CPA TCP: Tax Compliance and Planning (Discipline)

Official Body: AICPA & NASBA | Time: 4 Hours | 2026 Blueprint

Free TCP Practice ->

Passing Standard: 75 on a 0-99 psychometrically scaled score (Not a percentage)

Section Format: 68 MCQs + 7 Task-Based Simulations (50% MCQ / 50% TBS) (Prometric)

1. OFFICIAL 2026 TCP BLUEPRINT DOMAINS & WEIGHTINGS

TCP-I: Individual Tax Compliance and Planning	**Weight: 30-40%**
TCP-II: Entity Tax Compliance and Planning (Formations, Liquidations)	**Weight: 30-40%**
TCP-III: Entity Tax Special Topics (Multi-Jurisdictional, International)	**Weight: 15-25%**
TCP-IV: Property Transactions Planning	**Weight: 10-20%**

2. HIGH-YIELD TCP FORMULAS, ORDERING RULES & MNEMONICS

*** 3-Step Loss Limitation Funnel**

Losses must clear all 3 hurdles in exact sequence: 1) Tax Basis (Sec. 704(d)/1366(d)) -> 2) At-Risk Amount (Sec. 465, excludes nonqualified nonrecourse debt) -> 3) Passive Activity Loss (Sec. 469).

*** S-Corp vs Partnership Distribution & Debt Rules**

Non-liquidating property distribution: Partnership generally no gain & carryover basis (capped at outside basis); S-Corp recognizes corporate-level gain on appreciated property as if sold at FMV (Sec. 311(b)).

*** 2026 Corporate NOL, Sec. 351 & Depreciation Rules**

Post-2017 C-Corp NOL carries forward indefinitely, capped at 80% of taxable income. 2026 bonus depreciation is 20% under scheduled phase-down. Sec. 351 requires >= 80% control immediately after transfer; boot/excess debt triggers gain.

*** Wealth, Gift & Trust Planning (Crummey / ILIT / 529)**

Crummey withdrawal rights convert trust gifts into present interests for the annual exclusion. An ILIT removes life insurance death benefits from the gross estate. Bunching alternates itemized vs standard deductions.

EXAM TRAP TO AVOID: Guaranteeing an S-Corp bank loan gives ZERO shareholder debt basis until the shareholder actually makes payments on the guarantee; only direct shareholder-to-S-Corp loans create debt basis.

Test yourself on CPA TCP questions free (no credit card required) at VoraPrep:

1. Practice TCP Free ->
2. Free TCP Diagnostic ->
3. Score Predictor ->