

Cruz | Deschamps | Niswander | Prendergast | Schisler

Fundamentals of Taxation

2022 EDITION



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TaxACT

2022

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FUNDAMENTALS OF TAXATION 2022 EDITION, FIFTEENTH EDITION

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I dedicate this work to my parents.

– *Ana Cruz*

To my lovely wife Shannon for all of her support and encouragement and to my students whose curiosity and enthusiasm greatly enrich this experience.

– *Michael Deschamps*

To my wife Debi, who keeps me grounded.

– *Rick Niswander*

To my family: You are the parts that make me whole. I dedicate this work to you.

– *Debra Prendergast*

I would like to dedicate this text to my wife Debra, and my daughters Jessica and Samantha.

– *Dan Schisler*

Updates to the 2022 Edition



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Chapter-by-chapter enhancements that have been made in the 2022 edition include the following:



New for the 15th edition, **Enrolled Agent Fast Facts** are included in every chapter. Each Fast Fact highlights a feature of, or benefit to, becoming an Enrolled Agent (EA), a certification awarded by the US Department of the Treasury. Each Fast Fact will also include a link for students to register for free access to Surgent's EA exam review for Part I of the EA exam at <https://Surgent.com/McGrawHill/EA>. Surgent is a nationwide leader in exam review preparation and a partner with McGraw Hill in promoting the EA certification to students.

Throughout text

- Updated all tax forms, schedules, and worksheets.

Chapter 1

- Added text for the \$1,400 Recovery Rebate Credit under provisions of the American Rescue Plan Act (ARPA).

- Updated the standard deduction increases to \$25,100 for married and \$12,550 for single.
- Updated text for new social security limit.
- Revised text for new tax tables and new tax rate schedules.

Chapter 2

- Updated the standard deduction increases to \$25,100 for married, \$12,550 for single, and \$18,800 for head of household. Additional standard deduction amounts also increase.
- Revised Table 2-1 line-by-line look at Form 1040 and Schedules 1 through 3.
- Revised the introduction to Child Tax Credit to incorporate changes from the ARPA.
- Updated social security wage limit.
- Revised rate of interest on assessments for nonpayment, underpayment, or late payment of tax. Also updated penalty amounts for failure to file.

Chapter 3

- Updated income thresholds for taxation of dividends and capital gains.
- Updated text related to employer payment of up to \$5,250 of employee student loans for extension of time until 2025.
- Adjusted tax-free exclusion amount under dependent care assistance plans.
- Updated inflation-adjusted phaseout amounts for interest income exclusion for savings bonds.

Chapter 4

- Revised text to reflect increase to \$600 for charitable contribution deduction for married-filing-jointly taxpayers who do not itemize.
- Added text indicating that discharged student loan debt is not taxable through 2025.
- Updated the limits for Health Savings Accounts (HSAs).

- Added text for COVID-related personal protective equipment (PPE) expenditures that are permitted for HSA disbursements and the educator expense deduction.
- Removed text on the Tuition and Fees Deduction which expired at the end of 2020.



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Chapter 5

- Adjusted the limitations for long-term care insurance.
- Updated the standard mileage allowance amount for medical expense.
- Added language noting that COVID-related PPE expenses qualify as an itemized deduction for medical expenses.
- Noted that the AGI limitation for itemized charitable contributions from 60% to 100% has been extended through 2021.
- Revised text to reflect increase to \$600 for charitable contribution deduction for married-filing-jointly taxpayers who do not itemize.
- Noted that the mortgage insurance premium deduction was extended through 2021.
- Added text explaining that taxpayers can take a penalty-free distribution of up to \$100,000 from a retirement plan for repair and replacement expenses incurred in a qualified disaster area.

Chapter 6

- Revised upper limit for Section 179 expense deduction, the standard mileage rate, and self-employment tax income limits.

- Added text related to 100% deductibility for meals provided by a restaurant for 2021 and 2022 under provisions of the Consolidated Appropriations Act of 2021.
- Updated the phaseout ranges for qualified business income deduction limitations.

Chapter 7

- Modified income thresholds for taxation of dividends and capital gains.

