
TABLE OF CONTENTS

Introduction	1
I. The One Big Beautiful Bill - Signed July 4, 2025	1
II. New Tax Law Changes for 2026 Tax Returns and Thereafter	2
Chapter 1: Choice of Entity	5
I. Overview	5
Chapter 1: Test Your Knowledge	13
Chapter 1: Solutions and Suggested Responses	15
Chapter 2: Filing and Paying Business Taxes	17
I. Federal Income Tax: General Rules	17
II. Income Taxation of Disregarded Entities: The Limited Liability Company	24
III. Taxation of Partnerships	29
IV. Taxation of Corporations	34
V. Income Taxation of Subchapter S Corporations	44
VI. Excise Taxes	45
Chapter 2: Test Your Knowledge	47
Chapter 2: Solutions and Suggested Responses	51
Chapter 3: Federal Employment Taxes	55
I. Employment Taxes	55
II. Employee vs. Independent Contractor	63
III. Statutory Classes of Workers	71
Chapter 3: Test Your Knowledge	83
Chapter 3: Solutions and Suggested Responses	87
Chapter 4: Accounting Periods and Methods	91
I. Accounting Periods	91
II. Accounting Methods	92
Chapter 4: Test Your Knowledge	101
Chapter 4: Solutions and Suggested Responses	103
Chapter 5: Dispositions of Business Property	105
I. Types of Dispositions	105
II. Other Rules	116
III. Calculating Gain or Loss	120
Chapter 5: Test Your Knowledge	133
Chapter 5: Solutions and Suggested Responses	135
Chapter 6: General Business Credit	137
I. Overview	137
Chapter 6: Test Your Knowledge	145
Chapter 6: Solutions and Suggested Responses	147

Chapter 7: Business Income	149
I. Business Income: Defined	149
II. Specific Types of Income	149
III. Other Income	155
IV. Items That Are Not Income	157
V. Accounting for Income	159
Chapter 7: Test Your Knowledge	161
Chapter 7: Solutions and Suggested Responses	163
Chapter 8: How to Figure Cost of Goods Sold	165
I. Introduction	165
II. Figuring Cost of Goods Sold – Schedule C Lines 35-42	166
Chapter 8: Test Your Knowledge	173
Chapter 8: Solutions and Suggested Responses	175
Chapter 9: Figuring Gross Profit	177
I. Overview	177
Chapter 9: Test Your Knowledge	181
Chapter 10: Business Expenses	183
I. Introduction and Overview	183
II. Timing and Amount of Deductions	190
III. Selected Categories of Generally Deductible Expenses	193
IV. Travel, Meals, and Entertainment Expenses	212
V. Business Use of the Home	214
VI. Limits and Exclusions for Deduction of Expenses	216
Chapter 10: Test Your Knowledge	225
Chapter 10: Solutions and Suggested Responses	229
Chapter 11: Figuring Net Profit or Loss	233
I. Overview	233
Chapter 11: Test Your Knowledge	235
Chapter 12: Qualified Business Income Deduction	237
I. Taxpayers Who May Take a Qualified Business Income Deduction	237
II. How to Figure the Deduction	238
Chapter 12: Test Your Knowledge	247
Chapter 12: Solutions and Suggested Responses	249
Chapter 13: Maintaining Business Records	251
I. General Recordkeeping Requirements	251
II. Records for Certain Types of Business Expenses	257
Chapter 13: Test Your Knowledge	261
Chapter 13: Solutions and Suggested Responses	263

Glossary	265
Index	269
Final Exam Copy	270