

Annual Federal Tax Refresher (AFTR) Course Reconciliation

(For Preparation of 2026 Individual 1040 Tax Returns)

- Use this document to ensure all highlighted topics and sub-topics below are covered in your course material.
- Refer to IRS Publication 6026 for more guidance and references.
- ***In the shaded column fields below, enter the page or PowerPoint slide number where the topic appears in the course material. The text will auto-size. Click the tab key to advance.***

Domain 1 – New Tax Law/Recent Updates*

	1.1	Annual inflation and cost of living adjustments (Rev. Proc. 2025-32)
	1.2	New standard mileage rates (Notice 2026-10)
	1.3	Third-Party Network Transaction reporting requirement – Reinstates exception for aggregate number of transactions not exceeding 200 with an aggregate amount not exceeding \$20,000 (OBBBA §70432) (FS-2025-08)
	1.4	Information Reporting Threshold – Change in threshold from \$600 to \$2,000 for most reportable payments (OBBBA §70433)
	1.5	Child and Dependent Care Credit – Increase in credit amount from 35% to 50% of qualifying expenses and changes to credit phaseout amounts (OBBBA §70405)
	1.6	Adoption Credit – Refundable credit for \$5,120 Rev. Proc. 2025-32(.04)
	1.7	American Opportunity and Lifetime Learning Credit – SSN and EIN requirements and treatment of noncompliant returns as math errors for IRS processing (OBBBA §70606)
	1.8	Alternative Fuel Vehicle Refueling Property Credit – Amends credit allowance to property placed in service before July 1, 2026 (OBBBA §70504)
	1.9	Itemized Deduction Updates
		1.9.1 Itemized Deduction Limitations – New itemized deduction limit calculation (OBBBA §70111) and reinstatement of 2% miscellaneous itemized deduction limit (IRC § 67)
		1.9.2 Mortgage Interest Deduction – Home equity indebtedness not allowed. Certain mortgage insurance premiums on acquisition indebtedness treated as qualified residence interest (OBBBA §70108)
		1.9.3 Casualty Loss Deduction – Personal casualty loss deduction expanded to both federally declared and state declared disaster areas (OBBBA §70109)
		1.9.4 Gambling Losses – Deduction limited to 90% of losses and to the extent of gains from wagering transactions (OBBBA §70114)
		1.9.5 State and Local Tax (SALT) Deduction – Increased deduction limit to \$40,400 (\$20,200 for MFS) with phaseout limiting the deduction to a floor of \$10,000. (OBBBA §70120)
	1.10	Form 1040, Schedule 1-A, Additional Deductions (FS-2025-03)
		1.10.1 Deduction for Tip Income – New deduction for up to \$25,000 for qualified tips (OBBBA §70201)
		1.10.2 Deduction for Overtime Pay – New \$12,500 (\$25,000 for joint filers) deduction for qualified overtime compensation (OBBBA §70202), FS-2026-01
		1.10.3 Auto Interest Loan Deduction (OBBBA §70203)
		1.10.4 Enhanced Deduction for Seniors – New additional \$6,000 deduction for individuals aged 65 and older (OBBBA §70103)

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Domain 1 – New Tax Law/Recent Updates* Continued		
	1.11	Charitable Contributions – Charitable contribution deduction up to \$1,000 (\$2,000 for joint filers) for non-itemizers (OBBBA §70424) and charitable contributions must now exceed .5% of contribution base before deduction allowed (OBBBA §70425)
	1.12	529 Plan Account Disbursements – Amended definition of qualified higher education expense to include postsecondary credentialing expenses (OBBBA §70414) and increase in annual aggregate per-beneficiary distribution limitation from \$10,000 to \$20,000 (OBBBA §70413)
	1.13	Trump Accounts – Tax exempt accounts for U.S. citizens born after Dec. 31, 2024, and before Jan. 1, 2029, with an initial government contribution of \$1,000 (OBBBA §70204) (Notice 2025-68) (Form 4547, Trump Account Election(s))
	1.14	Health Savings Accounts – Safe harbor for absence of deductible for telehealth and other remote care services now permanent (OBBBA §71306), bronze and catastrophic plans treated as high-deductible plans (OBBBA §71307) and direct primary care service arrangements (OBBBA §71308) (Notice 2026-5)
Domain 2 – General Review		
	2.1	Filing Status Review - Gross Income Limitation for a Qualifying Relative Rev. Proc. 2025-32(.23)
	2.2	Taxability of earnings (such as wages, salaries and tips)
	2.3	Interest, dividends, foreign accounts and trusts
	2.4	Reporting and taxability of retirement income (Social Security benefits, pensions, annuities, 401(k) distributions)
	2.5	IRAs (contributions, deductions, distributions and 10% penalty)...(IR-2025-111 IRA, 401(k) contribution limits 2026)
	2.6	Reporting and taxability of unemployment compensation
	2.7	Alimony (divorce agreements executed before 2019; executed or modified after 2018)
	2.8	Schedule C, Profit or Loss from Business (Sole Proprietorship)
		2.8.1 Determination of gross income & deductions
		2.8.2 Business versus hobby
		2.8.3 Business use of home (regular vs. simplified method)
		2.8.4 Recordkeeping requirements
		2.8.5 Entertainment expenses (50% of business meals deductible)
		2.8.6 Section 179 expense limits Rev. Proc. 2025-32(.10)
		2.8.7 Depreciation
		2.8.7.1 Bonus depreciation (100% limit reinstated) (Notice 2026-11)