Chapter 9

- Revised text for the credit for child and dependent care assistance to reflect increased credit amounts, higher expense percentages, modified phaseout limits, and the full refundability of the credit for 2021.
- Modified text to reflect that both education credits now have the same phaseout limits.
- Extensively revised coverage of the child tax credit to reflect changes to the maximum credit amount, creation of multiple phaseout amounts and mechanisms, new provisions for advanced payments, and the full refundability of the credit.
- Updated income limitations for retirement savings contribution credit.
- Changed adoption credit maximum deduction as well as AGI phaseout limits.
- Revised income and phaseout limitations for the Earned Income Tax Credit and noted that 2019 earned income can be used for credit calculation.
- Revised poverty level amounts used to calculate the premium tax credit and noted that the 400% household income upper limit is eliminated for 2021 and 2022.



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Chapter 10

- Revised withholding allowances, withholding tables, calculation of withholding amounts and social security wage limit.
- Revised text for the employee retention tax credit to reflect changes from the Taxpayer Certainty and Disaster Tax Relief Act of 2020.
- Revised penalty amounts for filing incorrect or late Form W-2s.

Chapter 11

- Changed contribution limits for Keogh and SEP defined contribution plans.
- Updated benefit limits for defined benefit plans.
- Revised phaseout thresholds for contributions to traditional IRA and Roth IRA plans.
- Revised examples for starting IRA Required Minimum Distributions (RMD) to further explain the effect of changing starting age from 70½ to 72.
- Updated list of exemptions to 10% withdrawal penalty of retirement plan distributions.

Chapter 13

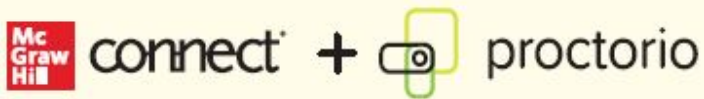
- Revised income and exemption thresholds for Alternative Minimum Tax.

Chapter 15

- Revised text to reflect increase of the limitation on corporate charitable contributions through 2021.

- Noted that business meals provided by a restaurant are fully deductible in 2021 and 2022.

Remote Proctoring & Browser-Locking Capabilities



Remote proctoring and browser-locking capabilities, hosted by Proctorio within Connect, provide control of the assessment environment by enabling security options and verifying the identity of the student. Seamlessly integrated within Connect, these services allow instructors to control students' assessment experience by restricting browser activity, recording students' activity, and verifying students are doing their own work. Instant and detailed reporting gives instructors an at-a-glance view of potential academic integrity concerns, thereby avoiding personal bias and supporting evidence-based claims.

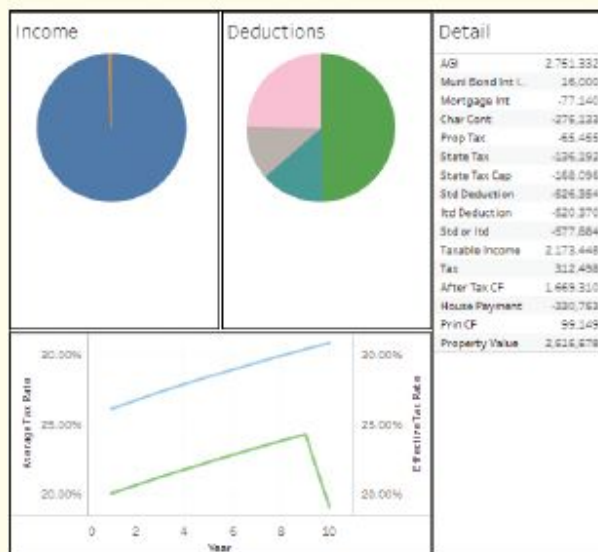
Digital Features



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Tableau Dashboard Activities

Tableau Dashboard Activities allow students to explore live Tableau dashboards directly integrated into Connect through interactive filters and menus as well as auto-graded questions focused on both calculates and analysis. Students can check their understanding and apply what they are learning within the framework of analytics and critical thinking.



Writing Assignment

Available within Connect and Connect Master, the Writing Assignment tool delivers a learning experience to help students improve their written communication skills and conceptual understanding. As an instructor you can assign, monitor, grade, and provide feedback on writing more efficiently and effectively.

