

## DETAILED TABLE OF CONTENTS

	Paragraph
<b>Overview</b>	
Introduction . . . . .	1
What's New on 2021 Returns . . . . .	3
AGI Phaseout Thresholds . . . . .	4
Where to File Paper Returns . . . . .	5
2022 Tax Calendar . . . . .	6
<b>Tax Rates</b>	
Tax Rate Schedules for 2021 and 2022 . . . . .	11
2021 Tax Table—Individuals . . . . .	25
Corporation Income Tax Rates . . . . .	33
Estate and Gift Taxes . . . . .	40
Other Taxes . . . . .	47
<b>Checklists</b>	
Checklist for Forms . . . . .	63
Guide to Information Returns . . . . .	64
Checklist for Types of Payments . . . . .	65
<b>Special Tax Tables</b>	
Applicable Federal Rates . . . . .	83
Adjusted Applicable Federal Rates . . . . .	84
Federal Long-Term Tax-Exempt Rates . . . . .	85
Applicable Credit Percentages for Low-Income Housing . . . . .	86
Earned Income Credit . . . . .	87
<b>Chapter 1: Individuals</b>	
Income Tax Return . . . . .	101
Computation of Tax Liability . . . . .	111
Standard Deduction and Exemptions . . . . .	131
Filing Status . . . . .	152
Decedent's Final Return . . . . .	180
Alternative Minimum Tax (AMT) . . . . .	190
<b>Chapter 2: Corporations</b>	
Corporate Formation . . . . .	201
Return and Paying of Tax . . . . .	211
Computation of Tax Liability . . . . .	219
Estimated Tax . . . . .	241
Accumulated Earnings Tax . . . . .	251
Personal Service Corporation . . . . .	273
Personal Holding Company . . . . .	275
Controlled Corporate Groups . . . . .	289
Consolidated Returns . . . . .	295

	Paragraph
<b>Chapter 3: S Corporations</b>	
S Corporation Status . . . . .	301
S Corporation Shareholders . . . . .	309
Tax Treatment of Distributions . . . . .	323
Taxation of S Corporations . . . . .	335
Returns and Tax Year . . . . .	351
<b>Chapter 4: Partnerships</b>	
Partnerships and LLCs . . . . .	401
Publicly Traded Partnerships . . . . .	403
Partnership-Level Issues . . . . .	404
Partnership Losses . . . . .	425
Partner's Distributive Share of Partnership Items . . . . .	428
Sale and Purchase of Partnership Interest . . . . .	434
Partnership Contributions, Distributions, and Basis . . . . .	443
Family Partnerships . . . . .	474
Organization, Syndication, Start-Up Costs . . . . .	477
<b>Chapter 5: Trusts—Estates</b>	
Trusts and Estates as Taxable Entities . . . . .	501
Fiduciary Return and Payment of Tax . . . . .	510
Taxation of Trusts and Estates . . . . .	514
Income Distribution Deduction . . . . .	542
Taxation of Beneficiaries . . . . .	554
Grantor Trusts . . . . .	571
Charitable Remainder Trust (CRT) . . . . .	590
<b>Chapter 6: Exempt Organizations</b>	
Overview . . . . .	601
Code Sec. 501(c)(3) Organizations . . . . .	602
Private Foundations . . . . .	631
Unrelated Business Taxable Income . . . . .	655
Taxable Income from Debt-Financed Property . . . . .	687
Other Tax-Exempt Organizations . . . . .	692
<b>Chapter 7: Income</b>	
Gross Income Defined . . . . .	701
Ownership of Income . . . . .	704
Salaries, Wages, and Benefits . . . . .	713
Interest Income . . . . .	724
Dividend Income . . . . .	733
Stock Redemptions . . . . .	742
Corporate Earnings and Profits . . . . .	747
Business Income . . . . .	759
Rents and Royalties . . . . .	762
Farming Income . . . . .	767
Alimony Payments . . . . .	771
Other Income . . . . .	785