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Domain 2 - General Review Continued

		2.8.7.2 Luxury auto depreciation limits Rev. Proc. 2026-15
		2.8.7.3 Listed property updates
	2.9	Overview of capital gains and losses - Maximum Capital Gains Rate Rev. Proc. 2025-32(.03)
	2.10	Standard Deduction Rev. Proc. 2025-32(.14)
	2.11	Schedule A, Itemized deductions
		2.11.1 Medical and dental expenses & Eligible Long-Term Care Premiums Rev. Proc. 2025-32(.27)
		2.11.2 State and local tax deduction
		2.11.3 Home mortgage interest and home equity loans
		2.11.4 Charitable contributions
		2.11.4.1 60 % AGI limit for cash contributions
		2.11.4.2 Contemporaneous written acknowledgment required for contributions of \$250 or more (cash or property)
		2.11.5 Federally declared disaster area casualty loss deduction (including loss deduction for non-itemizers)
		2.11.6 Moving expense deduction not allowed and reimbursement is taxable (except for active military and members of the intelligence community (OBBA §70113))
		2.11.7 Recordkeeping and documentation of deductions
	2.12	Tax credit eligibility (child tax credit, credit for other dependents, child and dependent care tax credit, education tax credits, earned income tax credit) Rev. Proc. 2025-32(.05) and (.06)
	2.13	General Topics
		2.13.1 Tax treatment of the acquisition and disposition of digital assets
		2.13.2 Alternative Minimum Tax (AMT) - exemption/phaseout amounts Rev. Proc. 2025-32(.10)
		2.13.3 QBI deduction (including Form 8995 and Form 8995-A) Rev. Proc. 2025-32(.26)
		2.13.4 Kiddie Tax, including Rev. Proc. 2025-32(.02) and (.11)
		2.13.5 Section 529 Plans
		2.13.6 Achieving a Better Life Experience (ABLE) account (IRC §529A as amended)
		2.13.7 Cancellation of student debt (when to exclude from income)

Domain 2 - General Review Continued

		2.13.8 Net operating loss (NOL)
		2.13.9 Premium Tax Credit (FS-2025-10)
		2.13.10 Employee fringe benefits
	2.14	Withholding and estimated tax payments
	2.15	Balance due and refund options
	2.16	Tax return due dates and filing for extensions

Domain 3 - Practices, Procedures and Professional Responsibility

	3.1	Tax-related identity theft (Pub. 5199)
	3.2	Safeguarding taxpayer data (Pub. 4557)
	3.3	Overview and expiration of Individual Taxpayer Identification Numbers (ITINs) (Pub. 1915)
	3.4	Preparer penalties (<i>inflation adjustments to penalty amounts</i> Rev. Proc. 2025-32(.54)
	3.5	Tax preparation due diligence (for filing Earned Income Credit (EIC), the American Opportunity Tax Credit (AOTC), the Child Tax Credit (CTC) (including the Additional Child Tax Credit (ACTC) and Credit for Other Dependents (ODC)), and Head of Household (HOH) filing status
	3.6	E-file requirements (no pay stub filing, when to get signature form, timing for handling rejects) (Pub. 1345)
	3.7	Annual Filing Season Program
		3.7.1 Annual Filing Season Program Requirements (Rev. Proc. 2014-42) (Pub. 5227) (Pub 5646)
		3.7.2 Circular 230 and consent to be subject to Circular 230 rules
		3.7.3 Limited representation
	3.8	Tax Pro Account and Individual Online Account (Pub. 5533) (Pub. 5533-A)

** Course material should only include the subject areas on the AFTR course outline. New legislation enacted after publication of this outline may be voluntarily incorporated into the course. You should test on the most current/accurate material you presented in the course.*