Test Builder in Connect

Available within Connect, Test Builder is a cloud-based tool that enables instructors to format tests that can be printed, administered within a Learning Management System, or exported as a Word document of the test bank. Test Builder offers a modern, streamlined interface for easy content configuration that matches course needs, without requiring a download.

Test Builder allows you to

- access all test bank content from a particular title.
- easily pinpoint the most relevant content through robust filtering options.
- manipulate the order of questions or scramble questions and/or answers.
- pin questions to a specific location within a test.
- determine your preferred treatment of algorithmic questions.
- choose the layout and spacing.
- add instructions and configure default settings.

Test Builder provides a secure interface for better protection of content and allows for just-in-time updates to flow directly into assessments.

Four Primary Teaching Advantages of *Fundamentals of Taxation*



1

First, we organize the content of *Fundamentals of Taxation* to **closely follow IRS tax forms**. We introduce students to standard IRS forms early and reinforce their use throughout the text. **Actual tax forms are incorporated throughout** giving students the opportunity to understand the principles behind tax law while they learn how to work with clients to obtain the information they will need to complete tax forms.

2

Second, we **illustrate the proper reporting of tax issues**. We present a tax issue, discuss the legal requirements, illustrate the proper tax form placement, and show the completed form in the text. By effectively leading the student through each issue, we demonstrate how tax form preparation is the result of a careful process that balances legal knowledge with practical experience using tax forms.

Third, we **integrate an individual income tax software package** into the content and refer to its examples. We instruct

3 students how to use the software to complete returns using sample “taxpayers” who appear from chapter to chapter. An important consideration in writing *Fundamentals of Taxation* was to allow instructor flexibility. You can choose to rely heavily on the software, you can incorporate the software only after you cover the law and the reporting, or you can deemphasize the software component. This flexible approach allows you to structure your taxation course the way you want to.

4 Fourth, we supplement the content with **citations of relevant tax authorities** such as the Internal Revenue Code, Treasury Regulations, Revenue Rulings, Revenue Procedures, and court cases. These citations are almost always provided in **footnotes**. Thus, you and your students can easily use, or not use, the footnote material.

Ana Cruz



Courtesy of Ana Cruz

Dr. Ana Cruz is chair of the Business Department at Miami Dade College, Wolfson Campus, where she utilizes her extensive experience in the areas of general business, management, accounting, and taxes. She has worked in the service, retailing, and manufacturing industries, as well as in the federal government sector, where she served as a field examiner for the Internal Revenue Service. Dr. Cruz, a certified public accountant, has published several articles in business journals, has participated in several SACS On-Site Committees, and has received the Southeast Banking

Corporation Foundation Endowed Teaching Chair (1998) and the Wolfson Senior Foundation Endowed Teaching Chair (2002). She was also named the Professor of the Year for the State of Florida by the Council for Advancement and Support of Education and the Carnegie Foundation (2005).

How Does *Fundamentals of Taxation* Provide a Clear Path to Student Success?



Clear Objectives for Your Students

Learning income tax return preparation requires constant reinforcement and practice. The authors have set up *the text* to provide an easy-to-follow format starting with a list of learning objectives, which are then repeated throughout the text where the related material appears.

or without the footnotes. If you would like to become familiar with the IRC and other tax authority, the footnotes are a good place to start exploring.


Learning Objectives

When you have completed this chapter you should understand the following learning objectives & Q:

- LO 1-1 Understand progressive, proportional, and regressive tax structures.
- LO 1-2 Understand the concepts of marginal and average tax rates as well as a simple income tax formula.
- LO 1-3 Understand the components of a basic Form 1040 income tax return.
- LO 1-4 Determine tax liability in instances when a Form 1040 return is appropriate.
- LO 1-5 Understand the types of tax authority and how they are applied (Appendix A).
- LO 1-6 Understand the provisions of IRS Circular 230 for paid tax preparers (Appendix B).

Concept Checks are mini-quizzes that test students' understanding of each objective.

