Liz Biz Academy Presents

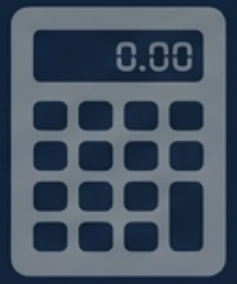


Tax Pro 360 | The Original Tax Boot Camp

Mastering the Architecture of the U.S. Tax System

Instructed by Dr. Geno Bradley

The Mindset Shift: From Data Clerk to Gatekeeper



The Novice

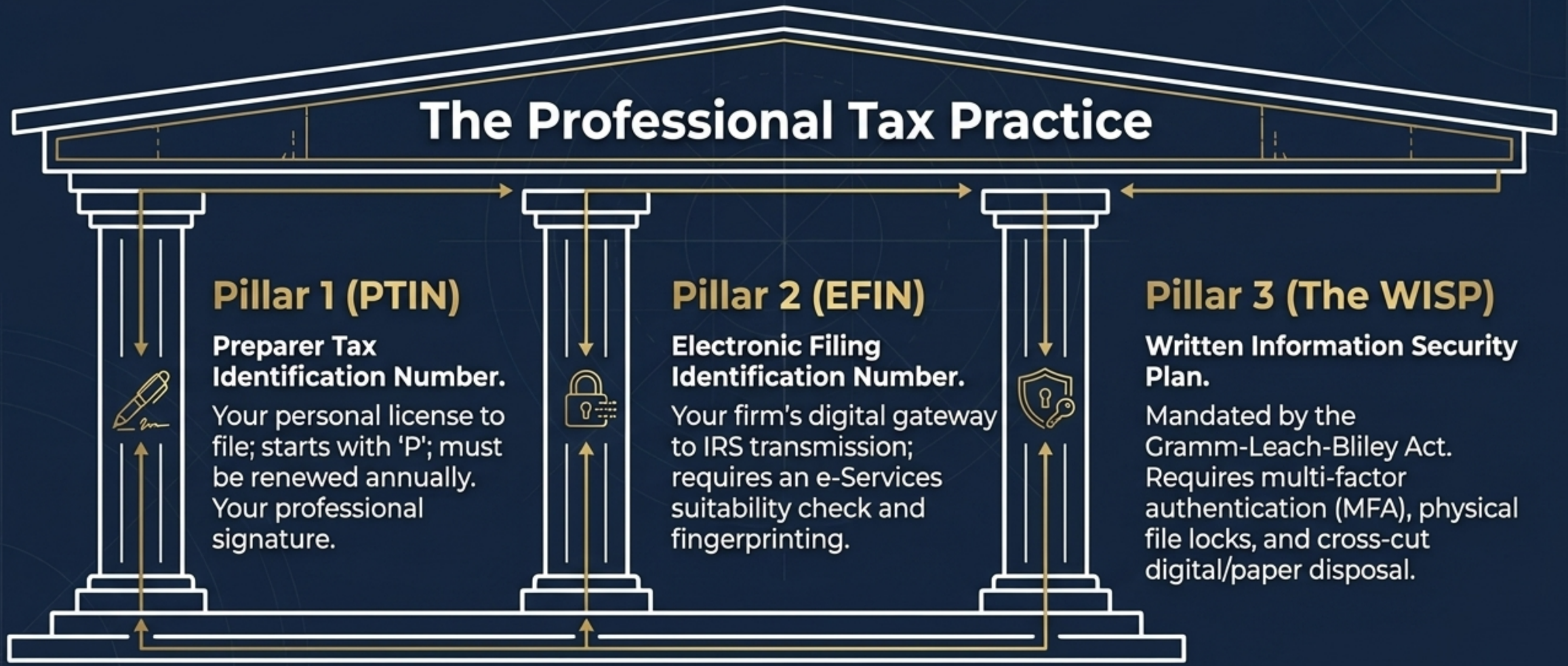
- Blindly enters numbers provided by the client.
- Hopes for refunds; fears IRS correspondence.
- Views tax preparation as seasonal data entry.



The Tax Pro 360 Gatekeeper

- Actively verifies source data and documentation.
- Defends ethical boundaries and protects client identity.
- Builds year-round, strategic advisory relationships.

