



Annual Federal Tax Refresher (AFTR) Course Outline

(For Preparation of 2025 Individual 1040 Tax Returns)

- ✓ Course material should only include the subject areas on the AFTR Course Outline.
- ✓ We have listed topics required to be covered from inflationary adjustment [Revenue Procedure 2024-40](#)
SECTION 2. 2025 ADJUSTED ITEMS by item number in the best area to present this material. For example, there are some Rev. Proc. references best covered in Domain 1.1 while other referenced Rev. Proc. items are best covered in Domains 2 or 3.
- ✓ We included some forms with their complete names in related areas to help you develop your program. When introducing a form number, include the complete form name, as it best describes what the form is used for.
- ✓ New legislation enacted after the publication of this outline may be voluntarily incorporated into the course. You should test on the most current/accurate material you present in the course.
- ✓ See [Publication 6026, Annual Federal Tax Refresher \(AFTR\) Course](#) for more instructions for CE providers on developing the AFTR Course and Test.

Domain 1 – New Tax Law/Recent Updates*

- 1.1 Annual inflation and cost of living adjustments** [\(Rev. Proc. 2024-40\)](#)
 - Certain Expenses of Elementary and Secondary School Teachers Rev. Proc. 2024-40(.13)
 - Gross Income Limitation for a Qualifying Relative Rev. Proc. 2024-40(.24)
 - Interest on Education Loans Rev. Proc. 2024-40(.30)
 - Foreign Earned Income Exclusion Rev. Proc. 2024-40(.39)
 - Unified Credit Against Estate Tax Rev. Proc. 2024-40(.41)
 - Annual Exclusion for Gifts Rev. Proc. 2024-40(.43)
- 1.2 New standard mileage rates** [\(Notice 2025-05\)](#)
- 1.3 Third-Party Network Transaction reporting requirements** [\(FS-2023-27\)](#) [\(IR-2024-33\)](#) [\(Notice 2024-85\)](#)
(Form 1099-K, Payment Card and Third Party Network Transactions)
- 1.4 Direct File Pilot Program** [\(Directfile.IRS.gov\)](#)
- 1.5 SECURE 2.0 Act, Section 109, higher catch-up contribution limits for individuals aged 60-63 effective for 2025**
- 1.6 SECURE 2.0 Act, Section 124, increased age of onset blindness or disability for qualified ABLE programs effective for tax years beginning after 12/31/2025**

Domain 2 – General Review

- 2.1 Filing Status Review**
 - Gross Income Limitation for a Qualifying Relative Rev. Proc. 2024-40(.24)
- 2.2 Taxability of earnings (such as wages, salaries, tips)**
(Form W-2, Wage and Tax Statement)
(Form 4137, Social Security and Medicare Tax on Unreported Tip Income)
- 2.3 Interest, dividends, foreign accounts and trusts**
(Schedule B, Interest and Ordinary Dividends)
- 2.4 Reporting and taxability of retirement income (Social Security benefits, pensions, annuities, 401(k) distributions)**
(Form SSA-1099, Social Security Benefit Statement)
(Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.)

- 2.5 IRAs (contributions, deductions, distributions and 10% penalty)** [IR-2024-285 IRA, 401\(k\) contribution limits 2025](#)
(Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.)
(Form 5498, IRA Contribution Information)
- 2.6 Reporting and taxability of unemployment compensation**
(Form 1099-G, Certain Government Payments)
- 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. 2024-40(.25)
 - 2.8.7 Depreciation
 - 2.8.7.1 Bonus depreciation (including new 40% limit)
 - 2.8.7.2 Luxury auto depreciation limits [Rev. Proc. 2025-16](#)
 - 2.8.7.3 Listed property updates
- 2.9 Overview of capital gains and losses**
- Maximum Capital Gains Rate Rev. Proc. 2024-40(.03)
(Form 1040 Schedule D, Capital Gains and Losses)
(Form 8949, Sales and Other Dispositions of Capital Assets)
(Form 1099-DIV, Dividends and Distributions)
(Form 1099-B, Proceeds from Broker and Barter Exchange Transactions)
- 2.10 Standard Deduction** Rev. Proc. 2024-40(.15)
- 2.11 Schedule A, Itemized deductions**
(Form 1040 Schedule A, Itemized Deductions)
- 2.11.1 Medical and dental expenses
 - Eligible Long-Term Care Premiums Rev. Proc. 2024-40(.28)
(Form 1099-LTC, Long Term Care and Accelerated Death Benefits)
 - 2.11.2 State and local tax deduction (\$10,000 married/\$5,000 married filing separate)
 - 2.11.3 Home mortgage interest and home equity loans
(Form 1098, Mortgage Interest Statement)
 - 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 suspended and reimbursement taxable (except for active military)
 - 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)