CONCEPT CHECK 2-1
LO 2-1

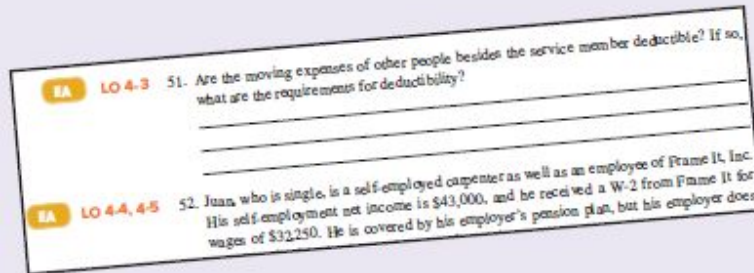


1. When preparing a tax return, you will seldom use any of the Schedule. True or false?
2. The concept of Adjusted Gross Income (AGI) is important because many deductions and credits reported on the tax return are computed based on the amount shown as AGI. True or false?

A summary of the learning objectives appears at the end of each chapter, providing a quick reference chart for students as they prepare for exams.

<p>LO 12.4: Explain how to exclude a gain on the sale of a personal residence.</p>	<ul style="list-style-type: none"> • A taxpayer can exclude up to \$500,000 (\$250,000 if residence. • The residence exclusion applies only to the taxpayer. • The taxpayer must have lived there two of the last five • Reduced exclusions are available if a move is the reason.
<p>LO 12.5: Apply the rules affecting related parties and wash sales.</p>	<ul style="list-style-type: none"> • A taxpayer cannot deduct any loss from the sale or exchange. • Related parties include family members and controlled • The wash sale rules disallow a tax loss when the owner • A wash sale occurs when a taxpayer sells stock and the sale) the taxpayer acquires substantially the same

The same learning objectives are also referenced in the end-of-chapter material next to each discussion question, multiple-choice question, and problem. Additionally, **marginal EA tags** in the end-of-chapter material help instructors and students identify specific questions that will help prepare students for the Enrolled Agent Exam.



Debra Prendergast



Courtesy of Debra Prendergast

Dr. Debra Prendergast holds a doctor of philosophy degree in public policy from the University of Illinois at Chicago, a master's of business administration degree from Governors State University, and a bachelor of arts degree in business administration with a concentration in accounting from Saint Xavier University in Chicago. She is a licensed certified public accountant in Illinois. She began her professional career as a management advisory services consultant with Grant Thornton before taking a controller position for an interior resource corporation in Chicago. In 1988, she left the corporate world and began her academic career. She spent 21 years at Northwestern College and in 2010 she became an administrator at Prairie State College. She recently retired as the dean of Mathematics, Natural Sciences, Curriculum and Cooperatives. She also is an adjunct faculty member in the College of Business at Governors' State University.

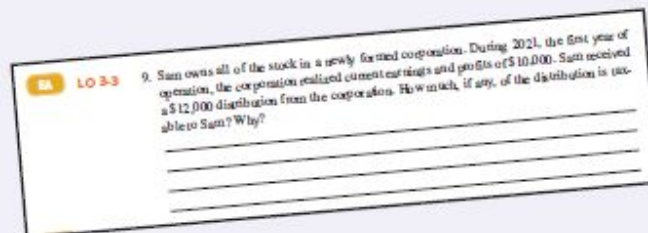


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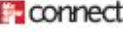
Robust and Relevant End-of-Chapter Material

Fundamentals of Taxation offers a robust selection of end-of-chapter material.

Discussion questions test the basic concepts of each chapter. Students supply short answers to a variety of questions covering each of the major concepts in the chapter.



Multiple-choice questions complement the discussion questions as an alternative way to quickly test a variety of learning objectives. They range from easy to more complex computational multiple choices.

Multiple-Choice Questions 

All applicable multiple-choice questions are available with **Connect**®


EA LO 2-1 16. A single taxpayer is 26 years old and has wages of \$18,350 and interest income of \$1,200. Which Form 1040 Schedule must the taxpayer use?

- Schedule 1.
- Schedule 2.
- Schedule 3.
- The taxpayer does not need to use a Schedule.

EA LO 2-1 17. Which Schedule must the taxpayer use to claim a payment made for alimony if the taxpayer was divorced in 2021?

- Schedule 1.
- Schedule 2.

Available in Connect, **Auto-graded Tax Return Problems** incorporate the TaxAct software and encourage students to apply a range of concepts they have learned throughout the chapter. All Auto-graded Tax Return Problems can also be done by hand. The authors indicate which forms are needed for each problem.

