Uniform CPA Examination®
Blueprints

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American Institute of CPAs
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AICPA

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Uniform CPA Examination Blueprints

The CPA licensure model requires all candidates to pass three Core exam sections and one Discipline exam section of a candidate's choosing. The Uniform CPA Examination (the Exam) has been designed accordingly as reflected in the Exam Blueprints. The Core exam sections assess the knowledge and skills that all newly licensed CPAs (nlCPAs) need in their role to protect the public interest. The Discipline exam sections assess the knowledge and skills in the respective Discipline domain applicable to nlCPAs in their role to protect the public interest.

The three Core exam sections, each four hours long, are: Auditing and Attestation (AUD), Financial Accounting and Reporting (FAR) and Taxation and Regulation (REG). The three Discipline exam sections, each four hours long, are: Business Analysis and Reporting (BAR), Information Systems and Controls (ISC) and Tax Compliance and Planning (TCP).

The table below presents the design of the Exam by Core and Discipline section, section time and question type.

Section	Section Time	Multiple-Choice Questions (MCQs)	Task-Based Simulations (TBSs)
AUD – Core	4 hours	78	7
FAR – Core	4 hours	50	7
REG – Core	4 hours	72	8
BAR – Discipline	4 hours	50	7
ISC – Discipline	4 hours	82	6
TCP – Discipline	4 hours	68	7

The following table presents the scoring weight of MCQs and TBSs for each Core and Discipline Exam section.

Section	Score Weighting	
	Multiple-Choice Questions (MCQs)	Task-Based Simulations (TBSs)
AUD – Core	50%	50%
FAR – Core	50%	50%
REG – Core	50%	50%
BAR – Discipline	50%	50%
ISC – Discipline	60%	40%
TCP – Discipline	50%	50%

The AICPA adopted a skill framework for the Exam based on the revised Bloom's Taxonomy of Educational Objectives[1]. Bloom's Taxonomy classifies a continuum of skills that students can be expected to learn and demonstrate.

Each Exam section consists of five parts referred to as testlets. The first two testlets are comprised of MCQs. The next three testlets contain the TBSs.

Section	Testlet 1 (MCQ)	Testlet 2 (MCQ)	Testlet 3 (TBS)	Testlet 4 (TBS)	Testlet 5 (TBS)
AUD – Core	39	39	2	3	2
FAR – Core	25	25	2	3	2
REG – Core	36	36	2	3	3
BAR – Discipline	25	25	2	3	2
ISC – Discipline	41	41	1	3	2
TCP – Discipline	34	34	2	3	2

[1] Revised taxonomy see Anderson, L.W. (Ed.), Krathwohl, D.R. (Ed.), Airasian, P.W., Cruikshank, K.A., Mayer, R.E., Pintrich, P.R., Raths, J., & Wittrock, M.C. (2001). A taxonomy for learning, teaching, and assessing: A revision of Bloom's Taxonomy of Educational Objectives (Complete Edition). New York: Longman. For original taxonomy see Bloom, B.S. (Ed.), Engelhart, M.D., Furst, E.J., Hill, W.H., & Krathwohl, D.R. (1956). Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain. New York: David McKay.

Uniform CPA Examination Blueprints (continued)

Representative tasks that are critical to an nlCPA's role in protecting the public interest have been identified. The representative tasks combine both the applicable content knowledge and skills required in the context of the work of an nlCPA. Based on the nature of a task, one of four skill levels, derived from the revised Bloom's Taxonomy, is assigned to each of the tasks, as follows:

Skill Levels	
Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

The skill levels to be assessed on each Core and Discipline section of the Exam are included in the table below.

Section	Remembering and Understanding	Application	Analysis	Evaluation
AUD – Core	30–40%	30–40%	15–25%	5–15%
FAR – Core	5–15%	45–55%	35–45%	–
REG – Core	25–35%	35–45%	25–35%	–
BAR – Discipline	10–20%	45–55%	30–40%	–
ISC – Discipline	55–65%	20–30%	10–20%	–
TCP – Discipline	5–15%	55–65%	25–35%	–

Each section of the Exam has a section introduction and a corresponding section blueprint.

- The **section introduction** outlines the scope of the section, the content organization and tasks, the content allocation, the overview of content areas, section assumptions, the skill allocation and a listing of the section's applicable reference literature.
- The **section blueprint** outlines the content to be tested, the associated skill level to be tested and representative tasks an nlCPA would likely encounter. The blueprints are organized by content AREA, content GROUP and content TOPIC. Each topic includes one or more representative TASKS that an nlCPA may be expected to complete.

The purpose of the blueprint is to:

- Document the minimum level of knowledge and skills necessary for initial licensure.
- Assist candidates in preparing for the Exam by outlining the knowledge and skills that may be tested.
- Apprise educators about the knowledge and skills candidates will need to function as nlCPAs.
- Guide the development of Exam questions.

The tasks in the blueprints are representative and are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested on the Exam. The number of tasks associated with a particular content group or topic is not indicative of the extent such content group, topic or related skill level will be assessed on the Exam.

Uniform CPA Examination Auditing and Attestation (AUD)

Blueprint

AICPA

Auditing and Attestation

The Auditing and Attestation (AUD) section of the Uniform CPA Examination (the Exam) tests the knowledge and skills that nICPAs must demonstrate when performing the following engagements:

- **Audit engagements** include financial statement audits, compliance audits, audits of internal control integrated with an audit of financial statements, audits of entities receiving federal awards or grants and audits of financial statements of employee benefit plans subject to the Employee Retirement Income Security Act of 1974 (ERISA). Audits include issuer entities subject to the requirements set forth by the Public Company Accounting Oversight Board (PCAOB), nonissuer entities subject to the requirements set forth by the American Institute of CPA's (AICPA) Auditing Standards Board or governmental entities subject to the requirements of the U.S. Government Accountability Office (GAO) or the Office of Management and Budget (OMB).
- **Attestation engagements** include assertion-based examinations, direct examinations and review or agreed-upon procedures engagements that are subject to the requirements set forth by the AICPA's Auditing Standards Board.
- **Accounting and review service engagements** include preparation, compilation and review engagements that are subject to the requirements set forth by the AICPA's Accounting and Review Services Committee.

The assessment will focus on an nICPA's role in planning, risk assessment, performing procedures, obtaining evidence and reporting for these engagement types. The assessment will incorporate:

- Data and technology concepts, with a focus on understanding how data is structured and flows through underlying systems, verifying the completeness and accuracy of source data and using the outputs of data analytic techniques to assist in risk assessment or to complete planned procedures.
- Professional skepticism and professional judgment with a focus on the critical assessment of evidence and the need to apply knowledge and experience to make informed decisions.
- Applied research with a focus on reviewing and using excerpts of source materials (e.g., auditing standards, attestation standards, accounting and review services standards) to complete a range of tasks including identifying issues, analyzing facts and determining appropriate responses.

A list of reference materials relevant to the AUD section of the Exam is included under References at the conclusion of this introduction.

Content organization and tasks

The AUD section blueprint is organized by content AREA, content GROUP and content TOPIC. Each group or topic includes one or more representative TASKS that an nICPA may be expected to complete when performing various types of engagements.

The tasks in the blueprint are representative. They are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested in the AUD section of the Exam. Lists or examples included within the text of a representative task beginning with the word "including" are not intended to be exhaustive. Within some representative tasks are parenthetical lists. If a parenthetical list begins with "e.g.", this is not intended to be an exhaustive list but rather examples of the types of content that could be assessed. Parenthetical lists that do not include "e.g." are intended to be an exhaustive list of the content to be assessed with respect to that representative task.

Content allocation

The following table summarizes the content areas and the allocation of content tested in the AUD section of the Exam:

Content area		Allocation
Area I	Ethics, Professional Responsibilities and General Principles	15–25%
Area II	Assessing Risk and Developing a Planned Response	25–35%
Area III	Performing Further Procedures and Obtaining Evidence	30–40%
Area IV	Forming Conclusions and Reporting	10–20%

Auditing and Attestation (continued)

Overview of content areas

Area I of the AUD section blueprint covers ethics, professional responsibilities and general principles, including the following:

- Ethics and independence including understanding and applying the AICPA Code of Conduct and the ethical and independence requirements of the U.S. Securities and Exchange Commission (SEC), PCAOB, GAO and Department of Labor (DOL).
- Professional skepticism including the critical assessment of evidence and the need to apply knowledge and experience to make informed decisions.
- Nature, scope and terms of engagements including engagement preconditions.
- Requirements for engagement documentation and communication with management or those charged with governance.
- Understanding of audit and assurance quality on an engagement and responsibilities within a firm.

To the extent applicable, the audits of financial statements of employee benefit plans subject to ERISA are eligible for testing in each group and topic in this Area.

Area II of the AUD section blueprint covers planning and risk assessment and design of procedures responsive to identified risks. The Area includes the following:

- Engagement strategy and engagement planning.
- Internal and external factors related to understanding an entity and its environment including basic economic concepts such as supply and demand and business cycles.
- Understanding an entity's control environment and business processes including an understanding of the COSO Internal Control – Integrated Framework, entity-level controls and the design of internal controls, IT environment and related IT general controls. The IT environment consists of an entity's IT infrastructure, applications, processes to manage access to the IT environment and program change control, including personnel responsible for those processes.
- SOC 1® reports as they affect the audit of user-entity financial statements.
- Materiality including performance materiality or tolerable misstatement.
- Assessing and responding to risks of material misstatement, whether due to fraud or error.
- Planning for and using the work of others including management's specialists and auditor's specialists.
- Specific areas of engagement risk including compliance with laws and regulations, accounting estimates, related parties and requirements for single audits in accordance with the Uniform Guidance for Single Audits.

To the extent applicable, the audits of financial statements of employee benefit plans subject to ERISA are eligible for testing in each group and topic in this Area.

Area III of the AUD section blueprint covers performing procedures and obtaining evidence. The Area includes the following:

- Use of data and information including requesting, preparing and transforming data, reliability of data and information and data analytics.
- Sufficient appropriate evidence including sources of evidence and concluding on whether evidence obtained achieves the engagement's planned objectives.
- Sampling techniques including appropriate populations, sample size, stratification and extrapolation of results.
- Performing procedures to obtain evidence including tests of controls, tests of details, analytical procedures and external confirmations.
- Specific matters that require special audit consideration such as accounting estimates, investments in securities, inventory, litigation, claims and assessments, going-concern and testing transactions related to federal awards during a single audit.
- Misstatements and internal control deficiencies including preparing a summary of misstatements and determining their effect on the financial statements and the nature, timing and extent of procedures.

Auditing and Attestation (continued)

- Written representations requested from management.
- Subsequent events including identification of subsequent events and the impact to an entity's financial statements and disclosures.

To the extent applicable, the audits of financial statements of employee benefit plans subject to ERISA are eligible for testing in each group and topic in this Area.

Area IV of the AUD section blueprint covers engagement reporting. The Area includes the following:

- Reporting on auditing and attestation engagements including factors to consider when forming an opinion, types of opinions and the appropriate form and content of a report.
- Considerations for performing preparation engagements.
- Considerations for reporting on compilation and review engagements, including the appropriate form and content of a report.
- Considerations for reporting on compliance aspects as part of an audit engagement or an attestation engagement related to compliance with a specific requirement or rule.
- Other reporting considerations when performing engagements, including consistency, other information, review of interim financial information, supplementary information, special-purpose frameworks and additional reporting requirements under GAO Government Auditing Standards.

Section assumptions

The AUD section of the Exam includes multiple-choice questions and task-based simulations. When completing multiple-choice questions and task-based simulations in the AUD section of the Exam, candidates should be aware of the entity type and engagement type presented in the question.

To the extent that there are different requirements for an entity under audit or review, the question will include an explicit reference to the entity type (issuer or nonissuer).

Questions may refer to an audit engagement by including phrases such as "an audit of a nonissuer" or "an audit of an issuer". Questions will refer to other types of engagements by including phrases such as "examination of pro forma financial information", "review engagement", "interim review", "compilation engagement", etc. The use of the terms "auditor", "accountant" or "practitioner" will also be used to further identify engagement types and applicable professional standards. Candidates should be mindful of the engagement type when answering a question.

Skill allocation

The Exam applies a skill framework based on the revised Bloom's Taxonomy of Educational Objectives[2]. Bloom's Taxonomy classifies a continuum of skills depicted in the table below:

Skill Levels	
Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

[2] Revised taxonomy see Anderson, L.W. (Ed.), Krathwohl, D.R. (Ed.), Airasian, P.W., Cruikshank, K.A., Mayer, R.E., Pintrich, P.R., Raths, J., & Wittrock, M.C. (2001). A taxonomy for learning, teaching, and assessing: A revision of Bloom's Taxonomy of Educational Objectives (Complete Edition). New York: Longman. For original taxonomy see Bloom, B.S. (Ed.), Engelhart, M.D., Furst, E.J., Hill, W.H., & Krathwohl, D.R. (1956). Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain. New York: David McKay.

Auditing and Attestation (continued)

The AUD section of the Exam assesses content at all of the skill levels of Bloom's Taxonomy as described below:

- Remembering and Understanding is mainly concentrated in Area I and Area IV. Area I contains much of the general audit knowledge that is required for nlCPAs. In Area IV, many of the tasks relate to reporting and are driven by templates and illustrative examples.
- Application is tested in all four areas of the AUD section. Application tasks focus on general topics such as professional responsibilities and documentation, and the day-to-day tasks that nlCPAs perform, using standardized application tools such as audit programs and sampling techniques.
- Analysis and Evaluation skills, tested in Area II and Area III, involve tasks that require a higher level of analysis and interpretation. These tasks, such as concluding on sufficiency and appropriateness of evidence, require nlCPAs to apply professional skepticism and judgment.

The representative tasks combine both the applicable content knowledge and the skills required in the context of the work that an nlCPA would reasonably be expected to perform.

References – Auditing and Attestation

The References detailed below are the sources of the subject matter eligible for assessment in the AUD section, to the extent that the subject matter is included in the blueprint's content areas, groups and topics. Further, the assessment of the subject matter described in a representative task that identifies an organization, publication, law, regulation, standard or framework is limited to the specific sections of the References detailed below. Similarly, subject matter identified in a representative task and related subject matter is eligible for assessment to the extent it is included in the References detailed below. The subject matter eligible for assessment is limited to the References detailed below and does not extend to links or references within these References to other sources.

- AICPA Statements on Auditing Standards and Related Auditing Interpretations
- PCAOB Auditing Standards (SEC approved), Auditing Interpretations and Ethics and Independence Rules
- U.S. GAO Government Auditing Standards
- Single Audit Act, as amended
- OMB Audit Requirements for Federal Awards (2 CFR 200)
- AICPA Statements on Quality Management Standards
- AICPA Statements on Standards for Accounting and Review Services and Related Accounting and Review Services Interpretations
- AICPA Statements on Standards for Attestation Engagements and Interpretations
- AICPA Audit and Accounting Guides
- AICPA Code of Professional Conduct
- Title III and Title IV of the Sarbanes-Oxley Act of 2002
- U.S. DOL Interpretive bulletins relating to guidelines on independence of accountant retained by Employee Benefit Plan (29 CFR 2509.75-9)
- U.S. SEC Independence Rules
- The Committee of Sponsoring Organizations of the Treadway Commission (COSO): Internal Control — Integrated Framework
- Current textbooks on auditing, attestation services, economics and ethics and independence

Summary Blueprint

Content area allocation	Weight
I. Ethics, Professional Responsibilities and General Principles	15–25%
II. Assessing Risk and Developing a Planned Response	25–35%
III. Performing Further Procedures and Obtaining Evidence	30–40%
IV. Forming Conclusions and Reporting	10–20%

Skill allocation	Weight
Evaluation	5–15%
Analysis	15–25%
Application	30–40%
Remembering and Understanding	30–40%

The following pages include the detailed blueprints that define the areas, groups, topics and representative tasks for the AUD section. It is important to note that the number of representative tasks associated with a particular content group or topic is not indicative of the extent to which such content group, topic or related skill level will be assessed on the Exam (i.e., more numerous tasks in a particular group, topic or skill compared to another should not infer more content weight assigned to that group, topic or skill).

Area I – Ethics, Professional Responsibilities and General Principles (15–25%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Ethics, independence and professional responsibilities					
1. AICPA Code of Professional Conduct	✓				Understand the principles, rules and interpretations included in the AICPA Code of Professional Conduct.
		✓			Apply the principles, rules and interpretations included in the AICPA Code of Professional Conduct to situations (e.g., maintaining integrity and objectivity and compliance with standards, maintaining the confidentiality of client information when using automated or third-party tools and techniques including artificial intelligence).
		✓			Apply the Conceptual Framework for Members in Public Practice and Members in Business included in the AICPA Code of Professional Conduct to situations that could present threats to compliance with the rules included in the Code.
		✓			Apply the Conceptual Framework for Independence included in the AICPA Code of Professional Conduct to situations that could present threats to compliance with the rules included in the Code.
2. Requirements of the Securities and Exchange Commission and the Public Company Accounting Oversight Board	✓				Understand the ethical and independence requirements of the Securities and Exchange Commission and the Public Company Accounting Oversight Board.
		✓			Apply the ethical requirements and independence rules of the Securities and Exchange Commission and the Public Company Accounting Oversight Board to situations that could compromise compliance or impair independence during an audit of an issuer.
3. Requirements of the Government Accountability Office and the Department of Labor	✓				Understand the ethical and independence requirements of the Government Accountability Office Government Auditing Standards.
	✓				Understand the independence requirements of the Department of Labor.

Area I – Ethics, Professional Responsibilities and General Principles (15–25%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Ethics, independence and professional responsibilities (continued)					
3. Requirements of the Government Accountability Office and the Department of Labor (continued)		✓			Apply the ethical requirements and independence rules of the Government Accountability Office Government Auditing Standards to situations that could present threats to compliance during an audit of, or attestation engagement for, a government entity or an entity receiving federal awards.
		✓			Apply the independence rules of the Department of Labor to situations when an accountant would not be considered independent during an audit of employee benefit plans.
B. Professional skepticism and professional judgment					
	✓				Understand the concepts of professional skepticism and professional judgment.
	✓				Understand unconscious auditor biases and other impediments to acting with professional skepticism, including threats, incentives and judgment-making shortcuts.
C. Nature and scope					
1. Audit engagements	✓				Identify the nature, scope and objectives of the different types of audit engagements for issuers and nonissuers.
2. Engagements conducted under Government Accountability Office Government Auditing Standards	✓				Identify the nature, scope and objectives of engagements performed in accordance with Government Accountability Office Government Auditing Standards, including single audits.
3. Other engagements	✓				Identify the nature, scope and objectives of attestation engagements and accounting and review service engagements.