	Paragraph
<b>Chapter 8: Exclusions from Gross Income</b>	
Exclusions from Gross Income . . . . .	801
Life Insurance and Death Benefits . . . . .	803
Annuities . . . . .	817
Bequests and Gifts . . . . .	847
Personal Injury and Disability Proceeds . . . . .	851
Discharge of Debt . . . . .	855
Education and Disability Benefits . . . . .	863
Other Exclusions from Gross Income . . . . .	871
Military Benefits . . . . .	891
<b>Chapter 9: Business Expenses</b>	
Trade or Business Expenses . . . . .	901
Compensation Paid . . . . .	906
Meal, Entertainment, and Gift Expenses . . . . .	910
Taxes . . . . .	920
Charitable Contributions . . . . .	927
Business Interest . . . . .	937
Employee Business Expenses . . . . .	941
Transportation and Car Expenses . . . . .	945
Traveling Expenses Away from Home . . . . .	949
Home Office and Vacation Home Expenses . . . . .	961
Other Business Expenses . . . . .	968
Qualified Business Income Deduction . . . . .	980
Professional Expenses . . . . .	981
Farmer's Expenses . . . . .	982
Rents and Leasehold Payments . . . . .	986
Mining Expenses . . . . .	987
<b>Chapter 10: Nonbusiness Expenses</b>	
Deductions of Individuals . . . . .	1001
Adjusted Gross Income (AGI) . . . . .	1005
Itemized Deductions . . . . .	1014
Medical Expenses . . . . .	1015
Taxes . . . . .	1021
Real Property Taxes . . . . .	1028
Interest . . . . .	1043
Charitable Contributions . . . . .	1058
Moving Expenses . . . . .	1073
Miscellaneous Deductions . . . . .	1079

	Paragraph
<b>Chapter 11: Losses—Passive Activity Losses</b>	
Deduction of Losses . . . . .	1101
Casualty and Theft Losses . . . . .	1121
Bad Debts . . . . .	1135
Net Operating Losses (NOLs) . . . . .	1145
At-Risk Limitations . . . . .	1155
Passive Activity Losses and Credits . . . . .	1165
Rental Activities Subject to Passive Activity Rules . . . . .	1181
Excess Business Loss and Tax-Exempt Use Property . . . . .	1190
Hobby Losses . . . . .	1195
<b>Chapter 12: Depreciation</b>	
Depreciation Allowance . . . . .	1201
Section 179 Expense Election . . . . .	1208
Limitations on Automobiles and Other Listed Property . . . . .	1211
Depreciation Methods . . . . .	1216
Leased Property . . . . .	1234
Modified Accelerated Cost Recovery System (MACRS) . . . . .	1236
Accelerated Cost Recovery System (ACRS) . . . . .	1252
Class Life ADR System . . . . .	1282
Energy Efficient Commercial Buildings Deduction . . . . .	1286
<b>Chapter 13: Capitalization, Amortization, and Depletion</b>	
Capital Expenditures . . . . .	1305
Business Acquisitions or Change in Capital Structure . . . . .	1323
Uniform Capitalization Rules (UNICAP) . . . . .	1330
Amortization . . . . .	1360
Depletion . . . . .	1380
<b>Chapter 14: Tax Credits</b>	
Personal Credits . . . . .	1401
Nonbusiness Energy Credits . . . . .	1441
Alternative Motor Vehicle Credits . . . . .	1446
Foreign and Possession Credits . . . . .	1461
General Business Credit . . . . .	1465
Tax Credit Bonds . . . . .	1471
<b>Chapter 15: Tax Accounting</b>	
Accounting Periods . . . . .	1501
Accounting Methods . . . . .	1515
Timing of Income and Expenses . . . . .	1533
Long-Term Contracts . . . . .	1551
Inventories . . . . .	1553
Allocation and Reconstruction of Income . . . . .	1573

	Paragraph
<b>Chapter 16: Basis for Gain or Loss</b>	
Computing Gain or Loss . . . . .	1601
Property Acquired by Purchase . . . . .	1611
Property Acquired by Gift or Bequest . . . . .	1630
Property Acquired by Exchange . . . . .	1648
Other Acquired Property . . . . .	1678
Valuation Rules . . . . .	1695
<b>Chapter 17: Sales and Exchanges—Capital Gains</b>	
<b>SALES AND EXCHANGES</b>	
Sales and Exchanges of Property . . . . .	1701
Sale of Principal Residence . . . . .	1705
Involuntary Conversions . . . . .	1713
Related Party Transactions . . . . .	1717
Tax-Free Exchanges . . . . .	1721
<b>CAPITAL GAINS AND LOSSES</b>	
Capital Gains and Losses . . . . .	1735
Section 1231 Assets . . . . .	1747
Capital Loss Limitation, Carryover, Carryback . . . . .	1752
Real Property Subdivided for Sale . . . . .	1762
Patents, Royalties, and Franchises . . . . .	1767
Depreciation Recapture . . . . .	1779
Qualified Opportunity Funds . . . . .	1799
<b>Chapter 18: Installment Sales—Deferred Payments</b>	
<b>INSTALLMENT SALES</b>	
Installment Method . . . . .	1801
Computation of Gain . . . . .	1813
Related-Party Sales . . . . .	1833
Repossessions of Property . . . . .	1838
Dispositions of Installment Obligations . . . . .	1846
Corporate Liquidations . . . . .	1856
<b>DEFERRED PAYMENTS</b>	
Imputed Interest . . . . .	1859
Treatment of Interest . . . . .	1883
<b>Chapter 19: Securities Transactions</b>	
Taxation of Securities Transactions . . . . .	1901
Gains and Losses on Small Business Stock . . . . .	1905
Worthless Securities . . . . .	1916
Options . . . . .	1919
Wash Sales . . . . .	1935
Short Sales . . . . .	1944
Commodities and Related Instruments . . . . .	1947
Corporate Bonds and Other Debt Instruments . . . . .	1950
Accounting Issues . . . . .	1973

