

Learning Activities

Chapter 7: IRS Update Offers in Compromise

Fill in the blank.

1. Taxpayers may consider an offer in compromise to settle the balance due for a reduced amount.
2. The objectives of the OIC program include obtaining what can reasonably be collected at the earliest possible time with the least cost to the government.
3. To be eligible for an OIC, taxpayers must have filed all required tax returns.
4. The IRS provides a prequalifier tool to help determine whether a taxpayer qualifies for an OIC.
5. The prequalifier tool requires no personally identifiable information about the taxpayer.
6. Form 656 is used to apply for an OIC if the application is based on doubt as to collectability.
7. The IRS may accept an OIC application on the basis of doubt as to collectability, doubt as to liability, or the best interest of effective tax administration.
8. Taxpayers applying for an OIC must submit information that allows the IRS to evaluate their financial ability to make payments.
9. The IRS uses collection financial standards to calculate the taxpayer's ability to pay delinquent taxes.
10. Taxpayers can appeal a rejected OIC within 30 days of the date on their rejection letter.

**Answer keys
for activities
can be found at
uofi.tax/update.**

Chapter 9: Small Business Issues

Retirement Update

Draw a line to match each term on the left with its most appropriate description on the right.

SECURE 2.0 Act

Plan startup cost credit

EACA

QACA

Roth contributions

Student loan matching

Starter §401(k) plan

Allows employers to make contributions to a retirement plan on behalf of employees making student loan payments

A retirement plan option for employers with automatic enrollment and no employer contributions

Allows employers to make after-tax contributions to employees' Roth account

Increases the credit for small employer retirement plan startup costs to 100% of qualified costs

An arrangement that applies a default contribution percentage uniformly to all employees

An arrangement with "safe harbor" provisions that allow the plan to pass annual nondiscrimination testing

Legislation that made significant changes to retirement provisions to incentivize saving for retirement

Chapter 5: Partners Terminating Their Interest in a Partnership

**Schedule K-1
(Form 1065)**

Department of the Treasury
Internal Revenue Service

2023

For calendar year 2023, or tax year

beginning / / 2023 ending / /

Partner's Share of Income, Deductions, Credits, etc.

See separate instructions.

651123

Final K-1 Amended K-1

OMB No. 1545-0123

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	14	Self-employment earnings (loss)
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	15	Credits
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital	16	Schedule K-3 is attached if checked <input type="checkbox"/>
4c	Total guaranteed payments	17	Alternative minimum tax (AMT) items
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends	18	Tax-exempt income and nondeductible expenses
6c	Dividend equivalents		
7	Royalties		
8	Net short-term capital gain (loss)	19	Distributions
9a	Net long-term capital gain (loss)		
9b	Collectibles (28%) gain (loss)	20	Other information
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)		
11	Other income (loss)		
12	Section 179 deduction	21	Foreign taxes paid or accrued
13	Other deductions		
22	<input type="checkbox"/> More than one activity for at-risk purposes*		
23	<input type="checkbox"/> More than one activity for passive activity purposes*		
*See attached statement for additional information.			