Area I – Ethics, Professional Responsibilities and General Principles (15–25%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Terms of engagement					
1. Preconditions for an engagement	✓				Identify the preconditions needed for accepting or continuing an engagement.
2. Terms of engagement and the engagement letter	✓				Identify the factors affecting the acceptance or continuance of an engagement, including communication with predecessor auditors.
	✓				Recall when it is acceptable to agree to management's request for a change in the type of engagement (e.g., from an audit to a review).
		✓			Perform procedures to confirm that a common understanding of the terms of an engagement exist with management and those charged with governance.
		✓			Document the terms of an engagement in a written engagement letter or other suitable form of written agreement.
E. Requirements for engagement documentation					
	✓				Identify the elements that comprise sufficient appropriate documentation in physical or electronic form for an engagement.
	✓				Identify the requirements for the assembly and retention of documentation in physical or electronic form for an engagement.
		✓			Prepare documentation that is sufficient to enable an experienced auditor or practitioner having no previous connection with an engagement to understand the nature, timing, extent and results of procedures performed, the significant findings and conclusions reached and the significant professional judgments made.

Area I – Ethics, Professional Responsibilities and General Principles (15–25%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
F. Communication with management and those charged with governance					
1. Planned scope and timing of an engagement	✓				Identify the matters related to the planned scope and timing of an engagement that should be communicated to management and those charged with governance.
		✓			Prepare presentation materials and supporting schedules for use in communicating the planned scope and timing of an engagement to management and those charged with governance.
2. Internal control related matters	✓				Identify the matters related to deficiencies and material weaknesses in internal control that should be communicated to those charged with governance and management for an engagement and the timing of such communications.
		✓			Prepare written communication materials for use in communicating identified internal control deficiencies and material weaknesses for an engagement to those charged with governance and management.
G. Audit and assurance quality					
	✓				Identify a CPA firm's responsibilities for its accounting and auditing practice's engagement quality.
	✓				Explain procedures and responsibilities for managing engagement quality.

Area II – Assessing Risk and Developing a Planned Response (25–35%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Planning an engagement					
1. Overall engagement strategy	✓				Explain the purpose and significance of the overall engagement strategy for an engagement.
2. Engagement plan		✓			Prepare a draft engagement plan for specific processes, accounts or classes of transactions considering the prior period and changes in the current period.
		✓			Prepare supporting planning-related materials (e.g., client assistance request listings, time budgets) for a detailed engagement plan starting with the prior-year engagement plan or with a template.
B. Understanding an entity and its environment					
1. External factors	✓				Understand supply and demand, elasticity measures and profit maximization (e.g., marginal cost, marginal revenue).
	✓				Understand the business cycles (trough, expansion, peak, recession) and leading, coincident and lagging indicators of economic activity (e.g., consumer price index, producer price index, federal funds rate, bond yields, unemployment).
		✓			Identify relevant factors (e.g., economic, environmental, financial reporting framework, government policy, industry, regulatory, supply chain, technology) that could impact an entity, its operations, and/or the inherent risk of material misstatement.
2. Internal factors	✓				Understand the entity's responsibilities with respect to the corporate governance provisions of the Sarbanes-Oxley Act of 2002.
		✓			Identify the relevant factors that define the nature of an entity, including the impact on the risk of material misstatement (e.g., its operations, ownership and governance structure, investment and financing plans, selection of accounting policies, objectives and strategies, adoption and use of technologies including artificial intelligence).

Area II – Assessing Risk and Developing a Planned Response (25–35%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Understanding an entity's control environment and business processes, including information technology (IT) systems					
1. COSO Internal Control – Integrated Framework	✓				Define internal control within the context of the COSO internal control framework, including the purpose, objectives and limitations of the framework.
	✓				Identify and define the components, principles and underlying structure of the COSO internal control framework.
2. Control environment, entity-level controls and IT general controls	✓				Understand the elements of an entity's control environment, including the design and implementation of entity-level controls and IT general controls.
		✓			Perform procedures to obtain an understanding of entity-level controls and how an entity has responded to risks arising from the use of IT, including identifying and testing the design and implementation of relevant IT general controls.
3. Business processes and the design of internal controls, including the IT environment		✓			Identify and document the significant business processes and data flows that directly or indirectly impact an entity's financial statements.
		✓			Perform a walkthrough of a significant business process and document (e.g., flow charts, process diagrams, narratives) the flow of relevant transactions and data from initiation through financial statement reporting and disclosure.
		✓			Obtain an understanding of an entity's IT infrastructure (e.g., ERP, cloud computing or hosting arrangements, custom or packaged applications) and document the procedures performed to obtain that understanding.
		✓			Obtain an understanding of IT applications that are, directly or indirectly, the source of financial transactions or the data used to record financial transactions (e.g., how the entity uses IT applications to capture, store, and process information).
		✓			Perform tests of the design and implementation of relevant automated and manual transaction-level internal controls (e.g., authorizations and approvals, reconciliations, verifications, physical or logical controls, segregation of duties).

Area II – Assessing Risk and Developing a Planned Response (25–35%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Understanding an entity's control environment and business processes, including information technology (IT) systems (continued)					
3. Business processes and the design of internal controls, including the IT environment (continued)			✓		Identify and document the relevant automated and manual controls within the flow of an entity's transactions for a significant business process and consider the effect of these controls on the completeness, accuracy and reliability of an entity's data.
				✓	Conclude whether relevant automated and manual transaction-level internal controls are effectively designed and placed in operation.
4. Implications of an entity using a service organization	✓				Understand the differences between SOC 1® and SOC 2® engagements.
		✓			Identify and document the purpose and significance of an entity's use of a service organization, including the impact of using a SOC 1® Type 2 report in an audit of an entity's financial statements.
		✓			Use a SOC 1® Type 2 report to determine the nature and extent of testing procedures to be performed in an audit of an entity's financial statements.
5. Limitations of controls and risk of management override	✓				Understand the limitations of internal controls and the potential impact on the risk of material misstatement of an entity's financial statements.
		✓			Identify and document the risks associated with management override of internal controls and the potential impact on the risk of material misstatement of an entity's financial statements.
D. Materiality					
1. For the financial statements as a whole	✓				Understand materiality, including qualitative considerations, as it relates to the financial statements and related disclosures as a whole.
		✓			Calculate materiality for an entity's financial statements as a whole.
		✓			Calculate the materiality level (or levels) to be applied to classes of transactions, account balances and disclosures in an audit of an issuer or nonissuer.

Area II – Assessing Risk and Developing a Planned Response (25–35%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Materiality (continued)					
2. Tolerable misstatement and performance materiality	✓				Understand the use of tolerable misstatement or performance materiality in an audit.
		✓			Determine tolerable misstatement or performance materiality for the purposes of assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures in an audit of an issuer or nonissuer.
E. Assessing and responding to risks of material misstatement, whether due to fraud or error					
		✓			Determine the pressures, incentives and opportunities for fraud (e.g., fraudulent financial reporting, misappropriation of assets) that could lead to the risk of material misstatement.
		✓			Determine the risk of material misstatement, whether due to fraud or error, at the financial statement level and relevant assertion level (control risk and inherent risk) for each significant class of transactions, significant account and disclosure.
		✓			Determine a response to risks of material misstatement at the financial statement level (e.g., maintaining professional skepticism, engagement team supervision, incorporating elements of unpredictability), considering the auditor's understanding of the control environment.
		✓			Determine appropriate procedures to assess the operating effectiveness of relevant controls.
		✓			Determine appropriate substantive procedures to test relevant assertions for each significant class of transactions, significant account and disclosure.
		✓			Determine procedures to satisfy the requirements and objectives of an attestation engagement.
		✓			Determine procedures to satisfy the requirements and objectives of an accounting and review services engagement.

Area II – Assessing Risk and Developing a Planned Response (25–35%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
E. Assessing and responding to risks of material misstatement, whether due to fraud or error (continued)					
			✓		Assess risks of material misstatement, whether due to fraud or error, at the financial statement level and develop a response by leveraging the combined knowledge and understanding of the engagement team.
			✓		Assess the potential impact of identified risks of material misstatement at the relevant assertion level for each significant class of transactions, significant account and disclosure, considering the controls the auditor intends to test.
			✓		Analyze the risk of material misstatement, including the potential impact of individual and cumulative misstatements, to provide a basis for developing planned audit procedures.
			✓		Use outputs from audit data analytic procedures (e.g., reports and visualizations) to identify transactions that may have a higher risk of material misstatement and interpret the results to develop planned audit procedures.
F. Planning for and using the work of others					
	✓				Identify the factors to consider in determining the extent to which an engagement team can use the work of the internal audit function, IT auditor, auditor's specialist, management's specialist, component auditor or a referred-to auditor.
		✓			Determine the nature and scope of the work of the internal audit function, IT auditor, auditor's specialist, management's specialist, component auditor or a referred-to auditor.
		✓			Perform and document procedures to determine the extent to which an engagement team can use the work of the internal audit function, IT auditor, auditor's specialist, management's specialist, component auditor or a referred-to auditor.

Area II – Assessing Risk and Developing a Planned Response (25–35%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
G. Specific areas of engagement risk					
1. An entity's compliance with laws and regulations	✓				Understand the accountant's responsibilities with respect to laws and regulations that have a direct effect on the determination of material amounts or disclosures in an entity's financial statements for an engagement.
	✓				Understand the accountant's responsibilities with respect to laws and regulations that are fundamental to an entity's business but do not have a direct effect on the entity's financial statements in an engagement.
		✓			Perform tests of compliance with laws and regulations that have a direct effect on material amounts or disclosures in an entity's financial statements in an engagement.
		✓			Perform tests of compliance with laws and regulations that are fundamental to an entity's business, but do not have a direct effect on the entity's financial statements for an engagement.
2. Accounting estimates	✓				Recognize the potential impact of lower complexity and higher complexity significant accounting estimates on the risk of material misstatement, including the indicators of management bias.
3. Related parties and related party transactions		✓			Perform procedures to identify related party relationships and transactions, including consideration of significant unusual transactions and transactions with executive officers.
4. Uniform Guidance for single audits	✓				Understand when an entity is required to have a single audit in accordance with the audit requirements of the Uniform Guidance, including the identification of federal awards and major programs.

Area III – Performing Further Procedures and Obtaining Evidence (30–40%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Use of data and information					
1. Requesting, preparing and transforming data	✓				Explain the components of a relational database (e.g., tables, records, fields/ attributes, primary and foreign keys, normalization).
	✓				Explain the characteristics and uses of different measurement scales (e.g., nominal, ordinal, interval, ratio, continuous, discrete).
		✓			Determine attribute structures, format, and sources of data needed when making a data extraction request to complete planned procedures.
		✓			Determine methods to transform (e.g., preparing, cleaning, scrubbing) data to complete planned procedures.
2. Reliability of data and information		✓			Perform procedures (e.g., agreeing information to original sources, validating search or query criteria used to obtain data) to validate the reliability (completeness, accuracy, authenticity and susceptibility to management bias) of data and information obtained from internal and external sources (e.g., analyses, schedules or reconciliations generated using various technologies including artificial intelligence).
3. Data analytics		✓			Describe how to apply automated tools and techniques to process, organize, structure or present data in a given context to generate useful information that can be used as evidence.
			✓		Perform procedures using outputs (e.g., reports, visualizations) from audit data analytic techniques to determine relationships, trends or notable items in the data and identify the appropriate audit response.

Area III – Performing Further Procedures and Obtaining Evidence (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. Sufficient appropriate evidence					
		✓			Determine the sources of information (e.g., obtained from management's specialists, obtained from external sources, developed by the audit team from internal or external sources or generated using various technologies including artificial intelligence) to be used as audit evidence.
			✓		Exercise professional skepticism and professional judgment while analyzing information to be used as audit evidence taking into account its relevance and reliability, authenticity and whether such information corroborates or contradicts the assertions in the financial statements.
				✓	Conclude whether sufficient appropriate evidence has been obtained to achieve the objectives of the planned procedures.
C. Sampling techniques					
	✓				Understand the purpose and application of sampling techniques including the use of automated tools and audit data analytic techniques to identify significant events or transactions that may impact the financial statements.
	✓				Identify the appropriate population of items to sample to meet the objectives of the planned procedures.
		✓			Determine the appropriate sampling method (attributes, variables) to be used in order to accomplish the objective of the planned procedures (test of controls, test of details).
		✓			Use sampling techniques to extrapolate the characteristics of a population from a sample of items.

Area III – Performing Further Procedures and Obtaining Evidence (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Procedures to obtain sufficient appropriate evidence					
1. Test of controls and test of details		✓			Use observation and inspection to obtain evidence.
		✓			Use recalculation (manually or using automated tools and techniques) to test the mathematical accuracy of information to obtain evidence.
		✓			Use reperformance to independently execute procedures or controls to obtain evidence.
		✓			Inquire of management and others to gather evidence and document the results.
			✓		Analyze responses obtained during structured interviews or informal conversations with management and others, including those in non-financial roles, and ask relevant and effective follow-up questions to understand their perspectives and motivations.
			✓		Perform tests of operating effectiveness of internal controls, including the analysis of exceptions to identify deficiencies in an audit of financial statements or an audit of internal control.
			✓		Perform tests of details, including the analysis of exceptions, to identify potential misstatements in an audit of financial statements.
2. Analytical procedures		✓			Determine the suitability of substantive analytical procedures to provide evidence to support an identified assertion.
			✓		Perform substantive analytical procedures, including developing an expectation, on an account balance to provide evidence to support an identified assertion.
			✓		Perform analytical procedures near the end of an audit engagement that assist the auditor when forming an overall conclusion about whether the financial statements are consistent with the auditor's understanding of the entity.
				✓	Evaluate and investigate differences resulting from analytical procedures (e.g., fluctuations or relationships that are inconsistent with other information or expected values).

Area III – Performing Further Procedures and Obtaining Evidence (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Procedures to obtain sufficient appropriate evidence (continued)					
3. External confirmations		✓			Confirm significant account balances and transactions using appropriate tools and techniques (e.g., intermediary services, electronic confirmations, manual confirmations) to obtain relevant and reliable evidence.
			✓		Analyze external confirmation responses (e.g., exceptions, nonresponses, incomplete responses) to determine the need for follow-up, further investigation or alternative procedures.
E. Specific matters that require special consideration					
1. Accounting estimates		✓			Recalculate and reperform procedures to validate the methods, data and assumptions of an entity's significant accounting estimates with a higher risk of material misstatement or complexity, such as fair value estimates.
			✓		Perform procedures (e.g., reviewing the work of a specialist and procedures performed by the engagement team) to validate an entity's calculations and detailed support for significant accounting estimates, including consideration of information that contradicts assumptions made by management.
				✓	Conclude on the reasonableness of significant accounting estimates with a lower risk of material misstatement or complexity in an audit.
2. Investments in securities	✓				Identify the audit considerations relating to the measurement and disclosure of the fair value of investments in securities.
		✓			Test management's assumptions, conclusions and adjustments related to the valuation of investments in securities in an audit.
3. Inventory and inventory held by others				✓	Test the ending inventory quantities in an audit by obtaining evidence regarding the existence and condition of inventory and inventory held by others (e.g., inventory counting procedures, confirmation) and conclude whether inventory records accurately reflect count results.
4. Litigation, claims and assessments		✓			Perform appropriate audit procedures, including inquiring of management and others, reviewing minutes and sending external confirmations, to detect the existence of litigation, claims and assessments.

Area III – Performing Further Procedures and Obtaining Evidence (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
E. Specific matters that require special consideration (continued)					
5. An entity's ability to continue as a going concern	✓				Identify factors that should be considered while performing planned procedures that may indicate substantial doubt about an entity's ability to continue as a going concern for a reasonable period of time.
6. Uniform Guidance for single audits		✓			Test transactions related to federal awards for compliance with statutes, regulations, and the terms and conditions of the federal awards.
F. Misstatements and internal control deficiencies					
		✓			Prepare a summary of corrected and uncorrected misstatements.
			✓		Determine the effect of uncorrected misstatements on an entity's financial statements in an engagement.
			✓		Determine the effect of identified misstatements on the assessment of internal control over financial reporting, individually and in the aggregate.
				✓	Evaluate internal control deficiencies to determine potential impact on the nature, timing, and extent of audit procedures.
G. Written representations					
	✓				Identify the written representations that should be obtained from management or those charged with governance in an engagement.
H. Subsequent events and subsequently discovered facts					
	✓				Recall the impact of subsequently discovered facts on the auditor's report.
		✓			Perform procedures to identify subsequent events that should be reflected in an entity's current period financial statements and disclosures.
			✓		Determine whether identified subsequent events are appropriately reflected in an entity's financial statements and disclosures.

Area IV - Forming Conclusions and Reporting (10-20%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Reporting on audit engagements					
	✓				Identify the factors that an auditor should consider when forming an opinion on an entity's financial statements.
	✓				Identify the factors that an auditor should consider when forming an opinion on the effectiveness of internal control in an audit of internal control over financial reporting that is integrated with an audit of financial statements.
	✓				Identify the type of opinion (unqualified or unmodified, qualified, adverse, or disclaimer of opinion) that an auditor should render on the audit of an issuer or nonissuer's financial statements.
	✓				Identify the appropriate use of emphasis-of-matter and other-matter (explanatory) paragraphs.
		✓			Determine the appropriate form and content of an auditor's report for an engagement, including the appropriate use of emphasis-of-matter and other-matter (explanatory) paragraphs.
		✓			Determine the appropriate form and content of a report on the audit of internal control over financial reporting, including report modifications and the use of separate or combined reports for the audit of an entity's financial statements and the audit of internal control.
B. Reporting on attestation engagements					
1. Examination or review engagements	✓				Identify the factors that a practitioner should consider when issuing an assertion-based examination, direct examination or review report.
		✓			Determine the appropriate form and content of an accountant's report for an assertion-based examination, direct examination, or review for an attestation engagement.

Area IV – Forming Conclusions and Reporting (10–20%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. Reporting on attestation engagements (continued)					
2. Agreed-upon procedures engagements	✓				Identify the factors that a practitioner should consider when issuing an agreed-upon procedures report for an attestation engagement.
		✓			Determine the appropriate form and content of an agreed-upon procedures report for an attestation engagement.
C. Accounting and review service engagements					
1. Preparation engagements	✓				Identify the factors that an accountant should consider when performing a preparation engagement.
2. Compilation engagements	✓				Identify the factors that an accountant should consider when reporting on an engagement to compile an entity's financial statements.
		✓			Determine the appropriate form and content of an accountant's report for a compilation engagement.
3. Review engagements	✓				Identify the factors that an accountant should consider when reporting on an engagement to review an entity's financial statements.
		✓			Determine the appropriate form and content of an accountant's report for a review engagement.
D. Reporting on compliance					
	✓				Identify the factors that an auditor should consider when reporting on compliance with aspects of contractual agreements or regulatory requirements in connection with an audit of an entity's financial statements.
	✓				Identify the factors that a practitioner should consider when reporting on an attestation engagement related to an entity's compliance with the requirements of specified laws, regulations, rules, contracts or grants, and reports on the effectiveness of internal controls over compliance with the requirements.