Tax Return Problems 

All applicable tax return problems are available with **Connect**®

Use your tax software to complete the following problems. If you are manually preparing the tax returns, you will need to use a Form 1040 and one or more Schedules, depending on the complexity of the problem. *Note to instructors and students:* When using software, certain tax credits may appear on the tax return even though we have not yet discussed those tax credits. This occurs because the taxpayer may be entitled to the credits and the software will automatically include the credit on the final tax return.

For the following tax return problems, assume the taxpayer does NOT wish to contribute to the Presidential Election Fund, unless otherwise stated in the problem. In addition, the taxpayers did not receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency during the year.

Tax Return Problem 1 Jose and Dora Hernandez are married filing jointly. They are 30 and 45 years old, respectively. Their address is 32010 Lake Street, Atlanta, GA 30294. Additional information about Mr. and Mrs. Hernandez is as follows:




Tax Your Brain



The Tax Your Brain feature is designed to work with the examples in the text to reinforce the understanding of key concepts. Students are given information in an example and then asked to apply what they have learned to a different situation.

TAX YOUR BRAIN



Assume that Janice's year 2022 wage income will be \$50,000 (she worked full time) and she will have \$8,300 withheld from her wages. Also assume that she expects to sell a large number of paintings and that she estimates her total 2022 tax liability will be \$18,000. To avoid an underpayment penalty, does Janice need to pay estimated payments during 2022 and, if so, how much must she pay?

ANSWER

Janice does not need to make any estimated payments. Her required annual payment is \$7,854, which is the lower of (a) 90% of \$18,000 (the estimate of her 2022 tax liability) or (b) \$7,854 (her tax liability for 2021). Because her estimated tax withholdings are \$8,300, she is not obligated to make estimated payments. She will need to pay the remaining \$9,700 (\$18,000 - \$8,300) no later than April 15, 2023.

By asking students to think critically about theories and concepts while supplying the answer right after the question, the Tax Your Brain examples provide another opportunity for hands-on experience.

New Law

The New Law marginal icons in applicable chapters alert students and instructors to key information

regarding new tax law that applies to the current year's textbook.



Frederick Niswander



Courtesy of Frederick Niswander

Dr. Frederick (Rick) Niswander is a professor of accounting after serving for over seven years as Vice Chancellor for Administration and Finance at East Carolina University. He holds a doctor of philosophy degree from Texas A&M University and a bachelor of science in business administration degree from Idaho State University. He has taught introductory financial accounting, international accounting, intermediate accounting, and a graduate accounting course that encompasses taxation, financial, and governmental accounting. Prior to obtaining his doctorate and joining the ECU faculty in 1993, he was the chief financial officer of a privately held real estate company in Phoenix, Arizona, for eight years. Dr. Niswander first became a CPA in 1981 and has been a North Carolina CPA since 1994. He is a member of the North Carolina Association of CPAs, the American Institute of Certified Public Accountants, and the American Accounting Association. He has held leadership roles in the American Institute of CPAs including chair of the Board of Examiners and as a member of the AIPCA Board of Directors.

How Does *Fundamentals of Taxation* Help Students Better Understand Tax?



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Forms-Based Approach

Examples of completed tax forms demonstrate how tax theory covered in the text translates to real returns.



Appendix B includes comprehensive problems for 1040 Schedules A, C, D, and E. These longer problems include both easy and difficult schedules to test students' comprehension of a range of topics covered across multiple chapters.

Incorporation of real-world tax returns into the text for electronic as well as manual preparation forces students to learn hands-on skills.

“***The forms-based approach to tax concepts in this text gives students the opportunity to apply concepts by completing actual tax forms both manually and through tax software—not only giving them a valuable skill but ultimately making them more employable in today’s workplace.***”

—Angela Deaton Mott, Northeast Mississippi Community College



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Connect Auto-graded Tax Return Problems

