2025
FALL
TAX
SCHOOL

TAX HORIZONS

EMPOWERING PROFESSIONALS AMID UNCERTAINTY

PROGRAM

Contents

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Sponsored by

Department of Agricultural and Consumer Economics

College of Agricultural, Consumer, and Environmental Sciences

University of Illinois at Urbana-Champaign

TAX SCHOOL

Welcome to Fall Tax School!

Thank you for joining us for our 85th Fall Tax School season. The One Big Beautiful Bill Act made for an interesting summer in preparing this year's *Federal Tax Workbook* and will, I'm sure you'll see, lead to some very interesting instruction and discussion here at Fall Tax School. Whether you're attending in-person or online, thanks for letting the University of Illinois Tax School meet your federal tax continuing education needs.

—Gina Marsh, Ed.M., Director of Tax School

Digital Versions of the *Federal Tax Workbook*

In addition to the printed workbook, you also have access to **digital versions of the *Federal Tax Workbook*** (all 2025 and 2024 volumes). Simply login to your Tax School account at **uofi.tax/login**, scroll to 2025 Fall Tax School in your event list, and click on the 'Show/Hide Materials' button to access a PDF of the workbook and PowerPoint slides. These will remain in your Tax School account through December of next year.

Workbooks from prior years are freely available in the Workbook Archive at **uofi.tax/arc**.

Update Sheet

As the Fall Tax School season progresses, we continue to provide updates to the text and post them on our website. The Update Sheet is organized by page number and lists changes and updates to the workbook. The Update Sheet can be found electronically at **uofi.tax/update**.

Instructors

Keith Baum, EA

Keith Baum, EA joined Tax School in 2017 as an instructor and a reviewer for the *Federal Tax Workbook*. He graduated from the University of Illinois in Springfield in 2007 with a degree in accountancy, and after working for several firms, launched his own practice in 2014. His practice centers on tax preparation and taxpayer representation for individuals and small businesses. Keith is an NTPI Fellow. He is married and lives in his birthplace of Round Lake, Illinois.

Jerry Brune, CPA, EA

Jerry Brune, CPA, EA has been an instructor for Tax School and has served as an author and reviewer for the annual *Federal Tax Workbook* since 1999. Jerry was employed as a revenue agent with the IRS for 31 years before retiring. Jerry has taught accounting and business taxation courses at Illinois Central College and the University of Illinois at Springfield, respectively. Jerry currently practices in Bolingbrook. His alma mater is St. Joseph's College in Rensselaer, Indiana.

"The instructors' knowledge, real-world experience, and people skills inspire me to keep learning and stay engaged."

—2024 Fall Tax School Attendee

Bob Rhea, EA

Bob Rhea, EA, has been associated with Tax School since 2005 as an instructor and reviewer for the *Federal Tax Workbook*. Since 1984, he has assisted farm clients with accounting, tax, and consulting services in west-central Illinois through the University of Illinois FBFM program. He served as CEO of FBFM from 2019-2024 and is now an advisor. Bob completed 18 years as the national executive director for his professional organization, NAFBAS. He serves as chairman of the board for John Wood Community College, was named to the JWCC Hall of Fame 2024 class, and is a board member for United Community Bank. Bob received his bachelor's degree from Western Illinois University and Master's degree from the University of Illinois. Bob resides in Camp Point; family includes his wife, Debbie, 3 children Tracy, Casey, Ashley, their spouses and 7 grandsons.

Catherine Riddick, CPA, JD

Catherine Riddick, CPA, JD has been associated with Tax School since 2008 as an instructor and as an author and reviewer for the *Federal Tax Workbook*. She is a CPA and licensed attorney. She worked for one of the large CPA firms in the Chicago area for 10 years and has had her own CPA firm in Westchester, Illinois, since 1994. Catherine received a bachelor's degree from Old Dominion University in Norfolk, Virginia and a law degree from Washington and Lee University in Lexington, Virginia.

Resources, Tools, & Events

FREE Agricultural Issues Webinar

Remember – everyone who registers for Fall Tax School will be given a coupon code to attend the Agricultural Issues webinar at no cost. This webinar will provide 2 additional CPE credits.

Do not register for this webinar yet. You will receive an email with a coupon code and instructions for registering in early December. You will be able to choose from one of the following webinar dates/times.