Area IV – Forming Conclusions and Reporting (10–20%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
E. Other reporting considerations					
1. Comparative statements and consistency between periods	✓				Identify the factors (change in accounting principle, the correction of a material misstatement, or a material change in classification) that would affect the comparability or consistency of financial statements.
2. Other information in documents with audited statements	✓				Understand the auditor's responsibilities related to other information included in documents with audited financial statements.
3. Review of interim financial information	✓				Identify the factors an auditor should consider when reporting on an engagement to review interim financial information.
4. Supplementary information	✓				Identify the factors an auditor should consider when reporting on supplementary information included in or accompanying an entity's financial statements.
5. Additional reporting requirements under Government Accountability Office Government Auditing Standards	✓				Identify requirements under Government Accountability Office Government Auditing Standards related to reporting on internal control over financial reporting and compliance with provisions of the law, regulations, contracts, grant agreements and federal awards that have a material effect on the financial statements.
	✓				Understand the requirements when preparing the auditor's report on compliance and internal control over compliance – major programs and the auditor's schedule of findings and questioned costs for a single audit.
6. Special-purpose frameworks	✓				Identify the factors an auditor should consider when reporting on the audit of financial statements prepared in accordance with the cash basis, tax basis, regulatory basis, contractual basis or other basis of accounting.

Uniform CPA Examination Financial Accounting and Reporting (FAR)

Blueprint

AICPA

Financial Accounting and Reporting

The Financial Accounting and Reporting (FAR) section of the Uniform CPA Examination (the Exam) tests the knowledge and skills that nICPAs must demonstrate in the financial accounting and reporting frameworks used by for-profit (public and nonpublic) and not-for-profit entities.

The frameworks eligible for assessment include the standards and/or regulations issued by the:

- Financial Accounting Standards Board (FASB)
- U.S. Securities and Exchange Commission (U.S. SEC)
- American Institute of Certified Public Accountants (AICPA)

The assessment of financial accounting and reporting concepts will focus on an nICPA's role in the preparation and review of financial statements, account balances and transactions to ensure compliance with the applicable frameworks described above. The assessment will incorporate:

- Data and technology concepts, including the verification of the completeness and accuracy of source data used in the preparation of financial statements and the use of various sources of data and information to prepare supporting schedules for account balances.
- Applied research with a focus on reviewing and using excerpts of source materials (e.g., FASB Accounting Standards Codification) to complete a range of tasks including identifying issues, analyzing facts and determining appropriate responses.

The FAR section of the Exam will also assess foundational concepts related to the accounting requirements for state and local governments as issued by the Governmental Accounting Standards Board (GASB).

A list of reference materials relevant to the FAR section of the Exam is included under References at the conclusion of this introduction.

Content organization and tasks

The FAR section blueprint is organized by content AREA, content GROUP and content TOPIC. Each group or topic includes one or more representative TASKS that an nICPA may be expected to complete in practice.

The tasks in the blueprint are representative. They are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested in the FAR section of the Exam. Lists or examples included within the text of a representative task beginning with the word "including" are not intended to be exhaustive. Within some representative tasks are parenthetical lists. If a parenthetical list begins with "e.g.," this is not intended to be an exhaustive list but rather examples of the types of content that could be assessed. Parenthetical lists that do not include "e.g." are intended to be an exhaustive list of the content to be assessed with respect to that representative task.

Content allocation

The following table summarizes the content areas and the allocation of content tested in the FAR section of the Exam:

Content area		Allocation
Area I	Financial Reporting	30–40%
Area II	Select Balance Sheet Accounts	30–40%
Area III	Select Transactions	25–35%

Financial Accounting and Reporting (continued)

Overview of content areas

Area I of the FAR section blueprint covers the preparation, review and analysis of financial statements (for profit and not-for-profit entities) and foundational concepts related to the accounting requirements for state and local governments. The Area includes the following:

- General-purpose financial reporting and ratios and performance metrics applicable to for-profit entities and not-for-profit entities prepared under the FASB Accounting Standards Codification.
- Disclosures specific to public companies including earnings per share prepared under the FASB Accounting Standards Codification and the interim, annual and periodic filing requirements for U.S. registrants in accordance with the rules of the U.S. SEC.
- Financial statements prepared under special purpose frameworks as described in AU-C Section 800 of the Codification of Statements on Auditing Standards.
- State and local government concepts including measurement focus, basis of accounting and determining the appropriate funds to record activities in accordance with the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Area II of the FAR section blueprint covers the financial accounting and reporting requirements in the FASB Accounting Standards Codification that are applicable to select balance sheet accounts for both for-profit and not-for-profit entities. The Area includes the following:

- Cash and cash equivalents.
- Trade receivables.
- Inventory.
- Property, plant and equipment.
- Investments, including financial assets at fair value, financial assets at amortized cost and equity method investments.
- Intangible assets, with a focus on finite-lived intangible assets.
- Payables and accrued liabilities.
- Long-term debt, including notes and bonds payable and debt covenant calculations.
- Equity transactions, specifically focusing on equity issuance, stock dividends, stock splits and treasury stock.

If significant accounting or reporting differences exist between for-profit and not-for-profit entities for a given group or topic, such differences are in representative not-for-profit tasks in the FAR section blueprint.

Area III of the FAR section blueprint covers the financial accounting and reporting requirements in the FASB Accounting Standards Codification that are applicable to select transactions for both for-profit and not-for-profit entities. The Area includes the following:

- Accounting changes and error corrections.
- Contingencies and commitments.
- Revenue recognition, specifically focusing on recalling and applying the five-step model and accounting for contributions received by not-for-profit entities.
- Accounting for income taxes.
- Fair value measurement concepts and classification within the fair value hierarchy.
- Leases, specifically focusing on recalling and applying lessee accounting requirements.
- Subsequent events.

If significant accounting or reporting differences exist between for-profit and not-for-profit entities, such differences are in representative not-for-profit tasks in the FAR section blueprint.

Financial Accounting and Reporting (continued)

Section assumptions

The FAR section of the Exam includes multiple-choice questions and task-based simulations. Candidates should assume that all of the information provided in each question is material and should apply all stated assumptions. In addition, candidates should assume that each question applies to a for-profit business entity reporting under U.S. GAAP unless otherwise stated in the fact pattern for a question. For example, questions that apply to not-for-profit entities specify the nature of these entities as "not-for-profit" or "non-governmental, not-for-profit." Questions that apply to state and local governments include phrases such as "local government," "state," "municipality" or "city."

Skill allocation

The Exam applies a skill framework based on the revised Bloom's Taxonomy of Educational Objectives[3]. Bloom's Taxonomy classifies a continuum of skills depicted in the table below:

Skill Levels	
Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

The FAR section of the Exam assesses content at the first three skill levels of Bloom's taxonomy as described below:

- Remembering and Understanding is tested in all three areas of the FAR blueprint. Tasks, such as identifying transactions and financial reporting requirements, require nlCPAs to demonstrate their comprehension of accounting concepts and standards.
- Application skills are tested in all three areas of the FAR blueprint. Tasks, such as preparing journal entries and financial statements, require nlCPAs to use accounting concepts and standards to measure and recognize financial statement amounts.
- Analysis skills are tested in all three areas of the FAR blueprint. Tasks, such as reconciling account balances and detecting financial reporting discrepancies, require nlCPAs to demonstrate a higher level of interpretation. Area II has the highest concentration of analysis tasks.

The representative tasks combine both the applicable content knowledge and the skills required in the context of the work that an nlCPA would reasonably be expected to perform.

[3] Revised taxonomy see Anderson, L.W. (Ed.), Krathwohl, D.R. (Ed.), Airasian, P.W., Cruikshank, K.A., Mayer, R.E., Pintrich, P.R., Raths, J., & Wittrock, M.C. (2001). A taxonomy for learning, teaching, and assessing: A revision of Bloom's Taxonomy of Educational Objectives (Complete Edition). New York: Longman. For original taxonomy see Bloom, B.S. (Ed.), Engelhart, M.D., Furst, E.J., Hill, W.H., & Krathwohl, D.R. (1956). Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain. New York: David McKay.

Financial Accounting and Reporting (continued)

References — Financial Accounting and Reporting

The References detailed below are the sources of the subject matter eligible for assessment in the FAR section, to the extent that the subject matter is included in the blueprint's content areas, groups and topics. Further, the assessment of the subject matter described in a representative task that identifies an organization, publication, law, regulation, standard or framework is limited to the specific sections of the References detailed below. Similarly, subject matter identified in a representative task and related subject matter is eligible for assessment to the extent it is included in the References detailed below. The subject matter eligible for assessment is limited to the References detailed below and does not extend to links or references within these References to other sources.

- FASB Accounting Standards Codification
- FASB Concepts Statements
- U.S. SEC References:
  - Securities Exchange Act of 1934
  - Regulation S-X of the Code of Federal Regulations (17 CFR Part 210)
  - Regulation S-K of the Code of Federal Regulations (17 CFR Part 229)
- Codification of Statements on Auditing Standards: AU-C Section 800, Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks
- State and Local Government References:
  - GASB Codification of Governmental Accounting and Financial Reporting Standards
  - GASB Statements
  - National Council on Governmental Accounting (NCGA) Statements and Interpretations.
- Current textbooks on accounting for business entities, not-for-profit entities, and state and local government entities

Summary Blueprint

Content area allocation	Weight
I. Financial Reporting	30–40%
II. Select Balance Sheet Accounts	30–40%
III. Select Transactions	25–35%

Skill allocation	Weight
Evaluation	–
Analysis	35–45%
Application	45–55%
Remembering and Understanding	5–15%

The following pages include the detailed blueprints that define the areas, groups, topics and representative tasks for the FAR section. It is important to note that the number of representative tasks associated with a particular content group or topic is not indicative of the extent to which such content group, topic or related skill level will be assessed on the Exam (i.e., more numerous tasks in a particular group, topic or skill compared to another should not infer more content weight assigned to that group, topic or skill).

Area I – Financial Reporting (30–40%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. General-Purpose Financial Reporting: For-Profit Business Entities					
1. Balance sheet/Statement of financial position		✓			Prepare a classified balance sheet from a trial balance and supporting documentation.
		✓			Adjust the balance sheet to correct identified errors.
			✓		Detect, investigate and correct discrepancies while agreeing the balance sheet amounts to supporting documentation, including the source data.
2. Income statement/Statement of profit or loss		✓			Prepare a single-step or multi-step income statement (e.g., operating, nonoperating, discontinued operations) from a trial balance and supporting documentation.
		✓			Adjust the income statement to correct identified errors.
		✓			Calculate transaction gains or losses recognized from monetary transactions denominated in a foreign currency.
			✓		Detect, investigate and correct discrepancies while agreeing the income statement amounts to supporting documentation, including the source data.
3. Statement of comprehensive income	✓				Recall the purpose, objectives and structure of the statement of comprehensive income.
	✓				Identify items classified as other comprehensive income.
4. Statement of changes in equity		✓			Prepare a statement of changes in equity from a trial balance and supporting documentation.
		✓			Adjust the statement of changes in equity to correct identified errors.
			✓		Detect, investigate and correct discrepancies while agreeing the statement of changes in equity amounts to supporting documentation, including the source data.

Area I – Financial Reporting (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. General-Purpose Financial Reporting: For-Profit Business Entities (continued)					
5. Statement of cash flows		✓			Prepare a statement of cash flow using the indirect method and required disclosures from supporting documentation.
		✓			Adjust a statement of cash flows to correct identified errors.
			✓		Detect, investigate and correct discrepancies while agreeing the statement of cash flows amounts to supporting documentation, including the source data.
			✓		Derive the impact of transactions on the statement of cash flows.
6. Consolidated financial statements (including wholly-owned subsidiaries and noncontrolling interests)		✓			Prepare consolidated financial statements (adjustments, and/or eliminations) from supporting documentation.
		✓			Adjust consolidated financial statements to correct identified errors.
			✓		Detect, investigate and correct discrepancies identified while agreeing the consolidated financial statement amounts to supporting documentation, including the source data.
7. Notes to financial statements		✓			Adjust the notes to the financial statements to correct identified errors and omissions.
			✓		Compare the notes to the financial statements to the financial statements and supporting documentation, including the source data, to identify inconsistencies and investigate those inconsistencies.
B. General-Purpose Financial Reporting: Nongovernmental Not-for-Profit Entities					
1. Statement of financial position	✓				Recall the purpose and objectives of the statement of financial position for a nongovernmental, not-for-profit entity.

Area I – Financial Reporting (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. General-Purpose Financial Reporting: Nongovernmental Not-for-Profit Entities (continued)					
1. Statement of financial position (continued)		✓			Prepare a statement of financial position for a nongovernmental, not-for-profit entity from a trial balance and supporting documentation.
		✓			Adjust the statement of financial position for a nongovernmental, not-for-profit entity to correct identified errors.
2. Statement of activities	✓				Recall the purpose and objectives of the statement of activities for a nongovernmental, not-for-profit entity.
		✓			Prepare a statement of activities for a nongovernmental, not-for-profit entity from a trial balance and supporting documentation, including contributions that may be classified as with or without donor restrictions and releases from donor restrictions.
		✓			Adjust the statement of activities for a nongovernmental, not-for-profit entity to correct identified errors.
		✓			Report expenses by nature and function in either the statement of activities, the notes to the financial statements or a statement of functional expenses for a nongovernmental, not-for-profit entity.
3. Statement of cash flows	✓				Recall the purpose and objectives of the statement of cash flows for a nongovernmental, not-for-profit entity.
		✓			Prepare a statement of cash flows and required disclosures using the indirect method for a nongovernmental, not-for-profit entity.
		✓			Adjust the statement of cash flows for a nongovernmental, not-for-profit entity to correct identified errors.
4. Notes to the financial statements		✓			Adjust the notes to the financial statements to correct identified errors and omissions.

Area I – Financial Reporting (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. State and Local Government Concepts					
1. Measurement focus and basis of accounting	✓				Recall the measurement focus and basis of accounting used by state and local governments for fund and government-wide financial reporting.
2. Purpose of funds		✓			Determine the appropriate fund(s) that a state or local government should use to record its activities.
D. Public Company Reporting Topics					
	✓				Recall the purpose of forms 10-Q, 10-K and 8-K that a U.S. registrant is required to file with the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934.
	✓				Identify the items of Form 10-Q (Part I Items 1 through 3) and Form 10-K (Part II Items 7, 7A and 8) filed with the U.S. Securities and Exchange Commission.
		✓			Calculate basic earnings per share and diluted earnings per share considering the impact of stock options, preferred stock, convertible preferred stock and/or convertible debt.
E. Special Purpose Frameworks					
	✓				Recall appropriate financial statement titles to be used for the financial statements prepared under a special purpose framework.
		✓			Perform calculations to convert cash basis or modified cash basis financial statements to accrual basis financial statements.
		✓			Prepare financial statements using the cash basis or modified cash basis of accounting.
		✓			Prepare income tax basis financial statements using the cash or accrual methods of accounting.

Area I – Financial Reporting (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
F. Financial Statement Ratios and Performance Metrics					
	✓				Identify the appropriate financial statement ratio or performance metric to perform a specified type of analysis.
		✓			Calculate profitability ratios (e.g., gross profit margin, return on sales, return on assets, return on equity).
		✓			Calculate liquidity ratios (e.g., current, quick, accounts receivable turnover, inventory turnover, days of payable outstanding).
		✓			Calculate solvency ratios (e.g., debt-to-equity, total debt, times interest earned).
		✓			Calculate performance metrics (e.g., EBITDA, price-to-earnings, dividend payout, asset turnover).
		✓			Calculate variances between budget and actual results.

Area II – Select Balance Sheet Accounts (30–40%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Cash and cash equivalents					
		✓			Calculate cash and cash equivalents balances to be reported in the financial statements.
			✓		Reconcile the cash balance per the bank statement to the general ledger.
			✓		Investigate unreconciled cash balances to determine whether an adjustment to the general ledger is necessary.
B. Trade receivables					
		✓			Calculate trade receivables and allowances (e.g., credit losses, sales returns) and prepare journal entries.
		✓			Prepare any required journal entries to record the transfer of trade receivables (secured borrowings, factoring, assignment, pledging).
			✓		Prepare a rollforward of the trade receivables account balance using various sources of data and information.
			✓		Reconcile and investigate differences between the subledger and general ledger for trade receivables to determine whether an adjustment is necessary.
C. Inventory					
		✓			Calculate the carrying amount of inventory and prepare journal entries using various costing methods.
		✓			Use the lower of cost and net realizable value or the lower of cost or market approach to calculate the carrying amount of inventory.
			✓		Prepare a rollforward of the inventory account balance using various sources of data and information.
			✓		Reconcile and investigate differences between the subledger and general ledger for inventory to determine whether an adjustment is necessary.

Area II – Select Balance Sheet Accounts (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Property, plant and equipment					
		✓			Calculate the gross and net property, plant and equipment balances and prepare journal entries.
		✓			Calculate gains or losses on the disposal of long-lived assets to be recognized in the financial statements.
		✓			Calculate impairment losses on long-lived assets to be recognized in the financial statements.
		✓			Determine whether an asset qualifies to be reported as held for sale in the financial statements.
		✓			Adjust the carrying amount of assets held for sale and calculate the loss to be recognized in the financial statements.
			✓		Prepare a rollforward of the property, plant and equipment account balance using various sources of data and information.
			✓		Reconcile and investigate differences between the subledger and general ledger for property, plant and equipment to determine whether an adjustment is necessary.
E. Investments					
1. Financial assets at fair value	✓				Identify investments that are eligible or required to be reported at fair value in the financial statements.
		✓			Calculate the carrying amount of investments measured at fair value (excluding impairment).
		✓			Calculate investment income to be recognized in net income for investments measured at fair value and prepare journal entries.
		✓			Calculate impairment losses to be recognized on applicable investments reported at fair value in the financial statements.

Area II – Select Balance Sheet Accounts (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
E. Investments (continued)					
2. Financial assets at amortized cost	✓				Identify investments that are eligible to be reported at amortized cost in the financial statements.
		✓			Calculate the carrying amount of investments measured at amortized cost and prepare journal entries (excluding impairment).
		✓			Calculate impairment losses to be recognized on investments reported at amortized cost in the financial statements.
3. Equity method investments	✓				Identify when the equity method of accounting can be applied to an investment.
		✓			Calculate the carrying amount of equity method investments and prepare journal entries (excluding impairment).
F. Intangible assets					
	✓				Identify the criteria for recognizing intangible assets in the statement of financial position and classify intangible assets as either finite-lived or indefinite-lived.
		✓			Calculate the carrying amount of finite-lived intangible assets reported in the financial statements (initial measurement, amortization and impairment) and prepare journal entries.
		✓			Calculate the carrying amount of purchased software and cloud computing arrangements reported in the financial statements (initial measurement, amortization and impairment) and prepare journal entries.