The Foundation: Legal Credentials & The Digital Fortress



The Ethical Compass: Navigating Circular 230



Duty of Diligence (Sec 10.22)

Verify, do not assume. Ensure accuracy in all client and Treasury representations.

Record Return (Sec 10.28)

Never hold original client documents (e.g., W-2s) hostage, even in the event of an unpaid fee dispute.

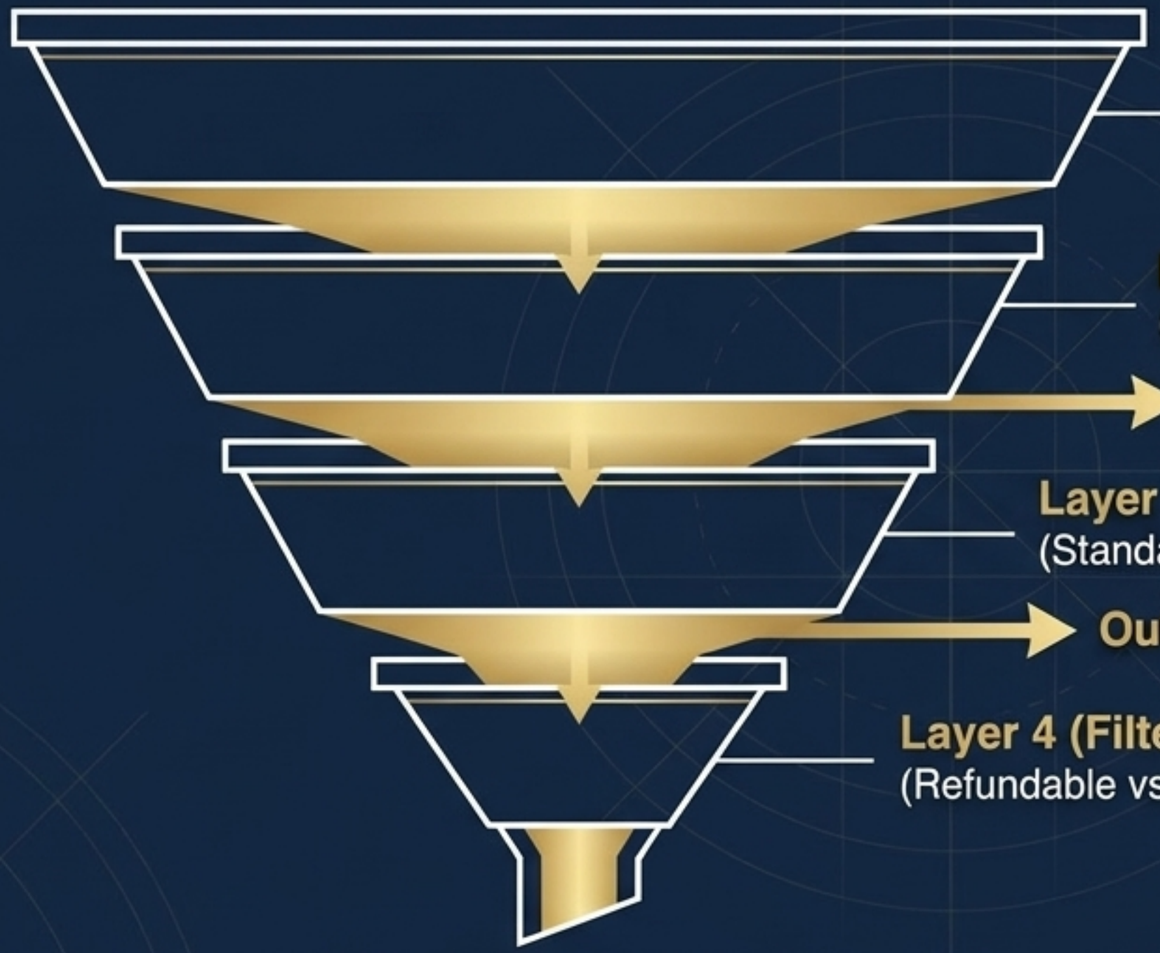
Client Omissions (Sec 10.21)

Advise and warn clients of errors and legal consequences. Do not conceal.