Tues., Dec. 9
2:00–4:00 PM Central

OR

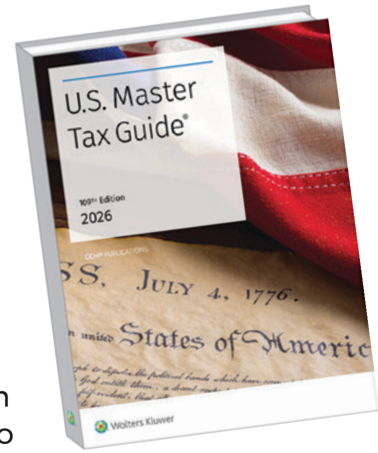
Wed., Dec. 10
10:00 AM–12:00 PM Central

For webinar details, including a list of topics to be covered, visit **uofi.tax/agissues**.

*"The format, agenda, materials, moderators, technology—**all excellent**!"*

– 2024 Fall Tax School Attendee

U.S. Master Tax Guide at Discounted Price



We are pleased to offer the Wolters Kluwer CCH *U.S. Master Tax Guide* for just $180, plus tax. The price includes shipping, which will begin in early 2026. There is no limit to the quantity you can order, but you do need to order before December 9 to guarantee this pricing and availability. Visit **taxschool.illinois.edu/workbooks** for details and to place your order.

January 2026 Webinars

Save the date and watch your email for details and registration information for two webinars planned for 2026.

Illinois Update
Thur., Jan. 22 at 10:00 AM Central

Get Ready for Filing Season
Wed., Jan. 28 at 1:00 PM Central

Tax School Facebook Group

Join our Facebook group to network and ask questions of more than 4,400 other tax professionals. Visit **facebook.com/groups/taxschool** or search for 'Tax School Group' from your Facebook app.

Tax School Blog

Our blogs are written by tax professionals, for tax professionals. Read new posts published regularly at **uofi.tax/blog** to find current, relevant, and actionable information for your practice.

Workbook Archive

This free informational resource provides an archive of PDFs of prior year Workbooks. Content from 1997–2023 is searchable and available for your reference and download at **uofi.tax/arc**.

2025 Reference Material

Did you know that we put together a reference document with rates, phaseout amounts, depreciation limits, interest rates, and more? It's available for download at **uofi.tax/update**.

Workbook Update Sheet

As the Fall Tax School season progresses, we continue to provide updates to the *Federal Tax Workbook* text. We compile these edits and post them on our website, organized by page number. The Update Sheet can be found electronically at **uofi.tax/update**.

We'd like your feedback

You will receive an email with a link to an evaluation for today's Fall Tax School event. Thank you in advance for taking the time to fill it out. Your feedback is invaluable as we look to improve our events going forward.

"The Federal Tax Workbook is so comprehensive and full of practical examples that it alone justifies the cost of Fall Tax School."

—2024 Fall Tax School Attendee

CPE Information

- Attendance for each full day earns 8 CPE credits (6.5 for MCLE).
- In accordance with the Illinois MCLE Board standards, MCLE credits are based on a 60-minute hour. All other agencies grant credit based on a 50-minute hour.
- There is no fee for us to file credits with the IRS, but we must have your PTIN on file.
- There is a nominal prepayment fee required for all other filings and we must have your accompanying identification number on file in order to complete the filing.
- The IRS and IL Division of Insurance do not recognize partial hours of credit. Consequently, Tax School must round partial credit hours down when submitting to those agencies.
- Per CFP Board requirements, attendees requesting CFP credit must attend the seminar in its entirety to receive any credit. There is no partial credit allowed.
- CPE certificates are sent via email approximately 2-3 weeks after Fall Tax School concludes.

In-Person

- To obtain CPE or MCLE credit, **attendance cards must given to Workshop Leaders at the end of each day.** Do not leave your card on the table or ask a colleague to turn it in for you—such cards are voided and no credit will be awarded. Credit is awarded based on arrival and departure times.

Online

- CPE credit is calculated based on time in session PLUS engagement with polling questions. You must be logged in for 50 minutes (60 minutes for MCLE) and answer 3 polling questions for each credit earned.

CPE Accreditation

The University of Illinois Tax School is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219-2417. Website: **nasba.org**.

The University of Illinois Tax School has been approved as an IRS Continuing Education Provider. Tax preparers should always look for IRS approved providers when fulfilling their continuing education requirements. Visit **irs.gov/taxpros/ce** for more information.

Fall Tax School is eligible for credit via the IRS, Illinois Department of Insurance, Certified Financial Planner (CFP) Board of Standards, and the Minimum Continuing Legal Education Board of the Supreme Court of Illinois (MCLE).