Area II – Select Balance Sheet Accounts (30–40%) (continued)

	Skill				
Content group/topic	Remembering & Understanding	Application	Analysis	Evaluation	Representative Task
G. Payables and accrued liabilities					
	✓				Recall the recognition and measurement requirements for asset retirement obligations.
		✓			Calculate the carrying amount of payables (e.g., accounts payable, dividends payable) and accrued liabilities (e.g., accrued wages, accrued vacation, accrued bonuses, self-insurance liabilities) and prepare journal entries.
		✓			Identify and calculate liabilities arising from exit or disposal activities (e.g., one-time termination benefits, severance arrangements) and determine the timing of recognition in the financial statements.
			✓		Reconcile and investigate differences between the subledger and general ledger for accounts payable and accrued liabilities to determine whether an adjustment is necessary.
H. Debt (financial liabilities)					
1. Notes and bonds payable	✓				Recall the criteria to classify a change to a debt instrument as either a modification of terms or an extinguishment of debt.
	✓				Understand when a change to the terms of a debt instrument qualifies as a troubled debt restructuring.
		✓			Calculate the interest expense attributable to notes and bonds payable reported in the financial statements (e.g., discounts, premiums, debt issuance costs).
		✓			Calculate the carrying amount of notes and bonds payable and prepare journal entries.
2. Debt covenant compliance		✓			Perform debt covenant calculations as stipulated in a debt agreement to ascertain compliance.
I. Equity					
		✓			Prepare journal entries to recognize equity transactions in the financial statements (e.g., equity issuance, stock dividends, stock splits, treasury stock, capital account activity in pass-through entities).

Area III – Select Transactions (25–35%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Accounting changes and error corrections					
		✓			Calculate a required adjustment to the financial statements due to an accounting change (change in accounting principle or change in accounting estimate) or error correction and determine whether it requires prospective or retrospective application.
			✓		Derive the impact to the financial statements and related note disclosures of an identified accounting change or an error correction.
B. Contingencies and commitments					
	✓				Recall the recognition and disclosure criteria used to identify commitments and contingencies.
		✓			Calculate amounts of contingencies and prepare journal entries.
			✓		Review supporting documentation to determine whether a commitment or contingency requires recognition and/or disclosure in the financial statements.
C. Revenue recognition					
	✓				Recall concepts of accounting for revenue using the five-step model.
	✓				Recall the recognition requirements associated with conditional and unconditional promises to give (pledges) for a nongovernmental, not-for-profit entity.
	✓				Identify transfers to a nongovernmental, not-for-profit entity acting as an agent or intermediary that are not recognized as contributions.
		✓			Determine the amount and timing of revenue to be recognized using the five-step model and prepare journal entries.
		✓			Determine the recognition and subsequent measurement requirements for contract costs and prepare journal entries.

Area III – Select Transactions (25–35%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Revenue recognition (continued)					
		✓			Determine the amount and timing of revenue to be recognized by a nongovernmental, not-for-profit entity for contributed services received and prepare journal entries.
		✓			Calculate the amount to be recognized for contributions (financial assets and non-financial assets) to a nongovernmental, not-for-profit entity.
D. Accounting for income taxes					
	✓				Recall the accounting treatment for uncertainty in income taxes.
	✓				Recall the criteria for recognizing or adjusting a valuation allowance for a deferred tax asset.
		✓			Calculate the income tax expense and current taxes payable/receivable.
		✓			Calculate deferred tax assets/liabilities resulting from book-to-tax basis differences (e.g., allowance for credit losses, inventory costing methods, property, plant and equipment).
		✓			Prepare journal entries to record the tax provision.
E. Fair value measurements					
	✓				Identify the valuation techniques used to measure fair value.
		✓			Use assumptions (e.g., highest and best use, market participant assumptions, unit of account) and approaches (cost, income, market) to measure fair value according to the fair value hierarchy.

Area III – Select Transactions (25–35%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
F. Lessee accounting					
	✓				Recall the appropriate accounting treatment for residual value guarantees, purchase options and variable lease payments included in leasing arrangements for a lessee.
	✓				Identify the criteria for classifying a lease arrangement for a lessee.
		✓			Calculate the carrying amount of lease-related assets and liabilities and prepare journal entries that a lessee should record.
		✓			Calculate the lease costs that a lessee should recognize in the income statement.
G. Subsequent events					
	✓				Identify a subsequent event and recall its appropriate accounting treatment.
		✓			Calculate required adjustments to financial statements and/or note disclosures based on identified subsequent events.
			✓		Derive the impact to the financial statements and required note disclosures due to identified subsequent events.

Uniform CPA Examination Taxation and Regulation (REG)

Blueprint

AICPA

Taxation and Regulation

The Taxation and Regulation (REG) section of the Uniform CPA Examination (the Exam) tests the knowledge and skills that nlCPAs must demonstrate with respect to:

- U.S. ethics and professional responsibilities related to tax practice
- U.S. business law
- U.S. federal tax compliance for individuals and entities with a focus on recurring and routine transactions

The assessment of federal tax compliance will focus on an nlCPA's role in both the preparation and review of tax returns. The assessment will incorporate:

- Data and technology concepts, including the verification of the completeness and accuracy of source data used to prepare returns and supporting schedules and the consideration of the outputs of automated validation checks and diagnostic tools that highlight potential errors or anomalies.
- Applied research with a focus on reviewing and using excerpts of source materials (e.g., Internal Revenue Code, Treasury Regulations) to complete a range of tasks including identifying issues, analyzing facts and determining appropriate responses.

A list of reference materials relevant to the REG section of the Exam is included under References at the conclusion of this introduction.

Content organization and tasks

The REG section blueprint is organized by content AREA, content GROUP and content TOPIC. Each group or topic includes one or more representative TASKS that an nlCPA may be expected to complete when performing tax preparation services or other responsibilities of a CPA.

The tasks in the blueprint are representative. They are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested in the REG section of the Exam. Lists or examples included within the text of a representative task beginning with the word "including" are not intended to be exhaustive. Within some representative tasks are parenthetical lists. If a parenthetical list begins with "e.g.", this is not intended to be an exhaustive list but rather examples of the types of content that could be assessed. Parenthetical lists that do not include "e.g." are intended to be an exhaustive list of the content to be assessed with respect to that representative task.

Content allocation

The following table summarizes the content areas and the allocation of content tested in the REG section of the Exam:

Content area		Allocation
Area I	Ethics, Professional Responsibilities and Federal Tax Procedures	10–20%
Area II	Business Law	15–25%
Area III	Federal Taxation of Property Transactions	5–15%
Area IV	Federal Taxation of Individuals	22–32%
Area V	Federal Taxation of Entities (including tax preparation)	23–33%

Overview of content areas

Area I of the REG section blueprint covers the following:

- Ethics and Responsibilities in Tax Practice — Requirements based on Treasury Department Circular 230 and the rules and regulations for tax return preparers.
- Licensing and Disciplinary Systems — Requirements of state boards of accountancy to obtain and maintain the CPA license.
- Federal Tax Procedures – Understanding federal tax processes and procedures, including audits and appeals, appropriate disclosures, substantiation, penalties and authoritative hierarchy.
- Legal Duties and Responsibilities – Understanding legal issues that affect the CPA and their practice.

Taxation and Regulation (continued)

Area II of the REG section blueprint covers several business law concepts focused on the legal implications of business transactions and issues as they relate to accounting, auditing and financial reporting. The Area includes the following:

- Government regulation of business, specifically employment taxes, worker classification laws, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, the Foreign Corrupt Practices Act of 1977 and the Patient Protection and Affordable Care Act.
- Areas of agency, contracts, debtor-creditor relationships and business structure.
  - The Uniform Commercial Code under the topics of contracts and debtor-creditor relationships.
  - Legal aspects of business entity selection, formation, operation and termination.

Area III of the REG section blueprint covers federal tax compliance related to routine and recurring property transactions for individuals and entities. The Area includes the following:

- Basis of an asset purchased for use in a trade or business, and the related depreciation of the asset.
- Basis of an asset converted from personal to business use, and the related depreciation of the asset.
- Basis of assets held by individuals.
- Basis of intangible assets.
- Cost recovery (depreciation and amortization) of assets held for use in a trade or business.

Area IV of the REG section blueprint covers federal tax compliance related to routine and recurring transactions and issues for individuals. The Area includes the following:

- Inclusion and exclusion of amounts for purposes of calculating gross income, adjusted gross income and taxable income.
- Reporting of income from pass-through entities, including the proper handling of items on an individual's tax return.
- Loss limitations, filing statuses available to a taxpayer, the role of tax credits and safe harbor requirements for estimated taxes.

Area V of the REG section blueprint covers federal tax compliance related to routine and recurring transactions and issues for entities. The Area includes the following:

- Required adjustments to book income to determine taxable income.
- Computation of taxable income for C corporations, including state and local tax issues, and allowable tax credits.
- Determination of ordinary business income (loss) and separately stated items for S corporations and partnerships, and the impact of current year transactions on the owner's basis in the entity.
- Classification options for limited liability companies, eligibility and election of S corporation status and types of tax-exempt organizations.

Section assumptions

The REG section of the Exam includes multiple-choice questions and task-based simulations. Candidates should assume that the information provided in each question is material and should apply all stated assumptions. Candidates will not be tested on their knowledge of specific tax rate percentages, amounts or limitations that are indexed to inflation. Candidates should assume that references to individual wages or compensation do not include overtime or tips unless otherwise stated. Absent any stated assumptions, candidates should assume that transactions or events referenced in the question occurred in the current year and should apply the most recent provisions of the tax law in accordance with the timing specified in the CPA Exam Policy on New Pronouncements.

Taxation and Regulation (continued)

Skill allocation

The Exam applies a skill framework based on the revised Bloom's Taxonomy of Educational Objectives[4]. Bloom's Taxonomy classifies a continuum of skills depicted in the table below:

Skill Levels	
Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

The REG section of the Exam assesses content at the first three skill levels of Bloom's Taxonomy as described below:

- Remembering and Understanding is mainly concentrated in Area I and Area II. These two areas contain the general ethics, professional responsibilities and business law knowledge that is required for nlCPAs and they are tested at the lower end of the skill level continuum.
- Application and Analysis skills are primarily tested in Areas III, IV and V. These three areas contain more of the day-to-day tasks that nlCPAs are expected to perform related to the preparation and review of tax returns and therefore are tested at the higher end of the skill level continuum.

The representative tasks combine both the applicable content knowledge and the skills required in the context of the work that an nlCPA would reasonably be expected to perform.

References — Taxation and Regulation

The References detailed below are the sources of the subject matter eligible for assessment in the REG section, to the extent that the subject matter is included in the blueprint's content areas, groups and topics. Further, the assessment of the subject matter described in a representative task that identifies an organization, publication, law, regulation, standard or framework is limited to the specific sections of the References detailed below. Similarly, subject matter identified in a representative task and related subject matter is eligible for assessment to the extent it is included in the References detailed below. The subject matter eligible for assessment is limited to the References detailed below and does not extend to links or references within these References to other sources.

- Revised Model Business Corporation Act
- Revised Uniform Limited Partnership Act
- Revised Uniform Partnership Act
- Uniform Accountancy Act
- Uniform Commercial Code
- Internal Revenue Code of 1986, as amended
- Treasury Department Circular No. 230, Regulations Governing Practice before the Internal Revenue Service
- Treasury Regulations
- Other administrative pronouncements regarding federal taxation
- Case law on federal taxation
- Public Law 86-272
- Bankruptcy Abuse Prevention and Consumer Protection Act of 2005
- Patient Protection and Affordable Care Act
- The Foreign Corrupt Practices Act of 1977
- Uniform Division of Income for Tax Purposes Act (UDITPA)
- Current textbooks on business law, federal taxation, accounting and ethics

[4] Revised taxonomy see Anderson, L.W. (Ed.), Krathwohl, D.R. (Ed.), Airasian, P.W., Cruikshank, K.A., Mayer, R.E., Pintrich, P.R., Raths, J., & Wittrock, M.C. (2001). A taxonomy for learning, teaching, and assessing: A revision of Bloom's Taxonomy of Educational Objectives (Complete Edition). New York: Longman. For original taxonomy see Bloom, B.S. (Ed.), Engelhart, M.D., Furst, E.J., Hill, W.H., & Krathwohl, D.R. (1956). Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain. New York: David McKay.

Summary Blueprint

Content area allocation	Weight
I. Ethics, Professional Responsibilities and Federal Tax Procedures	10–20%
II. Business Law	15–25%
III. Federal Taxation of Property Transactions	5–15%
IV. Federal Taxation of Individuals	22–32%
V. Federal Taxation of Entities (including tax preparation)	23–33%

Skill allocation	Weight
Evaluation	–
Analysis	25–35%
Application	35–45%
Remembering and Understanding	25–35%

The following pages include the detailed blueprints that define the areas, groups, topics and representative tasks for the REG section. It is important to note that the number of representative tasks associated with a particular content group or topic is not indicative of the extent to which such content group, topic or related skill level will be assessed on the Exam (i.e., more numerous tasks in a particular group, topic or skill compared to another should not infer more content weight assigned to that group, topic or skill).

Area I – Ethics, Professional Responsibilities and Federal Tax Procedures (10–20%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Ethics and responsibilities in tax practice					
1. Regulations governing practice before the Internal Revenue Service	✓				Recall the regulations governing practice before the Internal Revenue Service.
		✓			Apply the regulations governing practice before the Internal Revenue Service given a specific scenario.
2. Internal Revenue Code and Regulations related to tax return preparers	✓				Recall who is a tax return preparer.
	✓				Recall situations that would result in tax return preparer penalties.
		✓			Apply potential tax return preparer penalties given a specific scenario.
B. Licensing and disciplinary systems					
	✓				Understand and explain the role and authority of state boards of accountancy.
C. Federal tax procedures					
1. Audits, appeals and the judicial process	✓				Explain the audit and appeals process as it relates to tax matters.
	✓				Explain the different levels of the judicial process as they relate to tax matters.
2. Substantiation and disclosure	✓				Summarize the requirements for the appropriate disclosure of a tax return position.
	✓				Recall requirements to report foreign bank accounts.
		✓			Identify situations in which disclosure of tax return positions is required.
		✓			Identify whether substantiation is sufficient given a specific scenario.

Area I – Ethics, Professional Responsibilities and Federal Tax Procedures (10–20%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Federal tax procedures (continued)					
3. Taxpayer penalties	✓				Recall situations that would result in taxpayer penalties relating to tax returns.
		✓			Identify taxpayer penalties given a specific scenario.
4. Authoritative hierarchy	✓				Recall the appropriate hierarchy of authority for tax purposes.
D. Legal duties and responsibilities					
1. Common law duties and liabilities to clients and third parties	✓				Summarize the tax return preparer's common law duties and liabilities to clients and third parties.
		✓			Identify situations which result in violations of the tax return preparer's common law duties and liabilities to clients and third parties.
2. Privileged communications, confidentiality and privacy acts	✓				Summarize the rules regarding privileged communications as they relate to tax practice.
		✓			Identify situations in which communications regarding tax practice are considered privileged.

Area II – Business Law (15–25%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Agency					
1. Authority of agents and principals	✓				Recall the types of agent authority.
		✓			Identify whether an agency relationship exists given a specific scenario.
2. Duties and liabilities of agents and principals	✓				Explain the various duties and liabilities of agents and principals.
		✓			Identify the duty or liability of an agent or principal given a specific scenario.
B. Contracts					
1. Formation	✓				Summarize the elements of contract formation between parties.
		✓			Identify whether a valid contract was formed given a specific scenario.
		✓			Identify different types of contracts (e.g., written, verbal, unilateral, express, implied) given a specific scenario.
2. Performance and discharge	✓				Explain the rules related to the fulfillment of performance obligations necessary for an executed contract.
	✓				Explain the different ways in which a contract can be discharged (e.g., performance, agreement, and operation of the law).
		✓			Identify whether a contract has been discharged given a specific scenario.
		✓			Identify whether both parties to a contract have fulfilled their performance obligation given a specific scenario.
3. Breach and remedies	✓				Summarize the different remedies available to a party for breach of contract.
		✓			Identify situations involving breach of contract given a specific scenario.
		✓			Identify the remedy available to a party for breach of contract given a specific scenario.

Area II – Business Law (15–25%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Debtor-creditor relationships					
	✓				Explain the rights, duties and liabilities of debtors, creditors and guarantors.
	✓				Explain the rights of debtors and creditors and how property is distributed in bankruptcy proceedings.
	✓				Explain the difference between a secured and unsecured creditor and the requirements needed to perfect a security interest.
		✓			Identify rights, duties or liabilities of debtors, creditors or guarantors given a specific scenario.
D. Federal laws and regulations (employment tax, qualified health plans, bankruptcy, worker classifications and anti-bribery)					
	✓				Summarize the federal laws and regulations for qualified health care plans, including required business mandates and premium tax credits.
	✓				Explain the federal laws and regulations related to employment taxes from both an employer and employee perspective.
	✓				Recall the factors used to determine classification of an employee versus an independent contractor.
	✓				Recall the types of bankruptcy and the requirements for discharge of indebtedness.
	✓				Summarize the federal laws and regulations prohibiting bribery of foreign government officials, including payments made to generate preferential treatment from a foreign government.
		✓			Identify compliance issues with various federal laws and regulations (employment tax, qualified health plans, bankruptcy, worker classifications and anti-bribery) given a specific scenario.

Area II – Business Law (15–25%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
E. Business structure					
1. Selection and formation of business entity and related operation and termination	✓				Summarize the processes for formation and termination of various business entities.
	✓				Summarize the legal characteristics of various business entities.
2. Rights, duties, legal obligations and authority of owners and management	✓				Summarize the rights, duties, legal obligations and authority of owners and management.
		✓			Identify the rights, duties, legal obligations and authority of owners and management given a specific scenario.

Area III – Federal Taxation of Property Transactions (5–15%)

	Skill				
Content group/topic	Remembering & Understanding	Application	Analysis	Evaluation	Representative Task
A. Basis of assets					
		✓			Calculate the tax basis of an asset purchased for use in a trade or business.
		✓			Calculate the tax basis of an asset converted from personal to business use.
		✓			Calculate the tax basis of property received as a gift or as an inheritance from a decedent.
		✓			Calculate the tax basis of stock acquired through a wash sale.
		✓			Calculate the basis of intangible assets, including organization costs, start-up costs and loan costs.
B. Cost recovery (depreciation and amortization)					
		✓			Calculate tax depreciation for tangible business property using MACRS, including identification of the applicable recovery period and convention.
		✓			Determine property eligible for a special depreciation allowance (bonus depreciation) or a Section 179 deduction.
		✓			Calculate tax amortization for intangible assets.
			✓		Review a tax depreciation and amortization schedule for the current year and supporting documentation, including any source data used to create the schedule, to determine the completeness and accuracy of the expense amounts deducted for tax purposes.
			✓		Review and resolve discrepancies identified by automated diagnostic and validation checks to ensure the completeness and accuracy of the depreciation and amortization expense reported on a tax return based on the source data used to prepare the return.