Position Standards (Sec 10.34)

Claims require Substantial Authority or a Reasonable Basis with Form 8275 disclosure. Frivolous claims are strictly prohibited.

Anatomy of the 1040: The Master Flow



Layer 1 (Input): Gross Income
(Wages, Business, Investments)

Layer 2 (Filter): Adjustments
(Schedules 1-3)

Outputs Adjusted Gross Income (AGI)

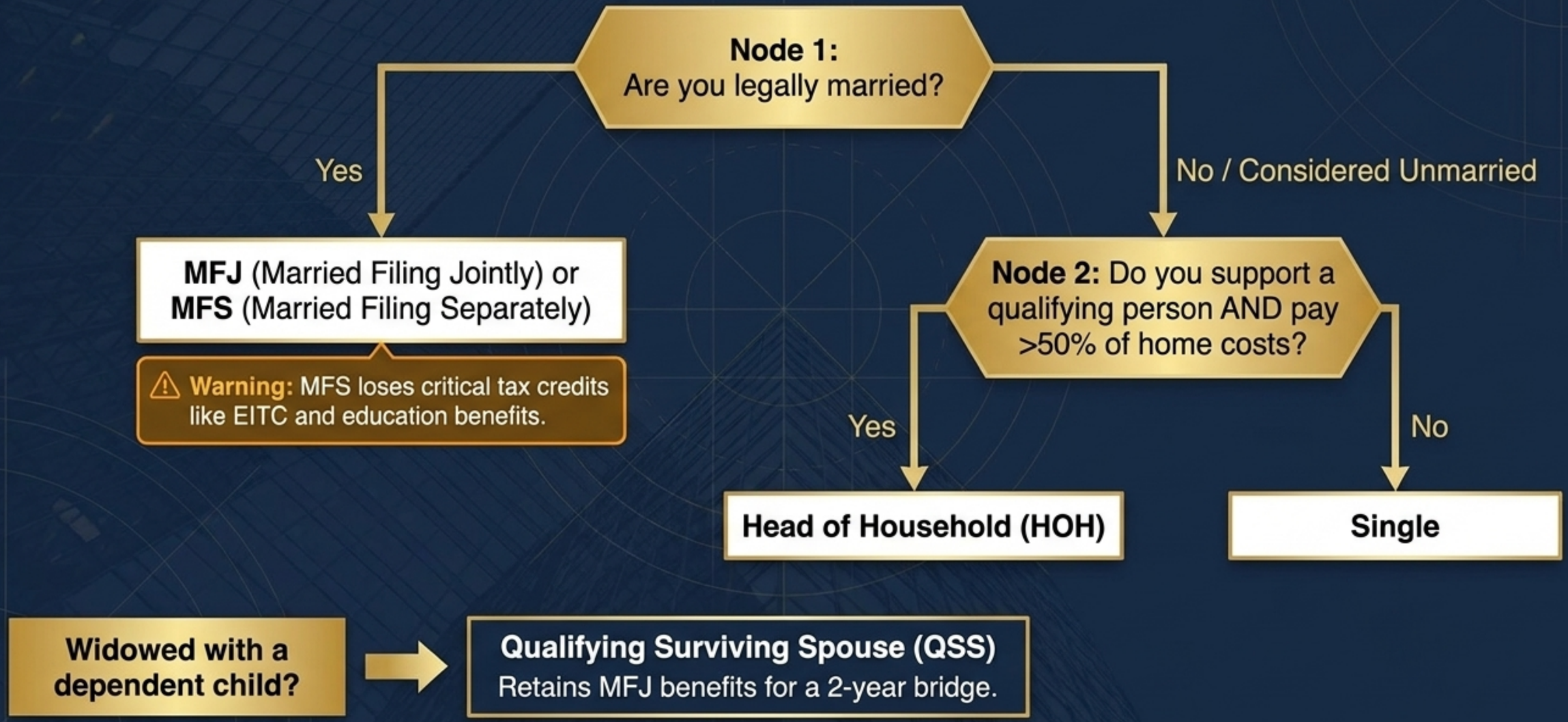
Layer 3 (Filter): Deductions
(Standard vs. Schedule A Itemized)

