Achievable

IRS EA PART 1 DUMP SHEET

Adjustments, retirement and investments

Adjustments to income (above the line → AGI)

- Adjustments:
  - Traditional IRA
  - Student loan interest
  - Educator expenses
  - Early-withdrawal penalty
  - ½ SE tax
  - Pre-2019 alimony
- **MAGI** = AGI + certain add-backs; gates IRA deductions, education credits, PTC and CTC
- **Rates (2025):** ordinary **10%—37%**; long-term capital gain (held **>1 yr**) **0/15/20%**

Social Security taxability

Combined income = AGI + nontaxable interest + ½ of SS benefits

Filing status	Combined income	Taxable
Single	Under $25,000	None
Single	$25,000—$34,000	Up to 50%
Single	Over $34,000	Up to 85%
MFJ	Under $32,000	None
MFS, living with spouse	$0 threshold	Up to 85%

Senior deduction: extra **$6,000** per person age **65+** (2025—2028), itemizing or not; phases out above **MAGI $75,000 / $150,000 MFJ**

Retirement distributions

- **Traditional IRA:** fully taxable if no basis
- **Roth:** tax-free if qualified (**5-year** rule)
- **SEP, SIMPLE, 401(k), 403(b):** fully taxable unless there is after-tax basis
- **Trump accounts** (OBBBA): tax-deferred IRA for minors
  - **$1,000** federal seed (born 2025—2028)
  - No contributions before **July 4, 2026**; then **$5,000**/yr limit
  - After 18, traditional-IRA rules (10% penalty before 59½)

Required minimum distributions

- Begin at age **73** (born 1951—1959) or **75** (born 1960+)
- First RMD may be deferred to **April 1** of the next year
- Still-working exception if not a **>5% owner**
- **Uniform Lifetime Table** (joint table if the spouse is >10 years younger)
- Missed RMD: **25%** excise (**10%** if fixed within 2 years); **Form 5329**

Capital gains and losses

- **Short-term** (held **≤1 yr**): ordinary rates. **Long-term** (>1 yr): capital gain rates
- Net capital loss deduction limited to **$3,000/yr**; excess carries forward. **Sch D / Form 8949**
- **Amount realized** = value received; **amount recognized** (taxable) = realized − (basis + sale expenses)
- **Wash sale:** loss **disallowed** if a substantially identical security is repurchased within **30 days**; the disallowed loss is added to the new basis. **Does not apply to digital assets**
- **Inherited securities basis = FMV at date of death**
- **Personal-use** items: gains taxable, losses **not** deductible

Digital assets and installment sales

- **Digital assets** = property (not securities); taxed on sale or exchange and when received via fork, staking or mining; **Form 8949 → Sch D; 1099-DA**
- **Installment sale (Form 6252):** taxable gain each year = payment × **gross profit %** (gross profit ÷ contract price)

Rental and pass-through income

- **Rental (Sch E):** passive; **$25,000** loss allowance against ordinary income, phased out at **MAGI $100,000—$150,000**
- **Real estate professional: ≥750 hrs** and >½ of working time in real estate
- Services rented with it (meals, laundry) → **Sch C + SE tax**
- **Vacation home** rented **≤14 days:** income not taxable, expenses not deductible
- **Schedule K-1:** reports a pass-through owner's share (partnership, S corp, estate, trust)