Child Tax Credit	Rev. Proc. 2024-40(.05)
Earned Income Credit.....	Rev. Proc. 2024-40(.06)
<i>(Form 1040 Schedule 8812, Credits for Qualifying Children and Other Dependents)</i>	
<i>(Form 2441, Child and Dependent Care Expenses)</i>	
<i>(Form 8863, Education Credits (American Opportunity and Lifetime Learning Credits))</i>	
<i>(Form 8862, Information To Claim Certain Credits After Disallowance)</i>	
<i>(Form 1098-T, Tuition Statement)</i>	
<i>(Form 1040 or 1040-SR Schedule EIC, Earned Income Credit)</i>	

2.13 Energy credits...([Energy Efficient Home Improvement Credit](#)) (Rev. Proc. 2024-31) (FS-2025-01)

(Form 5695 Energy Efficient Home Improvement Credit, Residential Clean Energy Property Credit)

2.14 Clean vehicle credits (IRC 30D(g), 25E(f) ([Pub. 5866](#)) (Rev. Proc. 2023-33) (FS-2024-14)

(Form 8936, Clean Vehicle Credits)

2.15 General Topics

2.15.1	Tax treatment of the acquisition and disposition of digital assets	
2.15.2	Alternative Minimum Tax (AMT) - exemption/phaseout amounts	Rev. Proc. 2024-40(.11)
	<i>(Form 6251, Alternative Minimum Tax – Individuals)</i>	
2.15.3	QBI deduction (including Form 8995 and Form 8995-A)	Rev. Proc. 2024-40(.27)
	<i>(Form 8995, Qualified Business Income Deduction Simplified Computation)</i>	
	<i>(Form 8995-A, Qualified Business Income Deduction)</i>	
2.15.4	Kiddie Tax including	Rev. Proc. 2024-40(.02)(.12)
	<i>(Form 8615, Tax for Certain Children Who Have Unearned Income)</i>	
	<i>(Form 8814, Parents' Election to Report Child's Interest and Dividends)</i>	
2.15.5	Section 529 Plans	
	<i>(Form 1099-Q, Payments from Qualified Education Programs (Under Sections 529 and 530))</i>	
2.15.6	Achieving a Better Life Experience (ABLE) account	
	<i>(Form 1099-QA, Distributions from ABLE Accounts)</i>	
	<i>(Form 5498-QA, ABLE Account Contribution Information)</i>	
2.15.7	Cancellation of student debt (when to exclude from income)	
	<i>(Form 1099-C, Cancellation of Debt)</i>	
2.15.8	Net operating loss (NOL)	
2.15.9	Premium Tax Credit, including no income cap through 2025 (Inflation Reduction Act)	
	Refundable Credit for Coverage Under a Qualified Health Plan	Rev. Proc. 2024-40(.07)
	<i>(Form 8962, Premium Tax Credit (PTC))</i>	
	<i>(Form 1095-A, Health Insurance Marketplace Statement)</i>	
	<i>(Form 1095-B, Health Coverage)</i>	
	<i>(Form 1095-C, Employer-Provided Health Insurance Offer and Coverage)</i>	
2.15.10	Employee fringe benefits	
	Cafeteria Plans	Rev. Proc. 2024-40(.16)
	Qualified Transportation Fringe Benefit.....	Rev. Proc. 2024-40(.17)
	Medical Savings Accounts.....	Rev. Proc. 2024-40(.29)
	Health Savings Account (HSA) contribution limits	Rev. Proc. 2024-25
	Flexible Spending Arrangements (FSAs) contribution and rollover amounts (IR-2024-287)	
	Archer MSAs contribution limits	IRC 220(b)
	<i>(Form 8889, Health Savings Accounts (HSAs))</i>	
	<i>(Form 1099-SA, Distributions From an HSA, Archer MSA or Medicare Advantage MSA)</i>	
	<i>(Form 5498-SA, HSA, Archer MSA or Medicare Advantage MSA Information)</i>	
2.15.11	Depreciation of rental property	

2.16 Withholding and estimated tax payments

(Form W-4, Employee's Withholding Certificate)

(Form 1040-ES, Estimated Tax for Individuals)

2.17 Balance due and refund options

(Form 8888, Allocation of Refund)

2.18 Tax return due dates and filing for extensions

Failure to File Tax Return Rev. Proc. 2024-40(.53)

(Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return)

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](#))

(Form W-7, Application for IRS Individual Taxpayer Identification Number)

3.4 Preparer penalties (inflation adjustments to penalty amounts) Rev. Proc. 2024-40(.55)

3.5 Tax preparation due diligence

(Form 8867, Paid Preparer's Due Diligence Checklist Earned Income Credit (EIC), American Opportunity Tax Credit (AOTC), 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)

[\(Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns\)](#)

(Form 8878, IRS e-file Signature Authorization for Form 4868 or Form 2350)

(Form 8879, IRS e-file Signature Authorization)

(Form 8948, Preparer Explanation for Not Filing Electronically)

(Form 8508, Application for a Waiver from Electronic Filing of Information Returns)

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

*Please remind course participants to log into their PTIN account and sign the Circular 230 consent statement to participate and receive their Annual Filing Season Program – Record of Completion.