Outputs Taxable Income

Layer 4 (Filter): Tax Calculation & Application of Credits
(Refundable vs. Non-Refundable)

Output: Final Refund or Balance Due

Strategic Filing Status Flowchart (As of Dec 31st)



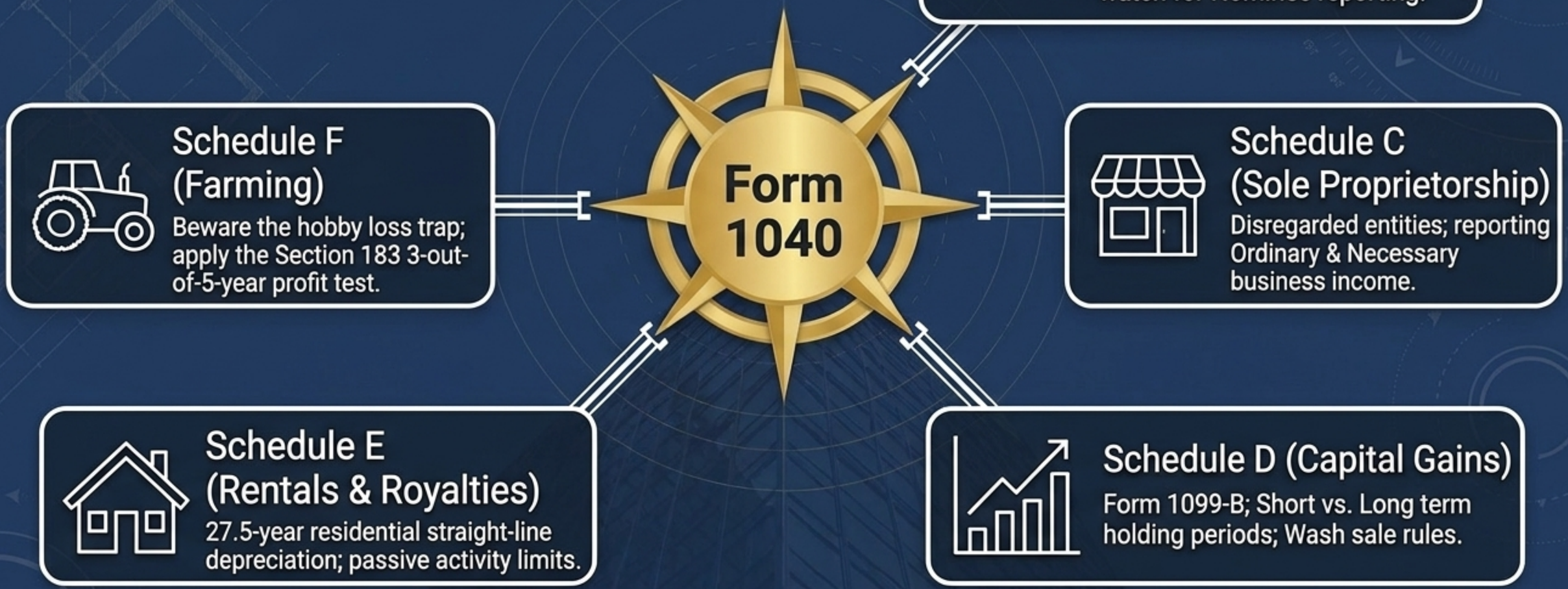
The Rules of Dependency: Diagnostic Matrix

Qualifying Child (QC)	Qualifying Relative (QR)
Child, sibling, or descendant.	Extended relative OR full-year (365 days) household member.
Age: Under 19 (or under 24 if full-time student).	Income: Gross income strictly under the statutory limit ($5,050 for 2024).
Lived with taxpayer > 6 months.	[No strict residency requirement for blood relatives]
The child did not provide >50% of their own support.	Taxpayer provided >50% of total support.

The Tie-Breaker Rule

Parent always defeats Non-Parent. Higher AGI always defeats Lower AGI.
(Note: Custodial parent can release claim via Form 8332).

