Achievable

IRS SEE PART 1 DUMP SHEET

Taxation and advising

Alternative minimum tax (AMT)

- Parallel system, rates **26% / 28%**; pay the **higher** of regular tax or AMT
- Preference items:
  - Private-activity bond interest
  - Accelerated depreciation
  - **ISO** exercise spread
  - Excess intangible drilling
- **Form 6251** (prior-year credit: **Form 8801**)

Estimated tax (pay-as-you-go)

- Due quarterly: **Apr 15 / Jun 15 / Sep 15 / Jan 15**
- Each installment ≥ **25%** of the least of: 100% of prior-year tax, 90% of current-year tax, or 90% annualized
- **Safe harbor: 110%** of prior-year tax if AGI **>$150,000** ($75,000 MFS)
- Underpayment penalty = **federal short-term rate + 3 points**; no penalty if tax due is **<$1,000**
- Farmers and fishermen may pay in one installment

Self-employment and payroll taxes

- **SE tax: 15.3%** total (SS + Medicare); **½ (7.65%)** deductible; not owed if net SE **<$400**
- **FUTA: 6.0%** (**0.6%** after the 5.4% state credit) on the first **$7,000** of wages per employee (**employer** pays); applies at **$1,500+** wages in any quarter (household employee: **$1,000+** per quarter)
- **Excess SS withholding:** multiple employers → claim the excess on the return (a single over-withholding employer must reimburse; else **Form 843**)

Penalties, relief and amended returns

- **Premature distribution: 10%** penalty before age **59½** (plus tax); exceptions on **Form 5329**
- **Injured spouse (Form 8379):** reclaim the share of a refund offset for a spouse's debt
- **Innocent spouse (Form 8857):** relief from a spouse's errors; request within **2 years** of the IRS starting collection
- **Amended return / refund claim:** within **3 years** of filing or **2 years** after the tax was paid, whichever is later

Divorce and community property

- Filing status is set by marital status on **Dec 31**
- **Child support:** never deductible, never income. **Post-2018 alimony:** not deductible, not taxable
- **Form 8332** lets a non-custodial parent claim the child
- **QDRO** transfers retirement assets tax-free in a divorce
- **Community property:** 9 states; assets and debts acquired during the marriage are split equally

Home sales and exchanges

- **Sale of home (§121):** exclude gain up to **$250,000 single / $500,000 MFJ** if owned and used **2 of the last 5 years**; usable once every 2 years; losses on a residence not deductible
- **§1031 like-kind exchange:** identify within **45 days**, complete within **180 days** (or the return due date, if earlier); boot triggers gain

Education and retirement savings

- **Coverdell ESA:** nondeductible in, tax-free qualified out; use by age **30**
- **§529:** tax-free qualified withdrawals; annual **$19,000** gift exclusion; **5-year front-load ($95,000)**; beneficiary changeable
- **Rollovers: 60-day** window to preserve tax deferral
- **Inherited IRA:** no new contributions; the beneficiary must empty the account within **10 years**

Gifts and estate planning

- **Gifts (IRC §102):** not deductible by the donor, not income to the recipient
- Annual exclusion **$19,000** (2025); lifetime **$13.99M**; report on **Form 709**
- **Charitable remainder trust** avoids capital gains on donated appreciated assets
- Estate-planning fees generally **not** deductible (post-2017)