Area IV – Federal Taxation of Individuals (22–32%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Gross income (inclusions and exclusions)					
		✓			Calculate the amounts that should be included in an individual's gross income as reported on Form 1040 – *U.S. Individual Income Tax Return*, including wages, interest and dividends, guaranteed payments received from a partnership, fringe benefits, income from a qualified retirement plan and punitive damages.
		✓			Calculate the capital gain that should be included in an individual's gross income as reported on Form 1040 – *U.S. Individual Income Tax Return* from transactions, including gains from the sale of investments (e.g., stocks, bonds, digital assets), assets received as gifts and assets received from a decedent and classify them as long-term or short-term.
		✓			Calculate the amounts that should be excluded from an individual's gross income as reported on Form 1040 – *U.S. Individual Income Tax Return*, including tax-exempt interest, gifts received and life insurance proceeds.
		✓			Calculate the income reported in the year of death for a decedent on Form 1040 – *U.S. Individual Income Tax Return*.
			✓		Review Form 1040 – *U.S. Individual Income Tax Return* and supporting documentation, including any source data used to create the return, to determine the completeness and accuracy of the gross income reported.
			✓		Review and resolve discrepancies identified by automated diagnostic and validation checks to ensure the completeness and accuracy of the gross income reported on Form 1040 – *U.S. Individual Income Tax Return* based on the source data used to prepare the form.
B. Reporting of items from pass-through entities					
		✓			Use information provided from disregarded and pass-through entities in which an individual has an ownership interest to report an owner's share of ordinary business income (loss) and separately stated items on an individual's tax return.

Area IV – Federal Taxation of Individuals (22–32%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Adjustments and deductions to arrive at adjusted gross income and taxable income					
		✓			Identify adjustments allowed in the calculation of adjusted gross income given a specific scenario, including a contribution to a qualified retirement plan, contribution to a health savings plan and self-employment expenses.
		✓			Identify deductions from adjusted gross income in the calculation of taxable income given a specific scenario, including medical expenses, qualified residence interest expense, casualty losses and taxes.
		✓			Calculate the qualified business income (QBI) deduction for federal income tax purposes.
			✓		Review Form 1040 – *U.S. Individual Income Tax Return* and supporting documentation, including any source data used to create the return, to determine the accuracy of the adjusted gross income and taxable income reported.
			✓		Review and resolve discrepancies identified by automated diagnostic and validation checks to ensure the completeness and accuracy of the adjusted gross income and taxable income reported on Form 1040 – *U.S. Individual Income Tax Return* based on the source data used to prepare the form.
D. Loss limitations					
		✓			Calculate the net tax loss allowed on the sale of capital property, including netting of capital gains and losses and capital loss carryforwards.
		✓			Calculate the amount of ordinary business loss allowed for an individual materially participating in the operations of a pass-through entity with sufficient basis in the entity.
		✓			Calculate losses disallowed for tax purposes, such as from a hobby, wash sale or sale of a personal-use asset.

Area IV – Federal Taxation of Individuals (22–32%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Loss limitations (continued)					
			✓		Review Form 1040 – *U.S. Individual Income Tax Return* and supporting documentation, including any source data used to create the return, to determine the accuracy of the losses reported.
			✓		Review and resolve discrepancies identified by automated diagnostic and validation checks to ensure the completeness and accuracy of the loss limitations reported on Form 1040 – *U.S. Individual Income Tax Return* based on the source data used to prepare the form.
E. Filing status					
	✓				Recall taxpayer filing status for tax purposes.
	✓				Recall relationships meeting the definition of dependent for purposes of determining taxpayer filing status.
		✓			Identify taxpayer filing status for tax purposes given a specific scenario.
F. Computation of tax and credits					
	✓				Recall and define the difference between a refundable and nonrefundable tax credit.
	✓				Recall and define the safe harbor requirements for individual estimated tax payments to avoid penalties.
		✓			Calculate the tax liability based on an individual's taxable income given a specific scenario, including consideration of the net investment income tax.

Area V – Federal Taxation of Entities (including tax preparation) (23–33%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Differences between book and tax income (loss)					
		✓			Identify permanent vs. temporary differences to be reported on Schedule M-3 in a given scenario.
		✓			Calculate the book/tax differences to be reported on a Schedule M-1 or M-3.
			✓		Review an entity's adjusted book trial balance and supporting documentation to identify and calculate possible book/tax differences.
			✓		Review a C corporation's adjusted book trial balance and supporting documentation, including relevant source data used to create the trial balance, to determine the completeness and accuracy of the book/tax differences reported on Form 1120 – *U.S. Corporation Income Tax Return*.
B. C corporations					
1. Computations of taxable income, tax liability and allowable credits		✓			Calculate taxable income for a C corporation.
		✓			Calculate the current-year net operating or capital loss of a C corporation, and the limitations on use in the current year.
		✓			Calculate the credits allowable as a reduction to tax for a C corporation.
2. State and local tax issues	✓				Define the general concept and rationale of nexus with respect to state and local taxation.
	✓				Define the general concept and rationale of apportionment and allocation with respect to state and local taxation.
		✓			Calculate state taxable income using the applicable apportionment factors given a specific scenario.

Area V – Federal Taxation of Entities (including tax preparation) (23–33%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. S corporations					
1. Eligibility and election	✓				Recall eligible shareholders for an S corporation for tax purposes.
	✓				Recall S corporation eligibility requirements for tax purposes.
		✓			Identify situations in which S corporation status would be revoked or terminated for tax purposes.
2. Determination of ordinary business income (loss) and separately stated items		✓			Calculate ordinary business income (loss) and separately stated items for an S corporation for tax purposes.
		✓			Calculate the impact of current year operations on an S corporation's accumulated adjustments account.
			✓		Review federal Form 1120S – *U.S. Income Tax Return for an S Corporation* and supporting documentation, including any source data used to create the return, to determine the completeness and accuracy of the classification of items as ordinary business income (loss), separately stated or nondeductible.
			✓		Review and resolve discrepancies identified by automated diagnostic and validation checks to ensure the completeness and accuracy of the ordinary business income (loss) and separately stated items reported on Form 1120S – *U.S. Income Tax Return for an S Corporation* based on the source data used to prepare the form.
3. Basis of shareholder's interest		✓			Calculate a shareholder's stock basis in an S corporation for tax purposes resulting from business operations, cash contributions by the shareholder and cash distributions to the shareholder.
		✓			Calculate changes in a shareholder's debt basis in an S corporation resulting from current year repayment of debt.

Area V – Federal Taxation of Entities (including tax preparation) (23–33%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Partnerships					
1. Determination of ordinary business income (loss) and separately stated items		✓			Calculate ordinary business income (loss) and separately stated items for a partnership for tax purposes, including consideration of guaranteed payments disbursed.
			✓		Review federal Form 1065 – *U.S. Return of Partnership Income* and supporting documentation, including any source data used to create the return, to determine the completeness and accuracy of the classification of items as ordinary business income (loss), separately stated or nondeductible.
			✓		Review and resolve discrepancies identified by automated diagnostic and validation checks to ensure the completeness and accuracy of ordinary business income (loss) and separately stated items reported on Form 1065 – *U.S. Return of Partnership Income* based on the source data used to prepare the form.
2. Basis of partner's interest		✓			Calculate the partner's basis in a partnership for tax purposes resulting from business operations, cash contributions by a partner, cash distributions to a partner and changes in existing partnership liabilities.
E. Limited liability companies					
	✓				Recall the tax classification options for a limited liability company for tax purposes.
F. Tax-exempt organizations					
	✓				Recall the different types of tax-exempt organizations for tax purposes.

Uniform CPA Examination Business Analysis and Reporting (BAR)

Blueprint

AICPA

Business Analysis and Reporting

The Business Analysis and Reporting (BAR) section of the Uniform CPA Examination (the Exam) tests the knowledge and skills nICPAs must demonstrate with respect to:

- Financial statement and financial information analysis with a focus on an nICPA's role in comparing historical results to budgets and forecasts, deriving the impact of transactions, events (actual and proposed) and market conditions on financial and non-financial performance measures and comparing investment alternatives.
- Select technical accounting and reporting requirements under the Financial Accounting Standards Board (FASB) Accounting Standards Codification and the U.S. Securities and Exchange Commission (SEC) that are applicable to for-profit business entities and employee benefit plans.
- Financial accounting and reporting requirements under the Governmental Accounting Standards Board (GASB) that are applicable to state and local government entities.

The assessment will also incorporate:

- Data and technology concepts, including the:
  - Verification of the completeness and accuracy of source data used in comparing historical results to budgets and forecasts and deriving the impact of transactions and events (actual and proposed).
  - Determination of methods to transform data to make it useful for decision-making.
  - Determination of attribute structures, formats and sources of data needed to prepare financial statement analysis.
  - Use of outputs from data analytic techniques to explain an entity's results or to identify and detect discrepancies.
- Applied research with a focus on reviewing and using excerpts of source materials (e.g., FASB Accounting Standards Codification, GASB Statements of Governmental Accounting Standards) to complete a range of tasks including identifying issues, analyzing facts and determining appropriate responses.

A list of reference materials relevant to the BAR section of the Exam is included under References at the conclusion of this introduction.

Content organization and tasks

The BAR section blueprint is organized by content AREA, content GROUP and content TOPIC. Each group or topic includes one or more representative TASKS that an nICPA may be expected to complete in practice.

The tasks in the blueprint are representative. They are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested in the BAR section of the Exam. Lists or examples included within the text of a representative task beginning with the word "including" are not intended to be exhaustive. Within some representative tasks are parenthetical lists. If a parenthetical list begins with "e.g.", this is not intended to be an exhaustive list but rather examples of the types of content that could be assessed. Parenthetical lists that do not include "e.g." are intended to be an exhaustive list of the content to be assessed with respect to that representative task.

Content allocation

The following table summarizes the content areas and the allocation of content tested in the BAR section of the Exam:

Content area		Allocation
Area I	Business Analysis	40–50%
Area II	Technical Accounting and Reporting	35–45%
Area III	State and Local Governments	10–20%

Overview of content areas

Area I of the BAR section blueprint covers historical, current and prospective analysis of the financial statements. The Area includes the following:

- Financial statement analysis, including comparison of current period financial statements to prior periods or budget and interpretation of financial statement fluctuations and ratios.

Business Analysis and Reporting (continued)

- Non-financial and non-GAAP measures of performance, including use of the balanced scorecard approach and interpretation of non-financial and non-GAAP measures to assess an entity's performance and risk profile.
- Managerial and cost accounting concepts and the use of variance analysis techniques.
- Budgeting, forecasting and projection techniques.
- Factors that influence an entity's capital structure, such as leverage, cost of capital, liquidity and loan covenants.
- Financial valuation decision models used to compare investment alternatives.
- The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management framework, including how it applies to environmental, social and governance (ESG) related risks.
- The effect of changes in economic conditions and market influences on an entity's business.

Area II of the BAR section blueprint covers financial accounting and reporting requirements in the FASB Accounting Standards Codification that are applicable to technical accounting and reporting topics. The Area includes the following:

- Indefinite-lived intangible assets, including goodwill.
- Internally developed software.
- Revenue recognition, specifically focusing on the analysis and interpretation of agreements, contracts and other supporting documentation to determine whether revenue was appropriately recognized.
- Stock compensation.
- Research and development costs.
- Business combinations.
- Consolidated financial statements, specifically focusing on topics including variable interest entities, noncontrolling interests, functional currency and foreign currency translation adjustments.
- Derivatives and hedge accounting.
- Leases, specifically focusing on recalling and applying lessor accounting requirements and analyzing the provisions of a lease agreement to determine whether a lessee appropriately accounted for the lease.
- Public company reporting topics, specifically focusing on Regulation S-X, Regulation S-K and segment reporting.
- Financial statements of employee benefit plans.

To the extent there are accounting or reporting differences between public business entities and nonpublic business entities, such differences may be tested for the financial accounting and reporting topics in the BAR section blueprint.

Area III of the BAR section blueprint covers GASB's financial accounting and reporting requirements for state and local governments under the GASB standards and interpretations. The Area includes the following:

- Basic concepts and principles of the government-wide, governmental funds, proprietary funds and fiduciary funds financial statements.
- Preparing government-wide, governmental funds, proprietary funds and fiduciary funds financial statements and other components of the financial section of the annual comprehensive financial report.
- Deriving the government-wide financial statements and reconciliation requirements.
- Accounting for specific types of transactions such as net position, fund balances, capital assets, long-term liabilities, interfund activity, nonexchange revenue, expenditures and expenses and budgetary accounting within the governmental entity financial statements.

Section assumptions

The BAR section of the Exam includes multiple-choice questions and task-based simulations. Candidates should assume that all of the information provided in each question is material and should apply all stated assumptions. In addition, candidates should assume that each question applies to a for-profit business

Business Analysis and Reporting (continued)

entity reporting under U.S. GAAP unless otherwise stated in the fact pattern for a question. For example, questions that apply to the state and local governments include phrases such as "local government," "state," "municipality" or "city."

Skill allocation

The Exam applies a skill framework based on the revised Bloom's Taxonomy of Educational Objectives.[5] Bloom's Taxonomy classifies a continuum of skills depicted in the table below:

Skill Levels	
Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

The BAR section of the Exam assesses content at the first three skill levels of Bloom's taxonomy as described below:

- Remembering and Understanding is tested in all three areas of the BAR blueprint. Tasks, such as identifying criteria and recalling concepts, require nlCPAs to demonstrate their comprehension of accounting concepts, frameworks and standards. Areas II and III have the highest concentration of remembering and understanding tasks.
- Application skills are tested in all three areas of the BAR blueprint. Tasks, such as calculating and determining the impact of a transaction on the business, preparing journal entries and preparing financial statements, require nlCPAs to use accounting and business concepts to measure an entity's performance and to measure and recognize financial statement amounts.
- Analysis skills are tested in Areas I and II of the BAR blueprint. Tasks, such as interpreting results, comparing alternatives, reconciling account balances and interpreting agreements, require nlCPAs to demonstrate a higher level of interpretation. Area I has the highest concentration of analysis tasks.

The representative tasks combine both the applicable content knowledge and the skills required in the context of the work that an nlCPA would reasonably be expected to perform.

References — Business Analysis and Reporting

The References detailed below are the sources of the subject matter eligible for assessment in the BAR section, to the extent that the subject matter is included in the blueprint's content areas, groups and topics. Further, the assessment of the subject matter described in a representative task that identifies an organization, publication, law, regulation, standard or framework is limited to the specific sections of the References detailed below. Similarly, subject matter identified in a representative task and related subject matter is eligible for assessment to the extent it is included in the References detailed below. The subject matter eligible for assessment is limited to the References detailed below and does not extend to links or references within these References to other sources.

- FASB Accounting Standards Codification
- U.S. SEC References:
  - Securities Exchange Act of 1934
  - Regulation S-X of the Code of Federal Regulations (17 CFR Part 210)
  - Regulation S-K of the Code of Federal Regulations (17 CFR Part 229)

[5] Revised taxonomy see Anderson, L.W. (Ed.), Krathwohl, D.R. (Ed.), Airasian, P.W., Cruikshank, K.A., Mayer, R.E., Pintrich, P.R., Raths, J., & Wittrock, M.C. (2001). A taxonomy for learning, teaching, and assessing: A revision of Bloom's Taxonomy of Educational Objectives (Complete Edition). New York: Longman. For original taxonomy see Bloom, B.S. (Ed.), Engelhart, M.D., Furst, E.J., Hill, W.H., & Krathwohl, D.R. (1956). Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain. New York: David McKay.

Business Analysis and Reporting (continued)

- State and Local Government References:
  - GASB Codification of Governmental Accounting and Financial Reporting Standards
  - GASB Statements, Interpretations, Technical Bulletins and Concepts Statements
  - National Council on Governmental Accounting (NCGA) Statements and Interpretations
- The Committee of Sponsoring Organizations of the Treadway Commission (COSO):
  - Enterprise Risk Management – Integrating with Strategy and Performance
  - Enterprise Risk Management – Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks
- Current textbooks on accounting for business entities, state and local government entities, data analytics, economics, finance, managerial and cost accounting

Summary Blueprint

Content area allocation	Weight
I. Business Analysis	40–50%
II. Technical Accounting and Reporting	35–45%
III. State and Local Governments	10–20%

Skill allocation	Weight
Evaluation	–
Analysis	30–40%
Application	45–55%
Remembering and Understanding	10–20%

The following pages include the detailed blueprints that define the areas, groups, topics and representative tasks for the BAR section. It is important to note that the number of representative tasks associated with a particular content group or topic is not indicative of the extent to which such content group, topic or related skill level will be assessed on the Exam (i.e., more numerous tasks in a particular group, topic or skill compared to another should not infer more content weight assigned to that group, topic or skill).

Area I – Business Analysis (40–50%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Current period/historical analysis, including the use of data					
1. Financial statement analysis		✓			Determine attribute structures, format and sources of data needed to prepare financial statement analysis.
			✓		Compare current period financial statement accounts to prior periods or budget and explain variances.
			✓		Interpret financial statement fluctuations and ratios (e.g., profitability, liquidity, solvency, performance).
			✓		Use outputs (e.g., reports, visualizations) from data analytic techniques to identify patterns, trends and correlations to explain an entity's results.
			✓		Derive the impact of transactions on the financial statements and notes to the financial statements.
2. Non-financial and non-GAAP measures of performance	✓				Identify relevant non-financial and non-GAAP measures used to analyze an entity's performance.
		✓			Identify and apply internal and external benchmarking (e.g., competitor analysis) techniques to measure an entity's performance.
		✓			Use a balanced scorecard approach to measure an entity's performance.
			✓		Interpret non-financial (e.g., customer retention rate, employee turnover, labor productivity rate, ticket response time) and non-GAAP (e.g., EBITDA, free cash flow, core earnings, adjusted net income for non-recurring expenses) measures and analyze specific aspects of an entity's performance and risk profile.
3. Managerial and cost accounting		✓			Calculate fixed, variable and mixed costs.
		✓			Describe and use the different costing methods including absorption, variable, activity-based, process and job order costing.

Area I – Business Analysis (40–50%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Current period/historical analysis, including the use of data (continued)					
3. Managerial and cost accounting (continued)			✓		Derive the appropriate variance analysis method to measure the key cost drivers by analyzing business scenarios.
			✓		Interpret sales results by performing price, volume and mix analysis.
B. Prospective analysis, including the use of data					
1. Budgeting, forecasting and projection		✓			Determine methods to transform (e.g., preparing, cleaning, scrubbing) structured and unstructured data to make it useful for decision-making.
		✓			Prepare a budget using supportable assumptions.
		✓			Use forecasting and projection techniques to model financial results including revenue growth, cost and expense characteristics and profitability.
			✓		Prepare and interpret the results of planning techniques including cost benefit analysis, sensitivity analysis, what-if scenarios, breakeven analysis and predictive analytics.
			✓		Analyze results of forecasts and projections using ratio analysis and explanations of correlations to, or variations from, key financial indices.
2. Capital structure		✓			Calculate the cost of capital for a given financial scenario.
		✓			Determine the impact of changes in an entity's capital structure on cost of capital, loan covenants, liquidity and leverage.
			✓		Compare the strategies for financing new business initiatives and operations within the context of an optimal capital structure.
			✓		Interpret the impact of various capital structures on financial statements and key performance measures.