Deconstructing the Income Schedules



Business Write-Offs & IRS Audit Triggers



The Shield (Legitimate & Documented)

- ✓ Ordinary & Necessary industry expenses.
- ✓ Documented 50% business meals showing attendees and purpose.
- ✓ Precise mileage logs linking dates to business intent.
- ✓ Strictly exclusive-use home office measurements.



The Red Flags (Audit Magnets)

- ⚠ Perfectly round numbers (e.g., exactly $5,000 for supplies).
- ⚠ Disproportionate deductions that dwarf gross income.
- ⚠ Commingled personal and business bank accounts.
- ⚠ Unsubstantiated 100% business vehicle use claims.

The Paper Trail Rule: If it isn't documented, it didn't happen.

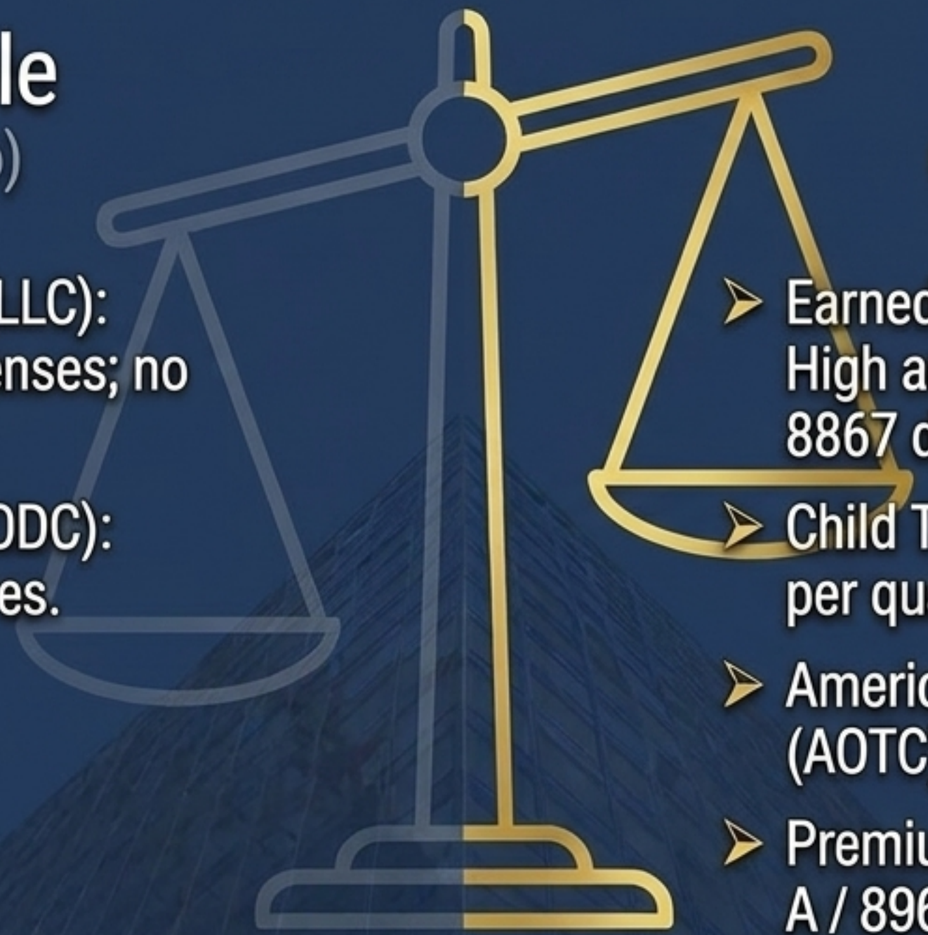
The Business Entity Landscape

Entity Type	Tax Flow / Main Form	Defining Characteristics
Sole Prop	Form 1040 (Sch C)	Pass-through taxation; Subject to full Self-Employment (SE) tax.
Partnership	Form 1065	Pass-through (K-1); Requires formal partnership agreement & capital account tracking.
S-Corp	Form 1120-S	Pass-through (K-1); Requires Form 2553 election & mandatory reasonable W-2 payroll for owners.
C-Corp	Form 1120	Separate tax-paying entity; Double taxation; Requires Schedule L & M-1 balance sheet reconciliation.
Nonprofit	Form 990	Tax-exempt; Mission-driven public transparency; Subject to Unrelated Business Income (UBI) scrutiny.

