · ·		

N	P	Prop. Temp. Treas. Reg §1.168(I)6T(j) 323
NAIGG G N. d.A I. l		Property
NAICS. See North American Industry	Paperwork Reduction Act	class 241
Classification System	(PRA) 122	Property used in a trade or business
Natural gas 617	Parsonage allowance 218	§1231 definition 331
Net operating loss (NOL) 96, 291,	Partial payment installment agreement	Prudent Investor Act 289
467	(PPIA) 67, 551	Public Law
AMT 305	Partnership	106-519 597
capital loss carryover 305	death of partner 555	108-257 597
carryback 298, 467	Schedule K-1 556	109-1 447
death of taxpayer 306	Passive activities	109-7 446
domestic production activities	real property leasing 558	
deduction 605	self-rental rule 560	
election to forgo 299	short-term rental exception 559	<b>0</b>
estate 278	Pass-through dollar limitation 238	OPA See Qualified production
excess deductions 278	Patents and copyrights	QPA. See Qualified production activities
filing status changes 306	depreciation methods 243	
proper election 311	Payment in kind (PIK) 423, 434	QPAD. See Qualified production
reasonableness test 293	room and board 434	activities deduction
recomputation 300	Pecuniary 276	QPAI. See Qualified production
substantiation requirement 311	Penalties	activities income
unused NOL 306	abatement 118	QPP. See Qualified production
Nonresidential real property 243	more-likely-than-not 119	property
Nontaxable benefits	realistic possibility of	Qualified domestic gross
military 195	success 119	receipts 616
North American Industry	reasonable basis 119	Qualified production activities
Classification System	substantial authority 119	(QPA) 605–606
(NAICS) 371, 617	Personal assets	de minimis activities 611, 613
	personal effects 130	food processing 622
0	residence 130	pass-through entity
U	vacation home 130	Schedule K-1 reporting 639
Offer in compromise (OIC) 66,	Personal service corporation	treatment of expenses 638
469, 542	domestic production activities	W-2 wage limitation 638
collection due process 548, 552–	deduction 605	Qualified production activities
553	Pollution control facility	deduction (QPAD)
Office of Personnel Management	agricultural program	calculation 605
(OPM) 153	payments 421	land developer 620
Office of Professional Responsibility	Potable water 617	Qualified production activities income
(OPR) 95–96, 98, 100–101,	Pour-over-will 261	(QPAI) 605–606, 611
108–110, 112, 116, 122	Power of attorney	calculation 606
advisory committee 100	military 203	chain of production 611
Operating agreement	Practice 97	defined 605
initial capital 164	Preparer definition 96	grouping transactions 623
Ordinary income 413, 416	Price later contracts 395	Qualified production property
Organizational costs 244	Principal and income acts 272	(QPP) 605, 608–610, 612,
Organizational costs 211	trust 289	614
	Probate	allocation
	avoiding 279	cost of goods sold 630
	court 260	intangible property 612
	estate 259	manufactured in U.S 611
	property 261	Qualified revocable trust
	Product class 372	(QRT) 267
	Profit motive	Qualified Tuition Program
	inflated values 562	(QTP) 21