Part I Information About the Partnership	
A	Partnership's employer identification number
B	Partnership's name, address, city, state, and ZIP code
C	IRS center where partnership filed return:
D	<input type="checkbox"/> Check if this is a publicly traded partnership (PTP)
Part II Information About the Partner	
E	Partner's SSN or TIN (Do not use TIN of a disregarded entity. See instructions.)
F	Name, address, city, state, and ZIP code for partner entered in E. See instructions.
G	<input type="checkbox"/> General partner or LLC member-manager <input type="checkbox"/> Limited partner or other LLC member
H1	<input type="checkbox"/> Domestic partner <input type="checkbox"/> Foreign partner
H2	<input type="checkbox"/> If the partner is a disregarded entity (DE), enter the partner's: TIN _____ Name _____
I1	What type of entity is this partner? _____
I2	If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here <input type="checkbox"/>
J	Partner's share of profit, loss, and capital (see instructions):
	Beginning Ending
Profit	% %
Loss	% %
Capital	% %
Check if decrease is due to: <input type="checkbox"/> Sale or <input type="checkbox"/> Exchange of partnership interest. See instructions.	
K1	Partner's share of liabilities:
	Beginning Ending
Nonrecourse	\$ \$
Qualified nonrecourse financing	\$ \$
Recourse	\$ \$
K2	Check this box if item K1 includes liability amounts from lower-tier partnerships <input type="checkbox"/>
K3	Check if any of the above liability is subject to guarantees or other payment obligations by the partner. See instructions <input type="checkbox"/>
L Partner's Capital Account Analysis	
Beginning capital account	\$ _____
Capital contributed during the year	\$ _____
Current year net income (loss)	\$ _____
Other increase (decrease) (attach explanation)	\$ _____
Withdrawals and distributions	\$ (_____)
Ending capital account	\$ _____
M	Did the partner contribute property with a built-in gain (loss)? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach statement. See instructions.
N Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)	
Beginning	\$ _____
Ending	\$ _____

For IRS Use Only

Partnership Termination Word Search

Words can be found in any direction (including diagonals) and can overlap each other. Use the word bank below.

The word search grid contains the following words circled in blue:

- TERMINATION (vertical, column 1)
- PARTNER (vertical, column 2)
- LIQUIDATION (vertical, column 3)
- FINAL RETURN (vertical, column 4)
- GAIN (vertical, column 5)
- DRO (vertical, column 6)
- BASIS (vertical, column 7)
- RECAPTURE (vertical, column 8)
- IRD (vertical, column 9)
- QBID (vertical, column 10)
- GOODWILL (vertical, column 11)
- HOT ASSET (vertical, column 12)
- ALLOCATION (vertical, column 13)
- MIXING BOWL (vertical, column 14)
- INVENTORY (vertical, column 15)
- ABANDONMENT (diagonal, top-left to bottom-right)
- CAPITAL ACCOUNT (vertical, column 16)
- INVOLUNTARY (vertical, column 17)
- LIABILITY (vertical, column 18)
- REDEMPTION (vertical, column 19)

Word Bank

- | | | | | |
|--------------|-----------|-----------|-------------|-----------------|
| termination | gain | IRD | allocation | capital account |
| liquidation | DRO | QBID | mixing bowl | involuntary |
| final return | basis | goodwill | inventory | liability |
| partner | recapture | hot asset | abandonment | redemption |

Chapter 2: Individual Taxpayer Issues

NIIT

Fill in the below numbers for the two scenarios.

Scenario 1: Taxpayers filing MFJ with interest income of \$3,500 and AGI of \$280,000

Scenario 2: Taxpayer filing single with interest income of \$3,500 and AGI of \$201,500.

	Scenario 1	Scenario 2
NII	\$3,500	\$3,500
AGI	\$280,000	\$201,500
Threshold	\$250,000	\$200,000
NIIT	$\$3,500 \times 3.8\% = \133	$\$1,500 \times 3.8\% = \57
	(NII is < difference between AGI & threshold)	(Difference between AGI & threshold is < NII)

Chapter 6: Installment Sales

For each statement, put a checkmark in the column to note whether the statement is true or false.

	True	False
1 An installment sale cannot be used when property is sold at a loss or if the sale is an item considered to be inventory.	X	
2 The nature of the gain as short-term or long-term is determined at the time of sale, not when the payments are received.	X	
3 A taxpayer is free to use whatever interest rate they wish in an installment agreement (including 0%) without repercussions from the IRS.		X
4 The reportable gain each year is the gross profit percentage multiplied by the principal payments on the installment agreement.	X	
5 If the property sold was used in a trade or business or rental activity, the gain reported is shown on Form 4797 instead of Form 6252.		X
6 Use of the installment sale method is mandatory.		X
7 Depreciation recapture is reported in full in the year of sale.	X	
8 If the taxpayer repossesses the property after making an installment sale, the taxpayer is required to report the remainder of the gain in the year of repossession.	X	