The Power of Credits: Dollar-for-Dollar Reductions

Non-Refundable
(Reduces tax to zero)

- ✓ Lifetime Learning Credit (LLC): 20% of up to $10k in expenses; no limit on years.
- ✓ Other Dependent Credit (ODC): $500 for qualifying relatives.



Refundable
(Puts cash in pocket)

- ➢ Earned Income Tax Credit (EITC): High audit risk; mandates strict Form 8867 due diligence.
- ➢ Child Tax Credit (CTC): Up to $2,000 per qualifying child.
- ➢ American Opportunity Tax Credit (AOTC): 4-year limit; 40% refundable.
- ➢ Premium Tax Credit (PTC): Form 1095-A / 8962 Marketplace reconciliation.

Maximize your returns through strategic credit utilization and precise documentation.

Defense Strategy: Identity Theft & IRS Representation

Path 1: The IP PIN Shield
(Reject Code IND-517-01)

- Step 1: Identify duplicate SSN rejection.
- Step 2: Paper file return attached to Form 14039 (Identity Theft Affidavit) & Photo ID.
- Step 3: Secure and apply new 6-digit IRS IP PIN annually.

Path 2: Standing in the Gap
(IRS Notices)

- Step 1: File Form 2848 (Power of Attorney) using your CAF number.
- Step 2: Log exact deadline in CRM.
- Step 3: Draft evidence-based reply and send via USPS Certified Mail.

Future-Proofing: Safe Harbors, NOLs, and Corrections

Course Correction Dashboard



The Speedometer
(Safe Harbor Rules)

Avoid 1040-ES underpayment penalties by paying 100% of the prior year's tax (110% if AGI > $150k) or 90% of the current year's tax.



The Ledger
(Net Operating Losses - NOL)

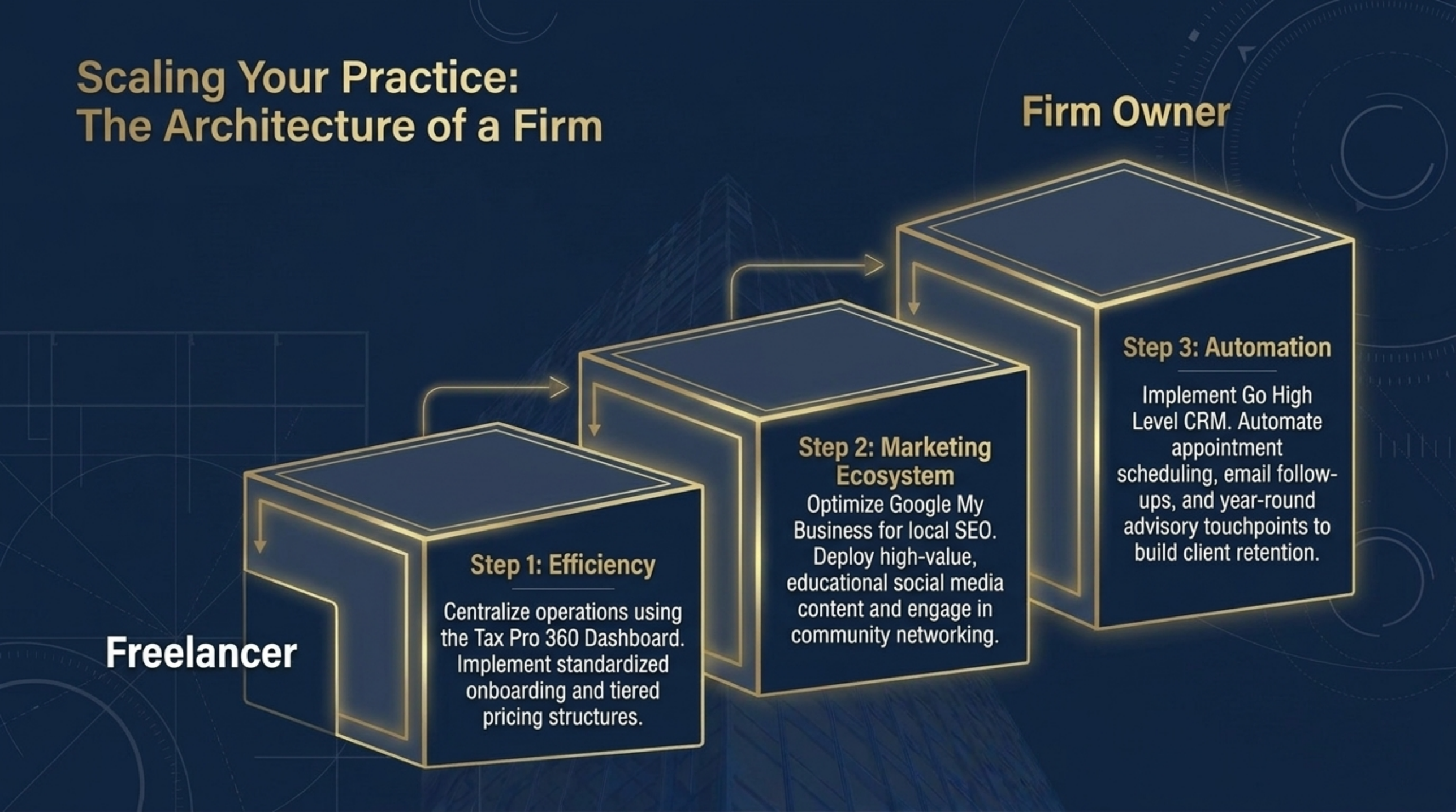
Smooth out bad years. Limit post-2017 NOL carryforward deductions to 80% of current-year taxable income.