1040 for a Single taxpayer with no dependents.					
1040 PG 1	1040 PG 2				
Form 1040	Department of the Treasury—Internal Revenue Service (99)		2021	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
Filing Status	<input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Head of household (HOH) <input type="checkbox"/> Qualifying widow(er) (QW)				
Check only one box.	If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶				
Your first name and middle initial	Last name		Your social security number		
If joint return, spouse's first name and middle initial	Last name		Spouse's social security number		
Home address (number and street). If you have a P.O. box, see instructions.				Apt. no.	Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
City, town, or post office. If you have a foreign address, also complete spaces below.			State	ZIP code	
Foreign country name		Foreign province/state/county		Foreign postal code	
At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? <input type="checkbox"/> Yes <input type="checkbox"/> No					
Standard Deduction	Someone can claim: <input type="checkbox"/> You as a dependent <input type="checkbox"/> Your spouse as a dependent <input type="checkbox"/> Spouse itemizes on a separate return or you were a dual-status alien				
Age/Blindness	You: <input type="checkbox"/> Were born before January 2, 1957 <input type="checkbox"/> Are blind		Spouse: <input type="checkbox"/> Was born before January 2, 1957 <input type="checkbox"/> Is blind		
Dependents (see instructions):	(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions): Child tax credit Credit for other dependents
If more than four dependents, see instructions.					<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

The **Auto-graded Tax Return Problems**, assignable within *Connect*, provide a much-improved student experience when solving the tax-form-based problems. The **Auto-graded Tax Return Problems** allows students to apply tax concepts by completing

the actual tax forms online with automatic feedback and grading for both students and professors.

Michael P. Deschamps



Courtesy of Michael Deschamps

Michael P. Deschamps received his BS degree in accounting, graduating magna cum laude from the University of San Diego, where he served as the chapter president for Beta Alpha Psi, the accounting honor society. After working in public accounting and obtaining his CPA license, he returned to San Diego State University, where he earned a master's degree in taxation and a certificate in financial planning. In addition, he earned his Enrolled Agent Certificate in 2004 and a Certificate in Online Education from CSU-East Bay in 2017. He is currently a tenured professor and the tax program coordinator at MiraCosta College in Oceanside, CA, where he has developed a highly regarded tax program that leads to the Enrolled Agent Exam and is certified by the State of California for the California Registered Tax Preparer (CRTP) credential. He is an active member of Teachers of Accounting at Two-Year Colleges (TACTYC) and has been a frequent presenter on tax and accounting topics at the organization's national conventions. He has also given presentations on tax and accounting issues to a variety of organizations.



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Fundamentals of Taxation features an integrated tax software package from TaxAct, one of the leading tax preparation software companies in the market today. Students are instructed in the practical applications of tax software with exercises that teach how software can be used to prepare all types of tax returns.

Sample “taxpayers” are used throughout the book, in varying situations, to give students full exposure to the many types of tax preparation challenges they will face. This exposure allows students to **make the connection** between the **tax law**, the **software inputs**, and the **tax output** on the appropriate tax forms.

“*I currently use TaxAct for my tax practice, and I like your choice.*”

—Natasha Librizzi, Milwaukee Area Technical College

Fundamentals of Taxation also provides the instructor with the flexibility needed in an individual income tax course. Each chapter can be used **with or without the tax software**, depending on the objectives of an individual instructor's course.

TaxAct features **in-depth form instructions** that supplement *Fundamentals of Taxation*, making it easier than ever to integrate software into the classroom. Students are provided with the latest tax forms via the **Check for Updates from the Online tab in the program**, so that at the start of the semester, each student will be prepared to work with the most up-to-date information available. With over **120 tax forms, schedules, and worksheets**, TaxAct is sure to have the course materials you will need throughout the semester.

For instructions on how to install the software, please refer to Chapter 1, Appendix C of this text. You can also visit **www.TaxAct.com** today for more information. Please note, at the time of printing, TaxAct is accessible by PC computers only. To ensure all students are able to access TaxAct, a free-of-charge site license is available to schools permitting downloading of the TaxAct software to school lab computers. Please see the online

Instructor Resource site for the site license agreement and instructions for submittal.

How Does *Fundamentals of Taxation* Better Prepare My Students?



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From Shoebox to Software

TaxAct
Professional



The From Shoebox to Software examples in each chapter help students understand how they start with a mass of paper provided by a client and proceed to a completed tax return using tax software. The student can actually see the jump from the theoretical tax world to practical application.