Area I – Business Analysis (40–50%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. Prospective analysis, including the use of data (continued)					
3. Investment alternatives using financial valuation decision models		✓			Calculate the present value of future cash flows or the net present value of a potential investment.
		✓			Determine the impact of changes to assumptions used to value an investment (e.g., using the Black-Scholes option pricing model).
			✓		Compare investment alternatives (e.g., system replacement, make, lease or buy decisions) using financial metrics and modeling (e.g., payback period, net-present value, economic value added, cash flow analysis, internal rate of return).
4. Risk management	✓				Recall the purpose and objectives of the COSO ERM framework.
	✓				Recall how the COSO ERM framework can be applied to identify, respond to and report environmental, social and governance (ESG) related risks.
		✓			Apply the COSO ERM framework to identify risk/opportunity scenarios in an entity.
		✓			Use strategies to mitigate financial risks (e.g., market, interest rate, currency, liquidity).
			✓		Compare various strategies for managing the working capital of an entity.
			✓		Derive the impact of a proposed transaction on key performance measures of an entity.
			✓		Interpret an entity's strengths, weaknesses, opportunities and threats (SWOT) analysis to assess the entity's options to achieve its overall business strategy.
5. Economic and market influences on business		✓			Determine the effect of supply and demand and elasticity measures on a product.
		✓			Calculate the effect of inflation on a product's real price or an entity's investments, debt and future expenses.

Area I – Business Analysis (40–50%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. Prospective analysis, including the use of data (continued)					
5. Economic and market influences on business (continued)		✓			Calculate and use ratios and measures to quantify risks associated with risks of an entity (e.g., interest rates, currency exchange, prices).
		✓			Calculate the opportunity cost of a business decision.
			✓		Interpret the impact of market influences on an entity's business strategy, operations and risk (e.g., sourcing production inputs, innovating to develop or diversify product offerings, seeking new markets, undertaking productivity or cost-cutting initiatives).
			✓		Compare acquisition and divestiture opportunities based on given market analysis and investment criteria.

Area II – Technical Accounting and Reporting (35–45%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Indefinite-lived intangible assets, including goodwill					
	✓				Recall impairment indicators for goodwill and other indefinite-lived intangible assets.
		✓			Calculate the carrying amount of goodwill and other indefinite-lived intangible assets reported in the financial statements (initial and subsequent measurement, including impairment) and prepare journal entries.
B. Internally developed software					
	✓				Recall the criteria necessary to capitalize software developed for internal use or software developed for sale in the financial statements.
		✓			Calculate capitalized software developed for internal use or software developed for sale to be reported in the financial statements and the related amortization expense.
C. Revenue recognition					
			✓		Interpret agreements, contracts and/or other supporting documentation to determine the amount and timing of revenue to be recognized in the financial statements using the five-step model.
			✓		Interpret source data and outputs from data analytic techniques (e.g., reports, visualizations) to detect, investigate and resolve potential discrepancies (e.g., errors, outliers, unexpected contract elements) in the recognition of revenue in the financial statements using the five-step model.
D. Stock compensation (share-based payments)					
	✓				Recall concepts associated with share-based payment arrangements (e.g., grant date, vesting conditions, inputs to valuation techniques, valuation models).
		✓			Use a given fair value measurement of a share-based payment arrangement classified as equity to prepare journal entries to recognize compensation cost.

Area II – Technical Accounting and Reporting (35–45%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Stock compensation (share-based payments) (continued)					
		✓			Use given fair value measurements of a share-based payment arrangement classified as a liability to prepare journal entries to recognize compensation cost.
E. Research and development costs					
	✓				Identify research and development costs and classify the costs as an expense in the financial statements.
		✓			Calculate the research and development costs to be reported as an expense in the financial statements.
F. Business combinations					
	✓				Recall concepts associated with the accounting for business combinations (e.g., business vs. asset acquisition, contingent consideration, measurement period adjustments).
		✓			Prepare journal entries to record the identifiable net assets acquired in a business combination that results in the recognition of goodwill or a bargain purchase gain.
		✓			Prepare journal entries to record the identifiable net assets acquired in a business combination that includes a noncontrolling interest.
		✓			Calculate the consideration transferred in a business combination.
G. Consolidated financial statements					
	✓				Recall basic consolidation concepts and terms (e.g., controlling interest, noncontrolling interest, primary beneficiary, variable interest entity).

Area II – Technical Accounting and Reporting (35–45%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
G. Consolidated financial statements (continued)					
	✓				Recall the basic functional currency concepts including the indicators to be considered when determining a subsidiary's functional currency.
		✓			Calculate foreign currency translation adjustments (local currency to functional currency and/or functional currency to reporting currency) to prepare consolidated financial statements.
		✓			Determine the appropriate presentation of foreign currency translation adjustments in the consolidated statement of comprehensive income.
H. Derivatives and hedge accounting					
	✓				Identify the characteristics of a freestanding and/or embedded derivative financial instrument to be recognized in the financial statements.
	✓				Identify the criteria necessary to qualify for hedge accounting.
	✓				Recall the appropriate presentation of gains and losses on derivative financial instruments (swaps, options and forwards) in the financial statements.
		✓			Use given inputs (interest rates, notional amounts, fair value measurements) to prepare the journal entries to record the net settlements and changes in fair value for an interest rate swap that qualifies for hedge accounting (fair value hedge, cash flow hedge).
I. Leases					
	✓				Identify the criteria for classifying a lease arrangement for a lessor.
		✓			Calculate the carrying amount of lease-related assets and liabilities and prepare journal entries that a lessor should record.
		✓			Calculate the amount of lease income that a lessor should recognize in the income statement.

Area II – Technical Accounting and Reporting (35–45%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
I. Leases (continued)					
		✓			Prepare journal entries that the seller/lessee should record for a sale and leaseback transaction.
			✓		Interpret agreements, contracts and/or other supporting documentation to determine the appropriate accounting treatment of a leasing arrangement and prepare the journal entries that the lessee should record.
J. Public company reporting topics					
	✓				Recall public company reporting requirements of Regulation S-X and Regulation S-K.
	✓				Recall the purpose, objective and key characteristics of XBRL business reporting.
	✓				Recall the criteria used to identify reportable segments.
	✓				Recall the financial statement note disclosure requirements for reportable segments.
K. Financial statements of employee benefit plans					
	✓				Identify the required financial statements for a defined benefit pension plan and a defined contribution pension plan.
	✓				Recall the disclosure requirements for the notes to the financial statements of a defined benefit pension plan and a defined contribution pension plan.
		✓			Prepare a statement of changes in net assets available for benefits for a defined benefit pension plan and a defined contribution pension plan.
		✓			Prepare a statement of net assets available for benefits for a defined benefit pension plan and a defined contribution pension plan.

Area III – State and Local Governments (10–20%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Format and content of the financial section of the annual comprehensive financial report					
1. Government-wide financial statements	✓				Identify and recall basic concepts and principles associated with government-wide financial statements (e.g., required activities, financial statements, financial statement components).
		✓			Prepare the government-wide statement of net position for a state or local government from trial balances and supporting documentation.
		✓			Prepare the government-wide statement of activities for a state or local government from trial balances and supporting documentation.
2. Governmental funds financial statements	✓				Identify and recall basic concepts and principles associated with governmental fund financial statements (e.g., required funds, financial statements, financial statement components).
		✓			Prepare the statement of revenues, expenditures and changes in fund balances for the governmental funds of a state or local government from trial balances and supporting documentation.
		✓			Prepare the balance sheet for the governmental funds of a state or local government from trial balances and supporting documentation.
3. Proprietary funds financial statements	✓				Identify and recall basic concepts and principles associated with proprietary fund financial statements (e.g., required funds, financial statements, financial statement components).
		✓			Prepare the statement of revenues, expenses and changes in fund net position for the proprietary funds of a state or local government from trial balances and supporting documentation.
		✓			Prepare the statement of net position for the proprietary funds of a state or local government from trial balances and supporting documentation.
		✓			Prepare the statement of cash flows for the proprietary funds of a state or local government.

Area III – State and Local Governments (10–20%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Format and content of the financial section of the annual comprehensive financial report (continued)					
4. Fiduciary funds financial statements	✓				Identify and recall basic concepts and principles associated with fiduciary fund financial statements (e.g., required funds, financial statements, financial statement components).
		✓			Prepare the statement of changes in fiduciary net position for the fiduciary funds of a state or local government from trial balances and supporting documentation.
		✓			Prepare the statement of net position for the fiduciary funds of a state or local government from trial balances and supporting documentation.
5. Notes to financial statements	✓				Recall the disclosure requirements for significant accounting policies, infrastructure and capital assets and long-term liabilities in the notes to the basic financial statements of state and local governments.
6. Management's discussion and analysis	✓				Recall the objectives and components of management's discussion and analysis in the annual comprehensive financial report for state and local governments.
7. Budgetary comparison reporting	✓				Recall the objectives and components of budgetary comparison reporting in the annual comprehensive financial report for state and local governments.
8. Required supplementary information (RSI) other than management's discussion and analysis	✓				Recall the objectives and components of required supplementary information other than management's discussion and analysis in the annual comprehensive financial report for state and local governments.
9. Financial reporting entity, including blended and discrete component units	✓				Recall the criteria for classifying an entity as a component unit of a state or local government and the financial statement presentation requirements (discrete or blended).

Area III – State and Local Governments (10–20%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. Deriving government-wide financial statements and reconciliation requirements					
		✓			Prepare worksheets to convert the governmental fund financial statements to the governmental activities reported in the government-wide financial statements.
		✓			Prepare the schedule to reconcile the total fund balances and the net change in fund balances reported in the governmental fund financial statements to the net position and change in net position reported in the government-wide financial statements.
C. Typical items and specific types of transactions and events: measurement, valuation, calculation and presentation in governmental entity financial statements					
1. Net position and components thereof		✓			Calculate the net position balances (unrestricted, restricted and net investment in capital assets) for state and local governments and prepare journal entries.
2. Fund balances and components thereof		✓			Calculate the fund balances (assigned, unassigned, nonspendable, committed and restricted) for state and local governments and prepare journal entries.
3. Capital assets and infrastructure assets	✓				Identify capital assets reported in the government-wide financial statements of state and local governments.
		✓			Calculate the net capital assets balance (e.g., including land, buildings and improvements, machinery and equipment, leases) for state and local governments and prepare journal entries (initial measurement and subsequent depreciation and amortization).
4. General and proprietary long-term liabilities	✓				Identify general and proprietary long-term liabilities reported in the government-wide financial statements of state and local governments.
	✓				Recall the recognition and measurement requirements for a net pension liability for a defined benefit pension plan for state and local governments.
	✓				Recall the recognition and measurement requirements for an other post employment benefit (OPEB) liability for an OPEB plan for state and local governments.

Area III – State and Local Governments (10–20%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Typical items and specific types of transactions and events: measurement, valuation, calculation and presentation in governmental entity financial statements (continued)					
4. General and proprietary long-term liabilities (continued)		✓			Calculate the total indebtedness to be reported in the government-wide financial statements of a state or local government.
		✓			Calculate the net general long-term debt balance for state and local governments and prepare journal entries (e.g., debt issuance, interest payments, issue premiums, issue discounts).
5. Interfund activity, including transfers		✓			Prepare eliminations of interfund activity in the government-wide financial statements of state and local governments.
		✓			Prepare journal entries to recognize interfund activity within state and local governments.
6. Nonexchange revenue transactions		✓			Calculate the amount of nonexchange revenue to be recognized by state and local governments using the modified accrual basis of accounting and prepare journal entries.
		✓			Calculate the amount of nonexchange revenue to be recognized by state and local governments using the accrual basis of accounting and prepare journal entries.
7. Expenditures and expenses		✓			Calculate expenditures to be recognized under the modified accrual basis of accounting (paid from available fund financial resources) for state and local governments and prepare journal entries.
		✓			Calculate expenses to be recognized under the accrual basis of accounting for state and local governments and prepare journal entries.
8. Budgetary accounting and encumbrances	✓				Recall and explain the types of budgets used by state and local governments.
		✓			Prepare journal entries to record budgets (original and final) of state and local governments.
		✓			Prepare journal entries to record encumbrances of state and local governments.

Uniform CPA Examination Information Systems and Controls (ISC)

Blueprint

AICPA

Information Systems and Controls

The Information System and Controls (ISC) section of the Uniform CPA Examination (the Exam) tests the knowledge and skills that nlCPAs must demonstrate with respect to information systems, including processing integrity, availability, security, confidentiality and privacy. Inherent in the analysis of controls in each of these subjects is awareness of the risks that the entity is intending to mitigate through the use of those controls.

The ISC section also tests the knowledge and skills that nlCPAs must demonstrate with respect to data management, including data extraction, storage and usage throughout the data life cycle.

The ISC section of the exam focuses on information technology (IT) audit and advisory, including System and Organization Controls (SOC) engagements. With respect to SOC engagements, the ISC section primarily focuses on:

- The use of the Description Criteria for a Description of a Service Organization's System and Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy in planning, performing and reporting in a SOC 2® engagement.
- Planning, certain procedures (excluding the testing of internal controls over financial reporting) and reporting on a SOC 1® engagement.

The assessment will also incorporate applied research with a focus on reviewing and using excerpts of source materials (e.g., standards, regulations, frameworks) to complete a range of tasks including identifying issues, analyzing facts and determining appropriate responses.

A list of reference materials relevant to the ISC section of the Exam is included under References at the conclusion of this introduction.

Content organization and tasks

The ISC section blueprint is organized by content AREA, content GROUP and content TOPIC. Each group or topic includes one or more representative TASKS that an nlCPA may be expected to complete when performing assurance or advisory services relative to an entity's business processes, information systems, data management and security.

The tasks in the blueprint are representative. They are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested in the ISC section of the Exam. Lists or examples included within the text of a representative task beginning with the word "including" are not intended to be exhaustive. Within some representative tasks are parenthetical lists. If a parenthetical list begins with "e.g.", this is not intended to be an exhaustive list but rather examples of the types of content that could be assessed. Parenthetical lists that do not include "e.g." are intended to be an exhaustive list of the content to be assessed with respect to that representative task.

Content allocation

The following table summarizes the content areas and the allocation of content tested in the ISC section of the Exam:

Content area		Allocation
Area I	Information Systems and Data Management	35–45%
Area II	Security, Confidentiality and Privacy	35–45%
Area III	Considerations for System and Organization Controls (SOC) Engagements	15–25%

Information Systems and Controls (continued)

Overview of content areas

Area I of the ISC section blueprint is focused on information systems and data management in a modern context, recognizing that much of it is cloud-based and undergoing rapid innovation. The Area includes the following:

- IT architecture components and the use of cloud-based models for IT infrastructure, platforms and services.
- Enterprise and accounting information systems, the business processes they enable and controls over processing integrity.
- System availability and IT change management.
- Data extraction, storage, structured query language (SQL) queries and integration of data from different data sources.
- Business process models.

While certain representative tasks in Area I relate to testing controls in a SOC 2® engagement context, they are representative of similar procedures that may be performed in other IT audit and advisory contexts.

Area II of the ISC section blueprint covers security, confidentiality and privacy. The Area includes the following:

- Select portions of specified regulations, standards and frameworks related to information security and privacy that are considered by management in designing and implementing information systems and related controls.
- Types of threats and attacks (including cyber) to which an entity may be subject.
- Controls the entity uses to prevent, detect and respond to those threats and attacks.
- Controls the entity uses to maintain the confidentiality and privacy of information.
- Testing an entity's controls over security, confidentiality and privacy.
- An entity's incident response plan.

Group A covers foundational knowledge of certain regulations, standards and frameworks related to security, confidentiality and privacy at a Remembering and Understanding level. Those regulations, standards and frameworks underpin the higher-order skill testing in Group B – Security, Group C – Confidentiality and Privacy and Group D – Incident Response.

While certain representative tasks in Area II relate to testing controls in a SOC 2® engagement context, they are representative of similar procedures that may be performed in other IT audit and advisory contexts.

Area III of the ISC section blueprint covers considerations for SOC engagements. This area focuses on aspects that are unique considerations in SOC engagements distinct from other types of attestation engagements. The Area includes the following:

- Form, content and management assertions in SOC 1®, SOC 2® and SOC 3® reports.
- Purpose and intended users of SOC 1®, SOC 2®, SOC 3® and SOC for Cybersecurity reports.
- Aspects of engagement planning and reporting for SOC 1® and SOC 2® engagements.
- Procedures related to complementary user entity controls and complementary subservice organization controls.
- Procedures related to the system description criteria for SOC 1® and SOC 2® engagements.
- Trust services criteria for SOC 2® engagements.

Section assumptions

The ISC section of the Exam includes multiple-choice questions and task-based simulations. Candidates should assume that the information provided in each question is material and should apply all stated assumptions.

Information Systems and Controls (continued)

Skill allocation

The Exam applies a skill framework based on the revised Bloom's Taxonomy of Educational Objectives[6]. Bloom's Taxonomy classifies a continuum of skills depicted in the table below:

Skill Levels	
Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

The ISC section of the Exam assesses content at the first three skill levels of Bloom's Taxonomy as described below:

- Remembering and Understanding skills are tested across all areas. These areas contain foundational knowledge that nlCPAs are expected to possess related to standards, regulations, frameworks and procedures.
- Application skills are tested across all areas. These areas contain tasks that nlCPAs are expected to perform related to examining information systems, data management and SOC engagements.
- Analysis skills are tested in Area I and Area II. These areas contain tasks that nlCPAs are expected to perform related to detecting deficiencies in the suitability of design and deviations in the operation of controls related to information systems.

The representative tasks combine both the applicable content knowledge and the skills required in the context of the work that an nlCPA would reasonably be expected to perform.

References — Information Systems and Controls

The subject matter covered in the ISC section is subject to rapid change. The References detailed below are the sources of the subject matter eligible for assessment in the ISC section, to the extent that the subject matter is included in the blueprint's content areas, groups and topics. Further, the assessment of the subject matter described in a representative task that identifies an organization, publication, law, regulation, standard or framework is limited to the specific sections of the References detailed below. For example, a representative task that refers to a Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework is limited to the COSO guides listed below. The subject matter eligible for assessment is limited to the References detailed below and does not extend to links or references within these References to other sources.

- AICPA
  - 2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (with Revised Points of Focus 2022) (Trust Services Criteria)
  - 2018 Description Criteria for a Description of a Service Organization's System in a SOC 2® Report (with Revised Implementation Guidance 2022)
  - Frequently asked questions – SOC 2® and SOC 3® examinations
  - Materiality considerations for attestation engagements involving aspects of subject matters that cannot be quantitatively measured
  - SOC 1 Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting

[6] Revised taxonomy see Anderson, L.W. (Ed.), Krathwohl, D.R. (Ed.), Airasian, P.W., Cruikshank, K.A., Mayer, R.E., Pintrich, P.R., Raths, J., & Wittrock, M.C. (2001). A taxonomy for learning, teaching, and assessing: A revision of Bloom's Taxonomy of Educational Objectives (Complete Edition). New York: Longman. For original taxonomy see Bloom, B.S. (Ed.), Engelhart, M.D., Furst, E.J., Hill, W.H., & Krathwohl, D.R. (1956). Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain. New York: David McKay.