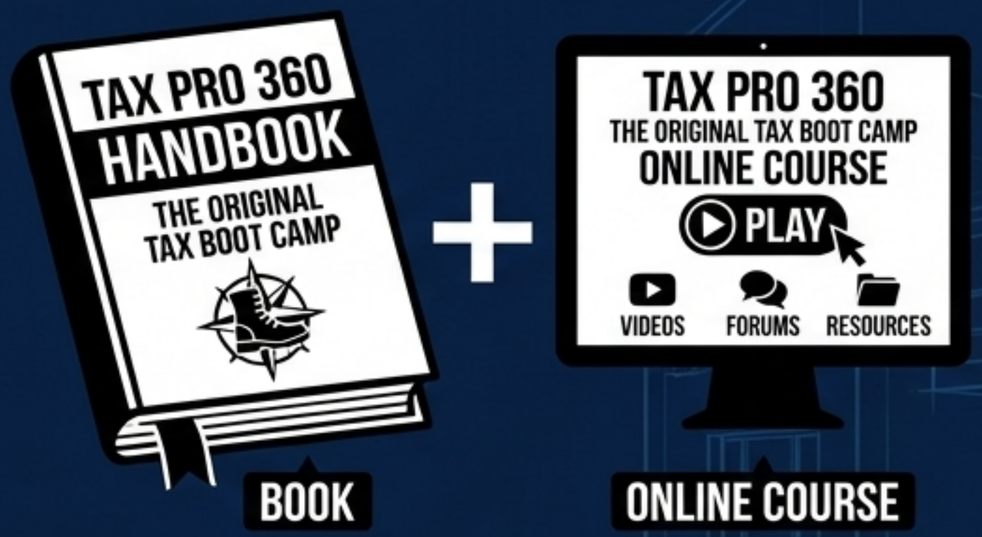
The Steering Wheel
(Form 1040-X Amendments)

Amend within the 3-year statute of limitations. Always provide a clear explanation in Part III and attach updated supporting schedules.

Scaling Your Practice: The Architecture of a Firm



The Liz Biz Path to Graduation



Theory	Practice	Mentorship
Master the legal and ethical foundation through the Tax Pro 360 Handbook.	Apply your knowledge with simulated returns and software mastery at GBC-Worldwide.com.	Lock in your launch strategy with a 1-on-1 session with Dr. Geno Bradley.

Call to Action: Handle your business. Start your pilot phase today.