“*Most importantly, **students learn how to apply** what they learned by preparing tax returns at the end of the chapter, and the bonus is they learn how to use tax software. In 16 weeks, **students would have prepared over 30 tax returns**. This is what attracts students to enroll in the course. It not only meets their requirement for their course of study—they walk away with a life skill.*”

—Lolita M. Lockett, Florida Community College at Jacksonville



The simulation of real-world situations in each Shoebox example helps students become professional tax preparers. Their first day of work is far less stressful because it is not the first time they have seen a Form 1040 or a Schedule D. They are far more productive because they know where to start and how to complete the work.



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Surgent Enrolled Agent Exam Review Course!



Surgent has partnered with McGraw Hill and is making the Enrolled Agent Exam Review Course available to you. The Enrolled Agent credential is awarded by the Internal Revenue Service to tax preparers who pass the three-part IRS Special Enrollment Examination. By earning the Enrolled Agent credential, tax preparers are awarded the same client representation rights as CPAs and attorneys. In addition, Enrolled Agents historically have a higher lifetime earning potential than tax preparers who do not earn the Enrolled Agent credential.

As a student using Cruz, *Fundamentals of Taxation 2022* edition, you are eligible to receive six months of free access to Part One (Individual

Taxation) of the Surgent Enrolled Agent Exam Review. To start your free access, please visit <https://Surgent.com/McGrawHill/EA> and complete the registration form. In addition, you are entitled to a discount on the remaining exam sections of our Enrolled Agent Exam Review course. Please see the website above for additional information or to enroll.

McGraw Hill Customer Experience Group Contact Information

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Dan Schisler



Courtesy of Dan Schisler

Dr. Dan Schisler is a professor and research fellow in the Accounting Department at East Carolina University. He holds a doctor of philosophy degree from Memphis State University, a master's degree in accounting—tax concentration from Auburn University, and a bachelor of science degree in accounting from Southeastern Louisiana University. In addition to public accounting experience with Peat Marwick Main & Co., Dr. Schisler has published numerous articles in national academic and practitioner journals such as *Journal of the American Taxation Association*, *Advances in Taxation*, and *Accounting Horizons*. He teaches tax and accounting at the graduate and undergraduate levels at East Carolina, where he has been recognized for teaching excellence by numerous teaching awards at the department, school, and university levels. Dr. Schisler holds CPA certificates in North Carolina and Louisiana.

Assurance of Accuracy

Dear Colleague,

As textbook authors, and more importantly, as instructors of taxation, we recognize the great importance placed on accuracy—not only in the book you are now holding but also in the supplements. With this in mind, we have taken the following steps to ensure that *Fundamentals of Taxation* is error-free:

1. We received detailed feedback from dozens of instructor reviews. Each review contributed in significant ways to the accuracy of the content.
2. Each of us wrote, reviewed, and carefully checked the end-of-chapter material.
3. Multiple accuracy checkers reviewed each chapter and its accompanying end-of-chapter material.
4. A copy editor checked the grammar of the final manuscript.
5. A proofreader reviewed each page to ensure that no errors remained.
6. Our Solutions Manual and Testbank were created by the authors and reviewed by independent accuracy checkers.
7. *Connect* content was verified first by independent accuracy checkers and again by the author team.

Given these steps taken, we have the utmost confidence that you and your students will have a great experience using *Fundamentals of Taxation*.

As We Go to Press

This book is completed in mid-October and printed in early December. We picked that publication date to provide you a book that is as up-to-date as possible. A consequence of using that time frame is that Congress or the IRS may change some aspect of the tax law (especially around year-end or election time) that will affect the material in this book. Thus, it is important that students and instructors utilize *Connect* for information on how tax law changes have affected material in this book.

This book makes liberal use of IRS tax forms to illustrate how the tax law is implemented in practice. In fact, that notion—applying the tax law to practice—is

one of the key features of the text.

As noted, we send the book to the printer in late October so we can provide the most up-to-date book as possible to be used for the 2021 tax filing season, which begins in January 2022. When we couple these two notions—using IRS tax forms and an October printing deadline—we must rely on draft tax forms that the IRS releases starting in June and running through the end of the year (see the note about draft tax forms on page 1-9 for more information). Go to the IRS website at www.irs.gov to obtain the final forms.

Sincerely,

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A Monumental Development Effort



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