	Paragraph
<b>Chapter 20: Health and Employee Benefits</b>	
Employer Health Insurance Mandate . . . . .	2001
Health and Welfare Benefits . . . . .	2011
HSAs, HRAs, and FSAs . . . . .	2035
Cafeteria Plans . . . . .	2045
Other Employee Benefits . . . . .	2055
Fringe Benefits Under Code Sec. 132 . . . . .	2085
<b>Chapter 21: Retirement Plans</b>	
Types of Retirement Plans . . . . .	2101
Qualified Plan Requirements . . . . .	2111
Taxation of Distributions and Rollovers . . . . .	2141
Traditional IRAs . . . . .	2155
Roth IRAs . . . . .	2171
SIMPLE Plans and SEPs . . . . .	2181
Sec. 403(b), Sec. 457, and Nonqualified Plans . . . . .	2191
<b>Chapter 22: Corporate Acquisitions—Reorganizations—Liquidations</b>	
Corporate Division . . . . .	2201
Corporate Reorganizations . . . . .	2205
Corporate Liquidations . . . . .	2253
Carryover of Tax Attributes . . . . .	2277
<b>Chapter 23: Special Corporate Status</b>	
Regulated Investment Companies . . . . .	2301
Real Estate Investment Trusts . . . . .	2326
Real Estate Mortgage Investment Conduits . . . . .	2343
Insurance Companies . . . . .	2370
Other Special Entities . . . . .	2383
<b>Chapter 24: Foreign Income and Transactions</b>	
U.S. Citizens and Residents Living Abroad . . . . .	2402
Nonresident Aliens and Foreign Corporations . . . . .	2425
Reporting Foreign Assets of U.S. Taxpayers . . . . .	2465
Foreign Tax Credit or Deduction . . . . .	2475
U.S. Shareholders of Foreign Corporations . . . . .	2487
Other Foreign Tax Rules . . . . .	2495
<b>Chapter 25: Returns—Payment of Taxes</b>	
Filing Returns . . . . .	2501
Payment of Taxes . . . . .	2525
Deadlines . . . . .	2549
Information Returns and Payment at Source . . . . .	2565
Reportable Transactions and Tax Shelters . . . . .	2591

	Paragraph
<b>Chapter 26: Withholding—Self-Employment Tax</b>	
<b>WITHHOLDING</b>	
Withholding on Wages . . . . .	2601
Computation of Withholding on Wages . . . . .	2612
Withholding on Non-Wage Payments . . . . .	2642
FICA and FUTA Taxes . . . . .	2648
Return and Payment by Employer . . . . .	2650
<b>SELF-EMPLOYMENT TAX</b>	
Tax on Self-Employment Income . . . . .	2664
<b>Chapter 27: Examination of Returns—Collection of Tax</b>	
Organization of IRS . . . . .	2701
Examination . . . . .	2708
Assessment and Collection of Tax . . . . .	2711
Liens and Levies . . . . .	2751
Mitigation of Effect of Statute of Limitations . . . . .	2756
Refunds and Credits . . . . .	2759
The Courts . . . . .	2776
<b>Chapter 28: Penalties—Interest</b>	
Failure to File Returns or Pay Tax . . . . .	2801
Information Return Penalties . . . . .	2816
Underpayment Penalties and Interest . . . . .	2838
Erroneous Refund Claims . . . . .	2891
Disclosure of Returns and Return Information . . . . .	2892
Criminal Penalties . . . . .	2898
<b>Chapter 29: Estate, Gift and Generation-Skipping Transfer Tax</b>	
Transfer Tax System . . . . .	2901
Gift Tax . . . . .	2903
Estate Tax . . . . .	2912
Generation-Skipping Transfer Tax . . . . .	2942
Transfer Tax on Gifts and Bequests from Expatriates . . . . .	2948
<b>Topical Index</b> . . . . .	page 875