Information Systems and Controls (continued)

  - SOC 2® Reporting on an Examination of Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy
  - Statements on Standards for Attestation Engagements and Interpretations
- Center for Internet Security (CIS), CIS Controls; Version 8.1
  - "Overview" and "Why is this Control critical?" sections of each control (Control 01 to Control 18)
- The Committee of Sponsoring Organizations of the Treadway Commission (COSO)
  - Enterprise Risk Management for Cloud Computing
  - Managing Cyber Risk in a Digital Age
- Health Insurance Portability and Accountability Act of 1996 (HIPAA) 45 CFR
  - Part 164 Security and Privacy, Section 164.103 through Section 164.530 excluding Implementation Specifications and Compliance Dates
  - Applicability and definitions in Part 160 General Administrative Requirements, Section 160.102 and Section 160.103, and Part 162 Administrative Requirements, Section 162.103, to the extent they are used in Part 164 Security and Privacy, Section 164.103 through Section 164.530
- ISACA
  - COBIT 2019 Framework: Introduction and Methodology, Chapters 1 through 5
  - White papers available to the public free of charge that address subject matters covered in the groups and topics of ISC Area I and Area II
- National Institute of Standards and Technology (NIST)
  - NIST Cybersecurity Framework (CSF)
- National Institute of Standards and Technology (NIST), continued
  - NIST Privacy Framework
    - Privacy Framework Introduction
    - Privacy Framework Basics
    - Glossary
  - Security and Privacy Controls for Information Systems and Organizations, Special Publication 800-53 (SP 800-53) Revision 5, Chapters 1 and 2, including the glossary definitions of terms used in those sections
- PCI Security Standards Council Payment Card Industry Data Security Standard (PCI DSS)
  - PCI DSS v4.x Quick Reference Guide, Importance of Protecting Payment Account Data with the PCI Data Security Standard, Overview of PCI SSC Standards and Introduction to PCI DSS (goals and requirements)
- Regulation (EU) 2016/679 General Data Protection Regulation (GDPR)
  - Articles 4 through 34
- Textbooks
  - Accounting Information Systems
  - Data Analytics
  - Data Confidentiality and Privacy
  - Data Literacy
  - Data Management
  - Incident Response and Disaster Recovery
  - Information Security / Cyber Security
  - Information Systems
  - Information Technology (IT)
  - IT Audit and Assurance

Summary Blueprint

Content area allocation	Weight
I. Information Systems and Data Management	35–45%
II. Security, Confidentiality and Privacy	35–45%
III. Considerations for System and Organization Controls (SOC) Engagements	15–25%

Skill allocation	Weight
Evaluation	–
Analysis	10–20%
Application	20–30%
Remembering and Understanding	55–65%

The following pages include the detailed blueprints that define the areas, groups, topics and representative tasks for the ISC section. It is important to note that the number of representative tasks associated with a particular content group or topic is not indicative of the extent to which such content group, topic or related skill level will be assessed on the Exam (i.e., more numerous tasks in a particular group, topic or skill compared to another should not infer more content weight assigned to that group, topic or skill).

Area I – Information Systems and Data Management (35–45%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Information systems					
1. IT infrastructure	✓				Explain the purpose and recognize examples of key components of IT architecture (e.g., operating systems, servers, network infrastructure, end-user devices).
	✓				Explain cloud computing, including cloud computing models (infrastructure as a service (IaaS), platform as a service (PaaS), and software as a service (SaaS)) and deployment models (e.g., public, private, hybrid).
	✓				Summarize the role and responsibilities of cloud service providers.
	✓				Explain how the COSO frameworks address cloud computing governance.
2. Enterprise and accounting information systems	✓				Summarize enterprise resource planning (ERP) and accounting information systems, and recognize other systems with which they interact (e.g., blockchain, electronic data interchange).
		✓			Determine potential changes to business processes to improve the performance of an accounting information system (e.g., robotic process automation, outsourcing, system changes).
			✓		Reconcile the actual sequence of steps and the information, documents, tools and technology used in a key business process of an accounting information system (e.g., sales, cash collections, purchasing, disbursements, human resources, payroll, production, treasury, fixed assets, general ledger, reporting) to the documented process (e.g., flowchart, business process diagram, narrative).
			✓		Detect deficiencies in the suitability of the design and deviations in the operation of controls related to an information system's processing integrity in a SOC 2® engagement using the Trust Services Criteria.

Area I – Information Systems and Data Management (35–45%) (continued)

	Skill				
Content group/topic	**Remembering & Understanding**	**Application**	**Analysis**	**Evaluation**	**Representative Task**
A. Information systems (continued)					
3. Availability	✓				Recall the scope, purpose and key considerations for business resiliency, disaster recovery and business continuity plans.
	✓				Explain the objectives of mirroring and replication.
	✓				Summarize steps in a business impact analysis.
	✓				Recall measures of system availability (e.g., agreed service time, downtime).
		✓			Determine the appropriateness of the organization's data backup types (e.g., full, incremental, differential) including recovery considerations.
			✓		Detect deficiencies in the suitability of the design and deviations in the operation of controls related to a service organization's availability service commitments and system requirements in a SOC 2® engagement using the Trust Services Criteria.
4. Change management	✓				Explain the purpose of change management processes and practices related to internal hardware and software applications, including identification of the associated risks.
	✓				Explain the different types of tools (e.g., change tracking, version control, test libraries, build automation, monitoring and logging) and documentation used (e.g., system component inventory, baseline configuration, change requests, ticketing, rollback procedures).
	✓				Explain the different environments used (e.g., development, staging, production) and the types of tests performed (e.g., unit, integration, system, acceptance).
	✓				Explain the approaches that can be used when converting to a new information system (e.g., direct, parallel, pilot).
	✓				Explain patch management (e.g., prioritizing, scheduling, validating, testing, deploying, monitoring).
		✓			Test the design and implementation of change control policies (e.g., acceptance criteria, authorization, code review, testing, logging, monitoring, separation of duties, access restrictions) in organizations, including those that have adopted continuous integration and continuous deployment processes.

Area I – Information Systems and Data Management (35–45%) (continued)

Content group/topic	Skill: Remembering & Understanding	Skill: Application	Skill: Analysis	Skill: Evaluation	Representative Task
A. Information systems (continued)					
4. Change management (continued)		✓			Test the design and implementation of controls to select, implement, maintain and monitor configuration parameters used to control the functionality of developed and acquired software.
			✓		Perform a walkthrough of an organization's change management procedures and compare the observed procedure with the documented policy requirement.
B. Data management					
	✓				Identify data extraction methods and techniques.
	✓				Define the various types of data storage (e.g., data warehouse, data lake, data mart) and database schemas (e.g., star, snowflake).
	✓				Summarize the data life cycle (i.e., the span of the use of information, from creation, through active use, storage and final disposition).
		✓			Examine a relational database's structure to determine whether it applies data integrity rules, uses a data dictionary, and normalizes the data.
		✓			Examine a standard SQL query (common commands, clauses, operators, aggregate functions and string functions) to determine whether the retrieved data set is relevant and complete.
			✓		Integrate the data available from different data sources to provide information necessary for financial and operational analysis and decisions.
			✓		Investigate a business process model (e.g., flowchart, data flow diagram, business process model and notation (BPMN) diagram) to identify potential improvements.

Area II – Security, Confidentiality and Privacy (35–45%)

	Skill				
Content group/topic	**Remembering & Understanding**	**Application**	**Analysis**	**Evaluation**	**Representative Task**
A. Regulations, standards and frameworks					
	✓				Recall the covered entities and permitted uses and disclosures of the HIPAA Security and Privacy Rules.
	✓				Recall the scope of the GDPR and the six principles and key concepts for personal data.
	✓				Recall the requirements of the PCI DSS.
	✓				Recall the three parts of the NIST CSF (Core, Tiers, Organizational Profiles).
	✓				Recall the three parts of the NIST Privacy Framework (Framework Core, Framework Profiles, Framework Implementation Tiers).
	✓				Recall the purpose, applicability, target audience and organizational responsibilities of NIST SP 800-53.
	✓				Recall the overview of each CIS Control.
	✓				Recall the governance system principles, governance framework principles and the components of a governance system according to COBIT 2019.
B. Security					
1. Threats and attacks	✓				Classify the different types of threat agents (e.g., internal or external, nation or non-nation state-sponsored, adversary, threat actors, attacker or hacker).
	✓				Identify types of attacks (e.g., physical, distributed denial of service, malware, social engineering, web application attacks, mobile device attacks).
	✓				Identify techniques used in a cyber-attack (e.g., buffer overflow, mobile code, cross-site scripting, SQL injections, race conditions, covert channel, replay and return-oriented attack).

Area II – Security, Confidentiality and Privacy (35–45%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. Security (continued)					
1. Threats and attacks (continued)	✓				Explain the stages in a cyber-attack (e.g., reconnaissance, gaining access, escalation of privileges, maintaining access, network exploitation, covering tracks).
	✓				Identify the cybersecurity risks related to using cloud environments, platforms and services.
	✓				Identify the cybersecurity risks related to the Internet of Things (IoT).
	✓				Identify the cybersecurity risks related to mobile technologies.
	✓				Explain threat modeling and threat landscape.
		✓			Determine the specific cybersecurity threats in an organization's connections with customers, vendors and partner organizations.
		✓			Determine the specific cybersecurity threats to an organization's on-premise and cloud-based applications, networks and connected devices (e.g., mobile and Internet of Things (IoT) devices).
2. Mitigation	✓				Identify ways to protect networks and devices used to access the network remotely (e.g., isolation and segmentation, virtual private network (VPN), wireless network security, endpoint security, system hardening, intrusion prevention and detection systems).
	✓				Recall the definition and purpose of vulnerability management.
	✓				Explain the concepts of layered security and defense-in-depth.
	✓				Define the concepts of least-privilege, zero-trust, whitelisting and the need-to-know principle.
	✓				Recall the purpose and content of a technology acceptable use policy including considerations specific to mobile technologies and bring-your-own-device (BYOD).

Area II – Security, Confidentiality and Privacy (35–45%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. Security (continued)					
2. Mitigation (continued)	✓				Explain how the COSO frameworks can be used to assess cyber risks and controls.
		✓			Determine the common preventive, detective or corrective controls (e.g., intrusion prevention systems, device and software hardening, log analysis, intrusion detection systems, virus quarantining, patches) to mitigate risk of cyber-attacks for an organization.
		✓			Determine the appropriate identification and authentication techniques and technologies (e.g., password management, single sign-on, multi-factor authentication, personal identification number (PIN) management, digital signatures, smart cards, biometrics) in a specific scenario.
		✓			Determine the appropriate authorization model (e.g., discretionary, role-based, mandatory) and the controls (e.g., access control list, account restrictions, physical barriers) used to implement the model in a specific scenario.
3. Testing		✓			Perform procedures to obtain an understanding how the entity communicates information to improve security knowledge and awareness and to model appropriate security behaviors to personnel through a security awareness training program.
		✓			Provide input into a security assessment report by documenting the issues, findings and recommendations identified while performing tests of controls.
			✓		Perform a walkthrough of an organization's procedures relevant to IT security (e.g., IT risk management, human resources, training and education) and compare the observed procedure with the documented policy requirement.
			✓		Detect deficiencies in the suitability of the design and deviations in the operation of controls related to a service organization's security service commitments and system requirements in a SOC 2® engagement using the Trust Services Criteria.

Area II – Security, Confidentiality and Privacy (35–45%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Confidentiality and privacy					
	✓				Explain encryption fundamentals, techniques and applications.
	✓				Recall the differences between confidentiality and privacy.
	✓				Identify methods for the protection of confidential data during the design, development, testing and implementation of applications that use confidential data (e.g., data obfuscation, tokenization).
	✓				Explain Data Loss Prevention (DLP).
	✓				Identify financial and operational implications of a data breach.
		✓			Determine controls and data management practices to securely collect, process, store, transmit and delete confidential data or data subject to privacy regulations.
			✓		Detect deficiencies in the suitability of the design and deviations in the operation of controls related to a service organization's confidentiality and privacy service commitments and system requirements in a SOC 2® engagement using the Trust Services Criteria.
			✓		Perform a walkthrough of an organization's procedures relevant to confidentiality and privacy (e.g., IT risk management, human resources, training and education) and compare the observed procedure with the documented policy requirement.
D. Incident response					
	✓				Recall the differences between security/cybersecurity events and incidents.
	✓				Explain the use of insurance as a mitigation strategy for a security incident or data breach.
	✓				Summarize contents commonly included in incident response plans (e.g., roles, responsibilities, methods, steps, timelines).
		✓			Perform procedures to test whether the entity responded to cybersecurity incidents in accordance with the incident response plan.

Area III – Considerations for System and Organization Controls (SOC) Engagements (15–25%)

	Skill				
Content group/topic	Remembering & Understanding	Application	Analysis	Evaluation	Representative Task
A. Considerations specific to planning and performing a SOC engagement					
	✓				Explain the purpose of the Trust Services Criteria and its organization (e.g., alignment with the COSO Internal Control – Integrated Framework, supplemental criteria, common criteria, additional specific criteria).
	✓				Recall the types of subject matters a practitioner may be engaged to report on using the Trust Services Criteria.
	✓				Identify management assertions specific to the different categories and types (Type 1 and Type 2) of SOC engagements (SOC 1®, SOC 2®, SOC 3®).
	✓				Recall the purpose and intended users of SOC 1®, SOC 2®, SOC 3® and SOC for Cybersecurity reports.
	✓				Summarize the independence considerations between the service auditor, service organization and subservice organizations.
	✓				Explain how materiality is determined and used in performing a SOC engagement (SOC 1®, SOC 2®).
	✓				Identify the risk assessment requirements for a service organization and the service auditor.
	✓				Summarize the criteria for a vendor to be considered a subservice organization.
	✓				Explain the considerations for deciding between, and use of, the inclusive and carve-out method for subservice organizations and complementary subservice organization controls (CSOCs).
	✓				Define service commitments and system requirements in a SOC 2® engagement and how they correspond to an entity's objectives referred to in the Trust Services Criteria.

Area III – Considerations for System and Organization Controls (SOC) Engagements (15–25%) (continued)

	Skill				
Content group/topic	**Remembering & Understanding**	**Application**	**Analysis**	**Evaluation**	**Representative Task**
A. Considerations specific to planning and performing a SOC engagement (continued)					
	✓				Recall the impact of subsequently discovered facts on the SOC engagement (SOC 1®, SOC 2®).
	✓				Explain the purpose and common sections of a system description subject to SOC 1® or SOC 2® engagements.
	✓				Explain the purpose of complementary user entity controls (CUECs) identified by service organization management in their system description.
	✓				Recall requirements about obtaining management's written representations in a SOC engagement (SOC 1®, SOC 2®).
		✓			Obtain an understanding of the system addressed by a SOC 2® engagement, including the clear identification of the boundaries of the system as defined by the service organization.
		✓			Perform procedures to obtain an understanding of how a service organization provides its personnel and external users information on how to report failures, incidents, concerns and other complaints related to a system subject to a SOC 2® engagement.
		✓			Prepare a comparison of management's system description to suitable criteria in a SOC 1® engagement or to the description criteria in a SOC 2® engagement.
		✓			Determine the effect of subsequent events in a SOC 1® or SOC 2® engagement.

Area III – Considerations for System and Organization Controls (SOC) Engagements (15–25%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. Considerations specific to reporting on a SOC engagement					
	✓				Explain the effect of CUECs on the SOC report (SOC 1®, SOC 2®).
	✓				Summarize the carve-out vs. the inclusive method of reporting on CSOCs.
	✓				Explain the types of opinions and report modifications when deficiencies have been identified.
		✓			Prepare results of testing of controls to be included in the SOC 2® report of the test of a control, including when there was an exception identified by the test.
		✓			Determine the appropriate form and content of a report on the examination of controls at a service organization (SOC 1®, SOC 2®).

Uniform CPA Examination Tax Compliance and Planning (TCP)

Blueprint

AICPA

Tax Compliance and Planning

The Tax Compliance and Planning (TCP) section of the Uniform CPA Examination (the Exam) tests the knowledge and skills that nlCPAs must demonstrate with respect to:

- U.S. federal tax compliance for individuals and entities with a focus on nonroutine and higher complexity transactions
- U.S. federal tax planning for individuals and entities
- Personal financial planning

The assessment of federal tax compliance will focus on an nlCPA's role in both the preparation and review of tax returns. The assessment of federal tax planning will focus on an nlCPA's role in determining the tax implications of proposed transactions, available tax alternatives or business structures. The assessment of personal financial planning will focus on planning strategies and opportunities that an nlCPA typically identifies in connection with the preparation and review of individual tax returns.

The assessments described above will also incorporate:

- Data and technology concepts, including the verification of the completeness and accuracy of source data used to prepare returns and supporting schedules.
- Applied research with a focus on reviewing and using excerpts of source materials (e.g., Internal Revenue Code, Treasury Regulations) to complete a range of tasks including identifying issues, analyzing facts and determining appropriate responses.

A list of reference materials relevant to the TCP section of the Exam is included under References at the conclusion of this introduction.

Content organization and tasks

The TCP section blueprint is organized by content AREA, content GROUP and content TOPIC. Each group or topic includes one or more representative TASKS that an nlCPA may be expected to complete when performing tax preparation services, tax planning services or personal financial planning services.

The tasks in the blueprint are representative. They are not intended to be (nor should they be viewed as) an all-inclusive list of tasks that may be tested in the TCP section of the Exam. Lists or examples included within the text of a representative task beginning with the word "including" are not intended to be exhaustive. Within some representative tasks are parenthetical lists. If a parenthetical list begins with "e.g.", this is not intended to be an exhaustive list but rather examples of the types of content that could be assessed. Parenthetical lists that do not include "e.g." are intended to be an exhaustive list of the content to be assessed with respect to that representative task.

Content allocation

The following table summarizes the content areas and the allocation of content tested in the TCP section of the Exam:

Content area		Allocation
Area I	Tax Compliance and Planning for Individuals and Personal Financial Planning	30–40%
Area II	Entity Tax Compliance	30–40%
Area III	Entity Tax Planning	10–20%
Area IV	Property Transactions (disposition of assets)	10–20%

Tax Compliance and Planning (continued)

Overview of content areas

Area I of the TCP section blueprint is focused on individuals and covers federal tax compliance for nonroutine transactions and issues, tax planning and personal financial planning. The Area includes the following:

- Tax compliance issues related to incentive compensation, at-risk and passive loss limitations and gifting assets.
- Tax planning issues related to accelerating or deferring income and deductions to minimize tax liability, estimated tax payments, gifting assets, changing tax rates and legislation.
- Personal financial planning for individuals, including the assessment of qualified retirement plans, investing, education funding and risk mitigation through the use of insurance.

Area II of the TCP section blueprint covers federal tax compliance related to nonroutine entity tax transactions and issues. The Area includes the following:

- Utilization of net operating losses, consolidated tax returns and international tax issues for C corporations. International tax issues will focus on general concepts of income sourcing and allocation as opposed to specific foreign laws or treaties.
- Transactions between an entity and owner, specifically recognized income and losses from the contribution of noncash property, liquidating and nonliquidating distributions of noncash property and services performed by an owner.
- Impact on an owner's basis resulting from contributions and distributions of noncash property to an entity.
- Partnership elections and the impact of ownership changes to a partnership.
- Identifying characteristics of different types of trusts, calculating income and allocating items between income and corpus.
- Obtaining and maintaining tax-exempt status as well as recalling the types of unrelated business income for a tax-exempt organization.