663

inflated values ... 562

Qualifying child	employment-related	Revocable trust
age test 442	plans 127	qualified 267
definition 441	military benefits 194	Roth IRA 125, 130, 141, 143
dependency exemption 444	municipal bonds 129	beneficiary 143
dependent care credit 444	mutual funds 130	characteristics 125
earned income credit (EIC) 444	order of depletion 138	estate tax 142
exceptions 446	personal residence 130	taxability 141
head of household status 444	real estate 130	treatment at death 142
relationship test 442	sale of residence 139	
residency test 442	stocks 129	S
Qualifying foreign trade	vacation home 130	<b>G</b>
income 600	variable annuities 128	S corporation 434
	income distribution 132	audits 484
R	individual retirement account	capital gains (losses) 479
	(IRA) 123–124, 140	farm 434
Railroad retirement 149	contribution 566	salaries 484
calculating benefits 150	early distribution penalty 569	self-employment tax 484
social security equivalent	prohibited investments 126	shareholder salaries 484
benefits 150	rollover 569	Sales
Railroad Retirement Board	insurance plans 144	business assets 330
(RRB) 149	joint and survivor annuity	installment method 416
Real estate 130	beneficiary 146	residence 196
Realistic possibility of success 118	liquidating business assets 138	Sales tax deduction 1
Reasonable Basis 119	military 193	computing 2
Related party 364	pension maximization 144	home building materials 3
Reliance opinion 99	plan limitations 568	joint returns 3
Remainder beneficiary, trust 289	qualified domestic relations order	married filing separately 4
Required minimum distribution	(QDRO) 567	state of residence 3
(RMD) 125	railroad retirement	Sanctions 110, 115
calculation 125	benefits 148-149	behavior towards IRS 110
Residence	required minimum distribution	individual behavior 110
basis adjustment 564	(RMD) 125	tax preparer behavior 110
gain on sale of 565	calculation 125	types 111
sale of 196	Roth IRA	Scholarships 207
Restrictive covenant. See Easements	characteristics 125	Section 121 exclusion
qualified real property interest	taxability 142	grantor trust 288
Restructuring and Reform Act of	SIMPLE IRA 126	Section 179 109, 233–234, 239–
1998 86	small business 544	240, 246, 249, 255
Retirement 231	social security benefits 132	allowance 238
charitable remainder unitrust	stretch IRA 126	deductions 234–235, 238
(CRUT) 148	teachers 212	dollar limitations 238
civil service retirement 153	transferring assets to heirs 124	election 234
clergy 231	Retirement plans	vehicle expense 316
cost 131	§401(k) 127	estates and trusts 234
distribution planning 124	§403(b) 127	hypothetical deduction 240
early distribution penalty 565	§457 127	leased property 235
employee stock options 567	defined benefit 127	limitations 234
estimating income needs 131	divorce	controlled groups 239
income 124	property settlement 504	type of property 234
annuities 128	employment-related 127	maximum limits
bonds 129	SEP 127	2005 233, 238
business assets 127	solo 401(k) 127	2006 238
distribution 132	Return preparers 96	multiple income limitations 240
employer-sponsored	Revenue Act of 1978 429	property 238
plans 139	Reverse exchange 367	p. open, 200
p		

property used outside of the	tax 473	T
U.S 235	clergy 230	
real property 234	education grants 209	Tax deferred exchange
recapture 350	teacher 209	worksheet 379–380
revocation of election 435	Short tax year	Tax evasion schemes 120
S corporations 239	conventions	Tax fraud
tangible personal property 234	half-year 248	badges of fraud 573
vehicles exempt from	mid-month 248	disguised in-kind payments 571
limitations 235	mid-quarter 248	real estate schemes 570
Section 197 intangible	depreciation 247	summons 575
amortization recapture 459	calculations 250	Tax planning 4
Section 454(a) election 282	allocation method 250-	Tax preparer
Section 529 plans 21–22, 29	251	accuracy 102
contributions 21	simplified method 250	assesment 118
investment losses 22	placed in service	best practices 101
qualified distributions 21	before 250	client records 106
Section 645 election 268	during 249	complaint process 112
Section 691(c) deduction 284	recovery period 248	conflicting interest 106
Section 754 election 169, 183–186,	SIMPLE IRA 126	dealing with gray areas 119
252, 258	Simple trust 264–265	
Section 761(a) election 361	irrevocable 261	disbarred or suspended
Section 1031 exchange 357	Simplified deduction method 632	persons 104
Section 1231	Single-member LLC 157	disposition of pending matters 104
gains 340	Small Business Administration 419	
involuntary conversion 331, 336	Small Business Jobs Protection Act of	enforcement activity 113–114
loss carryover 355	1996 126	enrolled agent 97–98
property 330	Small business simplified overall	false and misleading information 109
descriptions 336	method 632	
exclusions 336	Social security benefits 132	fees 105
holding period 331	disability	former IRS employees 104
qualifications 335	lump sum payment 29	furnishing information 101
transactions 340	disability payments	knowledge of omission 102
Section 1245	lump-sum election 29	notaries 105
§197 intangibles 338	repayment 29, 38	penalties 116
nonresidential real property 338	qualifications 137	penalty abatement 118
property 338, 346	taxability 132	practice before the IRS 97
like-kind exchange 342	Special-use valuation	problems 92
recapture 342	estate 267	sanctions 110 solicitation 108
Section 1250 property 338	rules 286	
conversion to §1245	Specific bequest 276	standards for advising 109
property 338	Standard Industrial Classification	tax evasion schemes 120–122
like-kind exchange 342	(SIC) 371	unenrolled 98, 113 Tax Reform Act of 1986
Section 1252 property 338	Standard mileage rate	
Section 1254 property 338	deductions 315	(TRA86) 619 Taxation
Section 1255 property 338	method 314	fuel 437
Section 263A	restrictions 314	
capitalization rules 610–611	Standards of Practice 103	marriage relief penalty 441 tax bracket 440
farming exclusion 610	Start-up costs 244	
owner 610–611	Stocks 129	Taxpayer assistance centers 545
producer 610-611	Stretch IRA 126, 143	Taxpayer identification numbers
Section 861 method 631	Student loan interest deduction 22	(TIN) 536
Self-directed IRA 126	Student loans 209	Taxpayer Relief Act of 1997 396, 468
Self-employed	Substantial authority 119, 461	
clergy 221	evaluation of authorities 461	Taxpayer rights 63
Self-employment (SE)	nature of analysis 462	Teacher 207
income 473	Suspended acts, military 203	awards 209