Learning Activities

Chapter 2: The One Big Beautiful Bill Act

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

	True	False
1. The OBBBA permanently sets personal exemptions at $0.	☐	☐
2. Beginning in 2025, seniors age 65 and older may claim a temporary $6,000 deduction (or $12,000 for MFJ if both spouses qualify).	☐	☐
3. The child tax credit increases to $2,500 per child starting in 2025.	☐	☐
4. The estate and gift tax basic exclusion amount rises to $15 million per individual beginning in 2026.	☐	☐
5. Under the OBBBA, mortgage insurance premiums (MIP/PMI) become permanently deductible as mortgage interest.	☐	☐
6. Miscellaneous itemized deductions subject to the 2% AGI floor return in 2026.	☐	☐
7. Qualified tips of up to $25,000 can be deducted from income between 2025 and 2028.	☐	☐
8. Overtime pay that exceeds an employee's regular rate may qualify for a special deduction under OBBBA.	☐	☐
9. Interest on used car loans qualifies for the new car loan interest deduction.	☐	☐
10. Trump accounts are a new class of tax-advantaged savings accounts created under the OBBBA for individuals under 18.	☐	☐

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

Chapter 5: S Corporation Formation and Basics

Word Search

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

L	A	C	M	C	D	Q	U	E	Y	L	H	C	U	J	P	V	I
G	J	L	E	X	I	J	M	S	Z	U	Z	Z	A	P	M	N	S
N	B	O	S	A	S	R	T	B	E	M	U	W	A	C	C	O	H
M	T	B	C	D	T	E	M	T	A	Z	K	U	R	E	N	I	A
U	S	O	H	O	R	O	C	O	N	S	E	N	T	I	O	T	R
Y	U	P	E	M	I	R	P	T	J	O	T	G	E	A	Y	A	E
V	R	R	D	E	B	G	I	A	H	A	U	O	Z	G	T	R	H
B	T	R	U	S	U	A	H	X	C	P	I	H	R	S	I	O	O
A	A	N	L	T	T	N	S	P	F	H	Y	L	G	C	T	P	L
C	S	S	E	I	I	I	R	A	H	S	T	O	C	K	N	R	D
A	W	W	I	C	O	Z	E	Y	A	B	I	S	Q	N	E	O	E
P	Y	X	U	S	N	A	N	E	T	T	L	T	S	O	M	C	R
I	Y	X	B	P	G	T	T	R	C	I	I	M	S	I	O	N	D
T	R	U	O	A	K	I	R	U	G	J	B	D	T	T	C	I	H
A	L	K	O	R	B	O	A	N	Q	H	A	R	Q	C	N	E	T
L	F	V	T	I	R	N	P	G	W	W	I	Y	P	E	I	O	W
M	T	L	C	F	T	T	S	W	J	S	L	U	O	L	C	C	D
F	R	V	V	B	C	P	Z	S	Y	V	M	L	V	E	G	I	V

Word Bank

Shareholder	Election	Stock	Basis	Liability
QSST	ESBT	Distribution	Domestic	Entity
Trust	Partnership	Boot	Reorganization	Incorporation
Consent	Taxpayer	Schedule	Capital	Income

Chapter 12: Retirement Plans for Small Businesses

The following charts are useful reference tools to accompany instruction.

2025 Limits by Age Band for solo 401(k), safe harbor 401(k), and starter 401(k) Plans

Age	Elective	Catch-up	Total elective	Non-elective
Under 50	$23,500	$0	$23,500	$70,000
50–59	23,500	7,500	31,000	77,500
60–63	23,500	11,250	34,750	81,250
64+	23,500	7,500	31,000	77,500

2025 Employee Elective Deferral Limits by Age Band for SIMPLE IRA and SIMPLE 401(k) Plans

Age	Elective deferral	Catch-up deferral	Special catch-up deferral	Total elective deferral
Under 50	$16,500	$0	$0	$16,500
50–59	16,500	3,500	0	20,000
60–63	16,500	5,250	0	21,750
64+	16,500	3,500	0	20,000

2025 Employee Deferral Limits by Age Band for SIMPLE IRA and SIMPLE 401(k) Plans (for employers having up to 25 employees or electing higher contributions to employees' plans)

Age	Employee contribution	Employee catch-up contribution	Special catch-up contribution	Total employee contribution
Under 50	$17,600	$0	$0	$17,600
50–59	17,600	3,500	350	21,450
60–63	17,600	5,250	0	22,850
64+	17,600	3,500	350	21,450

2025 Contribution Limits for SEP Plans (No employee deferrals permitted)

Age	Employer contribution
Under 50	$70,000
50–59	70,000
60–63	70,000
64+	70,000

In-Person Agendas

Palatine Nov. 4 & 5 | Normal Nov. 6 & 7

Day 1

8:00 AM	Introduction
8:05 AM	The One Big Beautiful Bill Act
9:45 AM	Break
9:55 AM	The One Big Beautiful Bill Act, cont.
10:55 AM	New Developments
11:25 AM	Questions/Answers
11:45 AM	Lunch (on your own)
12:45 PM	Individual Taxpayer Issues
2:10 PM	Questions/Answers
2:30 PM	Break
2:45 PM	Ethics
4:30 PM	Adjourn

