

## TAX PLANNING

A total of 72 Principal Knowledge Topics (PKTs) were derived from the 2015 Job Task Analysis. These topics serve as a blueprint for the CFP® Certification Examination and form the curriculum framework for CFP Board’s education requirement. Only content that can be tied directly to one of these topics is accepted for continuing education.

**How to Use this Document:** CE Sponsors are encouraged to use this series of documents as a resource and guide when offering programs or creating self-study courses on any PKT. The stated learning objectives (LOs), along with their level of complexity, when used singularly or in combination, are specific and measurable. They set the learning expectation for the participant and when used as the basis for an assessment will accurately measure learning outcomes.

CFP Board encourages CE Sponsors to periodically review the breakdown of courses by PKT category and consider establishing programs and courses to fill content gaps. That breakdown, which is updated each month, can be found [here](#).

F. Tax Planning	Overview	Intermediate	Advanced
<b>F.42. Fundamental tax law</b>			
a. Compare and contrast the fundamental components of the income tax system including filing forms, filing status, income, exemptions, exclusions, deductions, adjustments, credits, and tax rates.	✓		
b. Explain how a progressive income tax system works and contrast it with other tax systems.	✓		
c. Compute marginal and average tax brackets and explain the appropriate use of each.	✓		
<b>F.43. Income tax fundamentals and calculations</b>			
a. Complete a Form 1040 including the receipt of wages, retirement income, interest, dividends; capital gains, self-employment and rental income or losses; itemized deductions; credits; and estimated or carryover payments.		✓	
b. Recommend actions to minimize tax liability and maximize after-tax returns for clients and dependents consistent with IRS Code.		✓	

	Overview	Intermediate	Advanced
<b>F.44. Characteristics and income taxation of business entities</b>			
a. Differentiate between the organizational form and the tax treatment of income, expenses, payroll and wage taxes for sole proprietorships, partnerships, LLPs, LLCs, S-corps and C-corps.		✓	
b. Compare the income and payroll tax effects of wage versus ownership income.		✓	
c. Identify adjustments, deductions and exclusions that may be available to sole proprietors, partners, LLPs, LLCs, S-corp and C-corp owners.		✓	
<b>F.45. Income taxation of trusts and estates</b>			
a. Outline the basic income tax compliance rules for trusts and estates including when a return is required and how it is filed.			✓
b. Contrast the trust and estate income tax rules with personal income tax rules.			✓
c. Identify the income(s) that will pass-through to beneficiary/ beneficiaries for tax purposes.			✓
d. Explain how a client will report income and appropriate deductions from a trust or estate on his income tax return.			✓
<b>F.46. Alternative minimum tax (AMT)</b>			
a. Explain the alternative minimum tax.	✓		
b. Identify taxpayer situations that are most likely to result in imposition of the AMT.	✓		
c. Recommend strategies to avoid triggering the AMT.		✓	
<b>F.47. Tax reduction/management techniques</b>			
a. Differentiate between tax avoidance and tax evasion.	✓		
b. Identify income shifting techniques (transfer and timing) and explain how income shifting benefits a taxpayer.		✓	
c. Compare the cash flow impact of receiving tax-exempt or tax-sheltered income to taxable income.	✓		
d. Explain how deduction clustering results in a lower tax liability.		✓	
e. Calculate the advantage of using tax-preference retirement, education, and flexible spending plans.	✓		
f. Identify investment strategies that can be used to manage tax liability; e.g., tax loss harvesting, bond swaps, tax-free exchanges, etc.			✓

	Overview	Intermediate	Advanced
<b>F.48. Tax consequences of property transactions</b>			
a. Differentiate between the taxation of capital gains and ordinary income, including the difference in applicable tax rates.	✓		
b. Calculate the capital gain or loss on a property sale.			✓
c. Explain the special rules regarding capital gains and losses on a principal residence.	✓		
<b>F.49. Passive activity and at-risk rules</b>			
a. Identify passive and at-risk activities and explain how taxation of such activities differ.		✓	
<b>F.50. Tax implications of special circumstances</b>			
a. Explain the tax implications of supporting an elderly parent or adult child.		✓	
b. Recommend the appropriate credit/deduction to use for post-secondary education costs.	✓		
c. Recommend income and asset transfers between divorcing spouses given the resulting tax effects.			✓
<b>F.51. Charitable/philanthropic contributions and deductions</b>			
a. Identify qualified charitable contributions of cash, property, and appreciated assets and the advantages, disadvantages and tax effects of such gifts.		✓	
b. Calculate the maximum charitable contribution deduction allowed in a tax year.		✓	

This is a product of the Council on Education as part of CFP Board's CE Quality Initiative.

We encourage you to review *Guidelines for Developing a Quality Live Program or Online Course* and other helpful documents found under [Resources for CE Sponsor](#).

For more information or questions email [CESponsor@cfpboard.org](mailto:CESponsor@cfpboard.org) or call **(202) 379-2258**.