computer 210	testamentary 264	Tuition and fees deduction 20, 23
continuing professional	creator 262	Tuition Plan Consortium 25
education 210	definition 261	
education incentives 212	depreciation 273	11
educator expenses 211	reserve 272	U
foreign educators 212	distributable net income	U.S. Department of Agriculture
grants and scholarships 207	(DNI) 271–272	(USDA)
income	entity creation 263–264	tobacco buy-out 418
tax treaty 212	executor, executrix 263	Unenrolled preparers 98
job-related expenses 210	exemption 276	
office in the home 210	extension to file 279	Unreported income 77
retirement 212	family trust 261	USDA commodity certificates. See
self-employment tax 209	fiduciary 262–263	Agricultural program payments
student loans 209	fiduciary accounting income	Utility allowance 218
travel 210	(FAI) 271	
Tenants-in-common (TIC) 361	grantor 262, 414	V
like-kind exchange 387	_	•
Timber	trust 261, 264, 279 defined 279	Vehicle
reforestation	income 268	actual expense method 313
		advanced lean burn
credit 435	beneficiary 263, 289	technology 454
expenses 435	fiduciary accounting income	annual lease value 324
sale 435	(FAI) 271	cents-per-mile method 325
Tobacco	unitrust payment 289	restrictions 325
buy-out payments 415	income distribution deduction	clean-fuel 440
farm income averaging 418	(IDD) 262, 271	commuting expense 325
Form 1099-S 418	inter vivos 261, 264	convert from personal use 317
interest 417–418	irrevocable trust	deductions 320
self-employment income 417	asset basis 289	depreciation
buy-out quota 418	transfer 262	limits 317
flue-cured 415	irrevocable 264–265	luxury 242
marketing quota 415–416	living 261	electric 440
quota termination 418	personal exemption 262	employee use 324
Travel	personal representative 263	exempt from luxury vehicle
per diem rates 579	pour-over-will 261	limits 318
unreimbursed employee business	principal and income acts 289	leased 323
expense 577	property transfer 261	MACRS deduction 322
unreimbursed expenses 578	Prudent Investor Act 289	
Travel expenses	qualified personal residence	nonpersonal use 318
recordkeeping 312	(QPRT) 414	qualified business use 322
teacher 210	qualified revocable trust	qualified hybrid motor 454
unreimbursed employment-	(QRT) 267	recordkeeping
related 313	remainder beneficiary 263, 289	Cohan rule 313
Trust 261	revocable 264	farming 313
administrator 263	settlor 262	travel expense 312
beneficiary 262–263	simple 264–265	Vehicle expense 312
calendar year 267	Subchapter J 262	§179 election 313, 316
capital gains (losses) 268, 273,	taxation 262	actual expense method 313
289	testamentary 261, 264	depreciation 313, 316
charitable contributions 414	transfer 262	method 317
charitable deduction 262, 270	tier 1 distribution 274	standard mileage rate
complex trust 271	tier 2 distribution 274	method 313–314
complex 264–265, 414	trustee 259, 263	Visa
corpus 262–263, 414	trustor 262	immediate relative (IR) 486
creation	unitrust payment 289	
inter vivos 264	Trustee 259	
111101 11100 407	114000 401	

### W

W-2 wage limit calculation ... 633 common-law employer ... 634 W-2 wages employees ... 634 Will estate ... 260 Withholding clergy ... 216 Working Families Tax Relief Act of 2004 (WFTRA) ... 202, 440 World Trade Organization ... 597 Written advice requirements ... 100