

2021 National Income Tax Workbook Chapters

Ethics. This chapter discusses important issues that help tax practitioners comply with their ethical obligations. Topics include the following:

- Ethical challenges in remote work settings
- What business services constitute the unauthorized practice of law
- Ethical considerations for tax practitioners volunteering on the board of a nonprofit organization
- Recognizing abusive tax evasion schemes
- Understanding the role of judicial doctrines in tax research
- Ten case studies that illustrate real-life ethical scenarios

Business Tax Issues. This chapter discusses some of the issues that tax practitioners encounter when they prepare returns for clients who operate a business. Topics include the following:

- New guidance for marijuana businesses
- The business-use-of-the-home deduction, and how that deduction applies to day care providers
- How to maximize the qualified business income (QBI) deduction by dividing or aggregating businesses
- How to comply with new partnership capital account reporting requirements
- Final regulations that define real property and incidental personal property that is eligible for like-kind exchange treatment
- Deferring recognition of gain on an involuntary conversion

Agriculture and Natural Resource Issues. This chapter covers emerging topics that affect farmers and ranchers, including the following:

- Tax planning for higher-income years
- Tax planning for a sale of farm assets
- Taxation of livestock sales
- Taxation of crop insurance and disaster payments
- Net operating losses
- Final regulations that clarify the QBI deduction for cooperatives and their patrons

IRS Issues. This chapter covers issues the IRS targets as key issues for practitioners. Topics include the following:

- The Taxpayer Advocate Service
- Cybersecurity and data breaches (include COVID-related scams)
- New IRS options for electronic communication, signatures, and filings
- Installment agreement options
- Revised COVID-related payment procedures

Individual Issues. This chapter covers several issues tax practitioners encounter when preparing individual income tax returns, including the following:

- Charitable contributions (including the expanded limit for the above-the-line deduction)
- Tax issues for ministers
- Tax issues to consider when remodeling a home (including residential energy credits)
- Exclusion of gain on the sale of a principal residence or a rental converted to a principal residence
- Expanded limits for the earned income tax credit

Retirement, Investments, and Savings. This chapter covers investment and retirement tax planning issues, including the following:

- Social security planning
- IRA conversions
- Self-directed IRAs
- Stock options
- Section 403(b) plans.

Payroll and Credits. This chapter discusses emerging payroll and credit issues including employer and employee employment tax deferral, employer credits for family and medical leave (including for vaccine-related leave), and the employee retention credit. This section also reviews how the paycheck protection program (PPP) loan forgiveness affects wages.

New and Expiring Legislation. This chapter covers recently enacted tax legislation and procedures, including comprehensive coverage of the tax provisions in the American Rescue Plan Act of 2021 Act. It is organized by subject to help participants quickly find topics of interest and includes a table of tax provisions that expired or are set to expire

Rulings and Cases. This chapter summarizes selected rulings and cases that were issued from September 2020 through August 2021. It gives participants an update on issues that are being addressed by the IRS and the courts.

Tax Rates and Useful Tables. This chapter reports the tax rates, deduction limits, credit limits, and income thresholds and limits that change each year.

Trusts and Estates. This chapter discusses the assets that are included in the gross estate for purposes of calculating the estate tax and determining whether an estate tax return is required. It explains when it is advantageous to elect portability of the deceased spousal unused exclusion (DSUE) and how to calculate the DSUE. This chapter provides important information for tax practitioners preparing a return for a deceased taxpayer. It explains when the grantor of a trust is the deemed owner, and new regulations that clarify the deductions that are available to an estate or a trust, and the deductions that carry over to the beneficiary when an estate or trust terminates.

Choice of Entity. This chapter reviews the default and elective classification rules for a business entity. It discusses key tax characteristics to consider in choosing a business entity, and compares the loss limitation rules, self-employment tax, the QBI deduction, and the availability of fringe benefits for different types of business entities.