Day 2

8:00 AM	Introduction
8:05 AM	S Corporation Formation & Basics
9:35 AM	Break
9:45 AM	Rulings & Cases
10:15 AM	IRS Update
11:00 AM	Various Specialized Trusts
11:45 AM	Lunch (on your own)
12:45 PM	Rental Real Estate Activity Issues
1:25 PM	Schedule E
2:25 PM	Break
2:40 PM	Retirement Plans for Small Businesses
4:10 PM	Questions/Answers
4:30 PM	Adjourn

Online Agendas

All times listed are Central.

Day 1 Mornings Only

Nov. 11

8:00 AM	Introduction
8:05 AM	The One Big Beautiful Bill Act
9:45 AM	Break
10:00 AM	The One Big Beautiful Bill Act, cont.
11:00 AM	Break
11:10 AM	New Developments
11:40 AM	Questions/Answers
12:00 PM	Adjourn

Nov. 12

8:00 AM	Individual Taxpayer Issues
9:25 AM	Break
9:35 AM	Questions/Answers
9:55 AM	Ethics
10:35 AM	Break
10:50 AM	Ethics, cont.
11:55 AM	Closing remarks
12:00 PM	Adjourn

Day 2 Mornings Only

Nov. 13

8:00 AM	Introduction
8:05 AM	S Corporation Formation & Basics
9:35 AM	Break
9:50 AM	Rulings & Cases
10:20 AM	IRS Update
11:05 AM	Break
11:15 AM	Various Specialized Trusts
12:00 PM	Adjourn

Nov. 14

8:00 AM	Rental Real Estate Activity Issues
8:40 AM	Break
8:50 AM	Schedule E
9:50 AM	Break
10:05 AM	Retirement Plans for Small Businesses
11:35 AM	Questions/Answers
11:55 AM	Closing remarks
12:00 PM	Adjourn

Online Agendas

All times listed are Central.

Day 1 Afternoons Only

Nov. 11

1:00 PM	Introduction
1:05 PM	The One Big Beautiful Bill Act
2:45 PM	Break
3:00 PM	The One Big Beautiful Bill Act, cont.
4:00 PM	Break
4:10 PM	New Developments
4:40 PM	Questions/Answers
5:00 PM	Adjourn

Nov. 12

1:00 PM	Individual Taxpayer Issues
2:25 PM	Break
2:35 PM	Questions/Answers
2:55 PM	Ethics
3:35 PM	Break
3:50 PM	Ethics, cont.
4:55 PM	Closing remarks
5:00 PM	Adjourn

Day 2 Afternoons Only

Nov. 13

1:00 PM	Introduction
1:05 PM	S Corporation Formation & Basics
2:35 PM	Break
2:50 PM	Rulings & Cases
3:20 PM	IRS Update
4:05 PM	Break
4:15 PM	Various Specialized Trusts
5:00 PM	Adjourn

Nov. 14

1:00 PM	Rental Real Estate Activity Issues
1:40 PM	Break
1:50 PM	Schedule E
2:50 PM	Break
3:05 PM	Retirement Plans for Small Businesses
4:35 PM	Questions/Answers
4:55 PM	Closing remarks
5:00 PM	Adjourn

Online Agendas

All times listed are Central.

Day 1 All Day

Nov. 18, 20, 24

8:00 AM	Introduction
8:05 AM	The One Big Beautiful Bill Act
9:45 AM	Break
10:00 AM	The One Big Beautiful Bill Act, cont.
11:00 AM	Break
11:10 AM	New Developments
11:40 AM	Questions/Answers
12:00 PM	Lunch
1:00 PM	Individual Taxpayer Issues
2:25 PM	Break
2:35 PM	Questions/Answers
2:55 PM	Ethics
3:35 PM	Break
3:50 PM	Ethics, cont.
4:55 PM	Closing remarks
5:00 PM	Adjourn

Day 2 All Day

Nov. 19, 21, 25

8:00 AM	Introduction
8:05 AM	S Corporation Formation & Basics
9:35 AM	Break
9:50 AM	Rulings & Cases
10:20 AM	IRS Update
11:05 AM	Break
11:15 AM	Various Specialized Trusts
12:00 PM	Lunch
1:00 PM	Rental Real Estate Activity Issues
1:40 PM	Break
1:50 PM	Schedule E
2:50 PM	Break
3:05 PM	Retirement Plans for Small Businesses
4:35 PM	Questions/Answers
4:55 PM	Closing remarks
5:00 PM	Adjourn

Tax School Takeaways

Tax School Takeaways