

IQEX Content Specification Outline

(Revised April 14 2005)

I. Ethics and professional and legal responsibilities (12%-16%)

- A. Code of Professional Conduct
- B. Proficiency, independence, and due care
- C. Ethics and responsibilities in tax practice
- D. Licensing and disciplinary systems imposed by the profession and state regulatory bodies
- E. Legal responsibilities and liabilities
 - 1. Common law liability to clients and third parties
 - 2. Federal statutory liability
- F. Privileged communications and confidentiality

II. Business Law (16%-20%)

- 1. Agency
 - 1. Formation and termination
 - 2. Duties and authority of agents and principals
 - 3. Liabilities and authority of agents and principals
- 1. Contracts
 - 1. Formation
 - 2. Performance
 - 3. Third-party assignments
 - 4. Discharge, breach, and remedies
- 2. Debtor-creditor relationships
 - 1. Rights, duties, and liabilities of debtors, creditors, and guarantors
 - 2. Bankruptcy
- 3. Government regulation of business
 - 1. Federal securities acts

2. Other government regulation (antitrust, pension and retirement plans, union and employee relations, and legal liability for payroll and social security taxes)
4. Uniform commercial code
 1. Negotiable instruments and letters of credit
 2. Sales
 3. Secured transactions
 4. Documents of title and title transfer
5. Real property, including insurance

III. Federal tax procedures and accounting issues (6%-10%)

- A. Federal tax procedures
- A. Accounting periods
- B. Accounting methods including cash, accrual, percentage of completion, completed contract, and installment sales
- C. Inventory methods, including uniform capitalization rules

IV. Federal taxation of property transactions (6%-10%)

- A. Types of assets
- A. Basis of assets
- B. Depreciation and amortization
- C. Taxable and nontaxable sales and exchanges
- D. Income, deductions, capital gains and capital losses, including sales and exchanges of business property and depreciation recapture

V. Federal taxation- individuals (10%-14%)

- A. Gross income- inclusions and exclusions
- A. Reporting of items from pass-through entities, including passive activity losses
- B. Adjustments and deductions to arrive at taxable income
- C. Filing status and exemptions

- D. Tax computations, credits, and penalties
- E. Alternative minimum tax
- F. Retirement plans
- G. Estate and gift taxation, including transfers subject to gift tax, annual exclusion, and items includible and deductible from gross estate

VI. Federal taxation- entities (18%-22%)

- A. Similarities and distinctions in tax reporting among such entities as sole proprietorships, general and limited partnerships, Subchapter C corporations, Subchapter S corporations, limited liability companies, and limited liability partnerships
- A. Subchapter C corporations
 - 1. Determination of taxable income and loss, and reconciliation of book income to taxable income
 - 2. Tax computations, credits, and penalties, including alternative minimum tax
 - 3. Net operating losses
 - 4. Consolidated returns
 - 5. Entity/owner transactions, including contributions and distributions
- B. Subchapter S corporations
 - 1. Eligibility and election
 - 2. Determination of ordinary income, separately stated items, and reconciliation of book income to taxable income
 - 3. Basis of shareholder's interest
 - 4. Entity/owner transactions, including contributions and liquidating and nonliquidating distributions
 - 5. Built-in gains tax
- C. Partnerships
 - 1. Determination of ordinary income, separately stated items, and reconciliation of book income to taxable income
 - 2. Basis of partner's interest and basis of assets contributed to the partnership
 - 3. Partnership and partner elections

4. Partner dealing with own partnership
5. Treatment of partnership liabilities
6. Distribution of partnership assets
7. Ownership changes and liquidation and termination of partnership

D. Trusts

1. Types of trusts
2. Income and deductions
3. Determination of beneficiary's share of taxable income

VII. Business structure (10%)

- A. Advantages, implications, and constraints of legal structures for business
 1. Sole proprietorships and general and limited partnerships
 2. Limited liability companies (LLC), limited liability partnerships (LLP), and joint ventures
 3. Subchapter C and subchapter S corporations
- A. Formation, operation, and termination of businesses
- B. Financial structure, capitalization, profit and loss allocation, and distributions
- C. Rights, duties, legal obligations, and authority of owners and management (directors, officers, stockholders, partners, and other owners)

VIII. Accounting and reporting for governmental entities and for nongovernmental not-for-profit organizations (2-5%)

- A. Governmental accounting concepts
 1. Measurement focus and basis of accounting
 2. Fund accounting concepts and application
 3. Budgetary process
- A. Format and content of governmental financial statements
 1. Government-wide financial statements
 2. Governmental funds financial statements

3. Conversion from fund to government-wide financial statements
 4. Proprietary fund financial statements
 5. Fiduciary fund financial statements
 6. Notes to financial statements
 7. Required supplementary information, including management's discussion and analysis
 8. Comprehensive annual financial report (CAFR)
- B. Financial reporting entity including blended and discrete component units
- C. Typical items and specific types of transactions and events: recognition, measurement, valuation and presentation in governmental entity financial statements in conformity with GAAP
1. Net assets
 2. Capital assets and infrastructure
 3. Transfers
 4. Other financing sources and uses
 5. Fund balance
 6. Non-exchange revenues
 7. Expenditures
 8. Special items
 9. Encumbrances
- D. Accounting and financial reporting for governmental not-for-profit organizations
- E. Accounting and reporting for nongovernmental not-for-profit organizations
1. Objectives, elements and formats of financial statements
 - a. Statements of financial position
 - b. Statement of activities
 - c. Statement of cash flows
 - d. Statement of functional expenses
 2. Typical items and specific types of transactions and events: recognition, measurement, valuation and presentation in the financial statements of not-for-profit organizations in conformity with GAAP

- a. Revenues and contributions
- b. Restrictions on resources
- c. Expenses, including depreciation and functional expenses
- d. Investments

IX. Recent Regulatory Issues (5-8%)

(For example, but not limited to)

- A. Sarbanes-Oxley Act
- A. Securities and Exchange Commission
- B. Public Company Accounting Oversight Board