Area III of the TCP section blueprint covers federal tax planning for entities. The Area includes the following:

- Formation and liquidation of various entities, including comparisons of different entity types.
- Tax planning for C corporations, S corporations and partnerships, including the tax implications of a proposed transaction to both the entity and owner.

Area IV of the TCP section blueprint covers federal tax compliance issues related to asset dispositions. The Area includes the following:

- Nontaxable dispositions of property, and the realized, recognized and deferred tax gains resulting from the transaction.
- Character of recognized gains and losses on the disposition of property used in a trade or business, including installment sale transactions.
- Sale of property to a related party, including nonrecognition of gain or loss.

Section assumptions

The TCP section of the Exam includes multiple-choice questions and task-based simulations. Candidates should assume that the information provided in each question is material and should apply all stated assumptions. Candidates will not be tested on their knowledge of specific tax rate percentages, amounts or limitations that are indexed to inflation. Candidates should assume that references to individual wages or compensation do not include overtime or tips unless otherwise stated. To the extent a question addresses a topic that could have different tax treatments based on timing (e.g., net operating losses), it will include a clear indication of the timing (e.g., use of real dates) so that the candidates can determine the appropriate portions of the Internal Revenue Code or Treasury Regulations to apply to the question. Absent such an indication of timing or other stated assumptions, candidates should assume that transactions or events referenced in the question occurred in the current year and should apply the most recent provisions of the tax law in accordance with the timing specified in the CPA Exam Policy on New Pronouncements.

Tax Compliance and Planning (continued)

Skill allocation

The Exam applies a skill framework based on the revised Bloom's Taxonomy of Educational Objectives.[7] Bloom's Taxonomy classifies a continuum of skills depicted in the table below:

Skill Levels	
Evaluation	The examination or assessment of problems, and use of judgment to draw conclusions.
Analysis	The examination and study of the interrelationships of separate areas in order to identify causes and find evidence to support inferences.
Application	The use or demonstration of knowledge, concepts or techniques.
Remembering and Understanding	The perception and comprehension of the significance of an area utilizing knowledge gained.

The TCP section of the Exam assesses content at the first three skill levels of Bloom's Taxonomy as described below:

- Remembering and Understanding is mainly concentrated in Area I and Area II. These two areas contain nonroutine compliance issues encountered by nlCPAs and they are tested at the lower end of the skill level continuum.
- Application and Analysis skills are tested across all areas. These areas contain day-to-day planning tasks that nlCPAs are expected to perform related to tax and personal financial planning and the preparation and review of tax returns and therefore are tested at the higher end of the skill level continuum.

The representative tasks combine both the applicable content knowledge and the skills required in the context of the work that an nlCPA would reasonably be expected to perform.

References — Tax Compliance and Planning

The References detailed below are the sources of the subject matter eligible for assessment in the TCP section, to the extent that the subject matter is included in the blueprint's content areas, groups and topics. Further, the assessment of the subject matter described in a representative task that identifies an organization, publication, law, regulation, standard or framework is limited to the specific sections of the References detailed below. Similarly, subject matter identified in a representative task and related subject matter is eligible for assessment to the extent it is included in the References detailed below. The subject matter eligible for assessment is limited to the References detailed below and does not extend to links or references within these References to other sources.

- Revised Model Business Corporation Act
- Revised Uniform Limited Partnership Act
- Revised Uniform Partnership Act
- Internal Revenue Code of 1986, as amended
- Treasury Regulations
- Other administrative pronouncements regarding federal taxation
- Case law on federal taxation
- Current textbooks on federal taxation, personal financial planning and tax planning

[7] Revised taxonomy see Anderson, L.W. (Ed.), Krathwohl, D.R. (Ed.), Airasian, P.W., Cruikshank, K.A., Mayer, R.E., Pintrich, P.R., Raths, J., & Wittrock, M.C. (2001). A taxonomy for learning, teaching, and assessing: A revision of Bloom's Taxonomy of Educational Objectives (Complete Edition). New York: Longman. For original taxonomy see Bloom, B.S. (Ed.), Engelhart, M.D., Furst, E.J., Hill, W.H., & Krathwohl, D.R. (1956). Taxonomy of educational objectives: The classification of educational goals. Handbook 1: Cognitive domain. New York: David McKay.

Summary Blueprint

Content area allocation	Weight
I. Tax Compliance and Planning for Individuals and Personal Financial Planning	30–40%
II. Entity Tax Compliance	30–40%
III. Entity Tax Planning	10–20%
IV. Property Transactions (disposition of assets)	10–20%

Skill allocation	Weight
Evaluation	–
Analysis	25–35%
Application	55–65%
Remembering and Understanding	5–15%

The following pages include the detailed blueprints that define the areas, groups, topics and representative tasks for the TCP section. It is important to note that the number of representative tasks associated with a particular content group or topic is not indicative of the extent to which such content group, topic or related skill level will be assessed on the Exam (i.e., more numerous tasks in a particular group, topic or skill compared to another should not infer more content weight assigned to that group, topic or skill).

Area I – Tax Compliance and Planning for Individuals and Personal Financial Planning (30–40%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Individual compliance and tax planning considerations for gross income, adjusted gross income, taxable income and estimated taxes					
	✓				Recall the impact of equity compensation awards on taxable income.
	✓				Recall items included in determination and computation of Alternative Minimum Taxable income.
		✓			Consider the impact to an individual's taxable income for certain items of gross income, including imputed interest on below-market rate loan and compensation earned while employed outside the U.S.
		✓			Calculate the tax on a child's investment and other unearned income.
		✓			Consider the effect of changing tax rates and legislation on the timing of income and expense items for planning purposes given a specific scenario.
		✓			Identify projected tax savings through utilization of flexible spending accounts (FSAs) and qualified health savings accounts (HSAs) for planning purposes given a specific scenario.
		✓			Consider the impact of using either itemized deductions or the standard deduction for planning purposes given a specific scenario.
		✓			Calculate estimated tax payments required for an individual to avoid underpayment penalties given a specific planning scenario.
		✓			Calculate the potential tax savings when donating noncash property to a charitable organization given a specific planning scenario, including identification of the property to be donated to minimize the individual's current-year tax liability.
			✓		Review an individual's projected income and expenses prior to year end to determine the tax implications, and provide options to minimize tax liability given a specific planning scenario.

Area I – Tax Compliance and Planning for Individuals and Personal Financial Planning (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. Compliance for passive activity and at-risk loss limitations (excluding tax credit implications)					
		✓			Calculate the at-risk loss limitation for an activity in which an individual materially participates, including losses from pass-through entities and losses from real estate rental activities with active participation.
		✓			Calculate the passive activity loss limitations given a specific scenario, including the netting of passive activity gains and losses.
		✓			Calculate utilization of suspended losses on the disposition of a passive activity for tax purposes.
			✓		Review an individual's basis schedules and supporting documentation for a pass-through entity, including any source data used to create the schedules, to confirm the correct allocation of a loss between the amounts suspended for at-risk limitations, suspended for passive activity rules, and allowed for tax purposes.
C. Gift taxation compliance and planning					
	✓				Recall allowable gift tax deductions and exclusions for federal gift tax purposes.
	✓				Explain the unified transfer tax system and how the annual exclusion, marital deduction and the unified credit impact the planning for gifts and gift taxation.
		✓			Calculate the amount of taxable gifts for federal gift tax purposes.
		✓			Identify the potential tax savings from gifting ownership of noncash property to an individual given a specific planning scenario, including identification of the property to be gifted to minimize the donor's future estate.

Area I – Tax Compliance and Planning for Individuals and Personal Financial Planning (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Personal financial planning for individuals					
	✓				Demonstrate an understanding of the advantages and disadvantages of different qualified retirement plans, including traditional IRAs, Roth IRAs, 401(k)s, annuities, and employer-sponsored plans.
	✓				Demonstrate an understanding of the risks associated with different investment options, including equity securities, corporate bonds and municipal bonds.
	✓				Demonstrate an understanding of planning for funding post-secondary education, including qualified tuition programs, student loans, grants and scholarships.
	✓				Explain how insurance is used in planning to mitigate risk, including life insurance, long-term care insurance and umbrella policies.
	✓				Demonstrate an understanding of the implications of legal ownership of an asset and beneficiary designations on an estate and its beneficiaries.
		✓			Prepare a schedule to be used in the decision-making process to select a retirement plan from different options given a specific planning scenario, identifying the related advantages and disadvantages.
		✓			Calculate the return on investment (ROI) for different investment options, net of the tax impact, given a specific planning scenario.

Area II – Entity Tax Compliance (30–40%)

Content group/topic	Skill: Remembering & Understanding	Skill: Application	Skill: Analysis	Skill: Evaluation	Representative Task
A. C corporations					
1. Net operating and capital loss utilization	✓				Recall the limitations on the use of net operating losses when there is an ownership change.
		✓			Calculate the amount of a C corporation's net operating loss for a given year and any related carryforward.
		✓			Calculate the amount of a C corporation's capital loss utilized in the current year and the related carryforward or carryback.
2. Transactions between a shareholder and a C corporation (contributions to and distributions from a corporation and loans)		✓			Calculate a shareholder's tax realized and recognized gain (loss) on the contribution of noncash property to a C corporation, and the C corporation's basis in the property contributed.
		✓			Calculate the tax realized and recognized gain (loss) for both a C corporation and shareholders on a nonliquidating distribution of noncash property, and the shareholders' basis in the property received.
		✓			Calculate the tax realized and recognized gain (loss) for both a C corporation and shareholders on a liquidating distribution, and the shareholders' basis in the property received.
		✓			Calculate the amount and treatment of the cash distributions to shareholders in excess of a C corporation's current and accumulated earnings and profits (E & P).
			✓		Review loan documents and supporting documentation to determine the tax implications of a loan between a shareholder and C corporation, including imputed interest.
3. Consolidated tax returns	✓				Recall the requirements for filing a consolidated federal Form 1120 – *U.S. Corporation Income Tax Return*.
		✓			Calculate taxable income for a consolidated federal Form 1120 – *U.S. Corporation Income Tax Return*, including elimination of intercompany transactions.

Area II – Entity Tax Compliance (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. C corporations (continued)					
4. International tax issues	✓				Explain the sourcing of income for a U.S. corporation with foreign operations.
	✓				Explain the sourcing of income for a foreign corporation with U.S. operations, including consideration of federal tax withholding requirements.
	✓				Explain the concept of a controlled foreign corporation (CFC) and the impact on a U.S. corporation's taxable income.
	✓				Explain the concept of permanent establishment for a corporation and the activities that would create it.
	✓				Explain the difference between a foreign branch and foreign subsidiary with respect to federal income taxation to a U.S. corporation.
		✓			Calculate U.S. and foreign source income given a specific scenario.
B. S corporations					
1. Basis of shareholder's interest		✓			Calculate the impact on a shareholder's stock basis in an S corporation for tax purposes resulting from contributions of noncash property, including an S corporation's assumption of debt on the contributed property.
		✓			Calculate the impact on a shareholder's stock basis in an S corporation for tax purposes resulting from nonliquidating distributions of noncash property.
		✓			Calculate the impact on a shareholder's debt basis in an S corporation for tax purposes resulting from loans made by a shareholder to an S corporation.
			✓		Review a shareholder's stock and debt basis schedules in an S corporation for tax purposes and supporting documentation, including any source data used to create the schedule, to determine the accuracy of transactions reflected.

Area II – Entity Tax Compliance (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. S corporations (continued)					
2. Transactions between a shareholder and an S corporation (contributions to and distributions from a corporation)		✓			Calculate a shareholder's tax realized and recognized gain (loss) on the contribution of noncash property to an S corporation, and the S corporation's basis in the property contributed.
		✓			Calculate the tax realized and recognized gain (loss) for both an S corporation and shareholders on a nonliquidating distribution of noncash property, and the shareholders' basis in the property received.
		✓			Calculate the tax realized and recognized gain (loss) for both an S corporation and shareholders on a liquidating distribution, and the shareholders' basis in the property received.
		✓			Calculate the allocation of S corporation income (loss) after the sale of a shareholder's ownership interest in the S corporation for tax purposes.
C. Partnerships					
1. Basis of partner's interest		✓			Calculate the impact on a partner's basis in a partnership for tax purposes resulting from contributions of noncash property, including a partnership's assumption of debt on the contributed property.
		✓			Calculate the impact on a partner's basis in a partnership for tax purposes resulting from nonliquidating distributions of noncash property.
		✓			Calculate the impact on a partner's basis in a partnership for tax purposes resulting from recourse and nonrecourse partnership debt incurred during the current year, including loans made by a partner to a partnership.
			✓		Review a partner's basis schedule in a partnership for tax purposes and supporting documentation, including any source data used to create the schedule, to determine the accuracy of transactions reflected.
2. Partnership and partner elections	✓				Recall partner elections applicable to a partnership for tax purposes (e.g., partnership tax year, adjustment to basis of property).

Area II – Entity Tax Compliance (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Partnerships (continued)					
3. Transactions between a partner and a partnership (services performed by a partner and contributions to and distributions from a partnership)		✓			Calculate the tax implications of certain transactions between a partner and partnership (e.g., services performed by a partner) for tax purposes.
		✓			Calculate a partner's tax realized and recognized gain (loss) on the contribution of noncash property to a partnership, and the partnership's basis in the property contributed.
		✓			Calculate the tax realized and recognized gain (loss) for both a partnership and partners on a nonliquidating distribution of noncash property, and the partner's basis in the property received.
		✓			Calculate the tax realized and recognized gain (loss) for both a partnership and partners on a liquidating distribution, and the partner's basis in the property received.
4. Ownership changes		✓			Calculate the allocation of partnership income (loss) after the sale of a partner's share in a partnership for tax purposes.
		✓			Calculate the revised basis of partnership assets due to a transfer of a partnership interest for tax purposes.

Area II – Entity Tax Compliance (30–40%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
D. Trusts					
1. Types of trusts	✓				Recall and explain the characteristics of various types of trusts, including simple trusts, complex trusts and grantor trusts.
	✓				Recall and explain a trust as a pass-through entity and the roles of grantor, trustee, and beneficiaries and the concept of corpus.
	✓				Recall and explain the characteristics of revocable trusts.
2. Income and deductions		✓			Identify the allocation of items between income and corpus in a given scenario.
		✓			Calculate a trust's accounting income, distributable net income and taxable income, including the income distribution deduction.
E. Tax-exempt organizations					
1. Obtaining and maintaining tax-exempt status	✓				Recall the requirements to qualify as an IRC Section 501(c)(3) tax-exempt organization.
	✓				Recall the events that would cause an entity to lose its tax-exempt status.
2. Unrelated business income	✓				Recall the different types of unrelated business income for tax-exempt organizations for tax purposes.

Area III – Entity Tax Planning (10–20%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Formation and liquidation of business entities					
		✓			Prepare a schedule that is used as an input to an entity selection decision that calculates the tax implications of noncash property transactions for multiple entity types.
		✓			Identify the type of business entity that is best described by a given set of legal characteristics.
			✓		Derive the tax implications of entity selection and formation decisions across multiple entity types and compare the results.
			✓		Derive the tax implications of entity liquidation decisions across multiple entity types and compare the results.
B. Tax planning for C corporations					
		✓			Calculate the potential tax savings from utilization of net operating and capital loss carryovers.
		✓			Identify opportunities to optimize state and local income tax rules in tax planning for business expansion given a specific scenario, including apportionment of income and location of business.
		✓			Calculate the effect of changing tax rates and legislation on the timing of income and expense items for tax planning purposes given a specific scenario.
		✓			Calculate estimated tax payments for a C corporation in order to avoid underpayment penalties given a specific planning scenario.
			✓		Derive the tax implications to a shareholder and C corporation for a proposed transaction after formation of the corporation, including noncash property contributions and noncash property distributions.

Area III – Entity Tax Planning (10–20%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
C. Tax planning for S corporations					
		✓			Calculate the projected amount subject to built-in gains for a proposed disposition of an asset in order to minimize the built-in gains tax due.
		✓			Identify the implications of terminating an S corporation election given a specific planning scenario.
			✓		Derive the tax implications to a shareholder and S corporation for a proposed transaction after formation of the corporation, including noncash property contributions and distributions, and loans and repayment of loans from and to a shareholder.
			✓		Derive the tax implications of a contemplated election to treat distributions to shareholders as being made from an S corporation's accumulated earnings and profits (AEP) and not from the accumulated adjustments account (AAA).
D. Tax planning for partnerships					
		✓			Calculate the tax implications to a partner for the contribution to a partnership of noncash property that has appreciated or depreciated in value.
		✓			Calculate the tax implications of various types of payments to a partner, including guaranteed payments and a nonliquidating distribution.
			✓		Derive the tax implications to a partner and partnership for a proposed transaction, including a contribution of noncash property, a nonliquidating distribution of noncash property or the sale of a partnership interest.

Area IV – Property Transactions (disposition of assets) (10–20%)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
A. Nontaxable disposition of assets					
		✓			Calculate the realized gain, recognized gain and deferred gain on like-kind property exchange and involuntary conversion transactions for tax purposes and the basis of the asset received as a result of the transactions.
			✓		Review asset sale and exchange transactions, and relevant supporting documentation, to determine whether they are taxable or nontaxable.
B. Amount and character of gains and losses on asset disposition and netting process					
		✓			Identify the character of the gain and loss recognized by a taxpayer on the disposal of an asset given a specific scenario.
		✓			Calculate the Section 1231 capital gain and Section 1231 ordinary loss recognized for tax purposes on the disposition of an asset used in a trade or business.
		✓			Calculate the Section 1245 and Section 1250 depreciation recapture recognized for tax purposes on the disposition of an asset used in a trade or business.
		✓			Calculate the unrecaptured Section 1250 gain recognized for tax purposes on disposition of an asset used in a trade or business.
		✓			Calculate the loss allowed on the disposition of Section 1244 small business stock for tax purposes.

Area IV – Property Transactions (disposition of assets) (10–20%) (continued)

Content group/topic	Skill				Representative Task
	Remembering & Understanding	Application	Analysis	Evaluation	
B. Amount and character of gains and losses on asset disposition and netting process (continued)					
		✓			Calculate the amount of gain recognized on an installment sale.
			✓		Review a schedule of asset dispositions for the current year and supporting documentation, including any source data used, to determine the completeness and accuracy of the amount and the character of the gain or loss recognized for tax purposes.
			✓		Review and resolve discrepancies identified by automated diagnostic and validation checks to ensure the completeness and accuracy of the amount and character of a gain or loss reported on a tax return based on the source data used to prepare the return.
C. Related party transactions, including imputed interest					
	✓				Recall related parties for tax purposes.
		✓			Calculate the direct and indirect ownership percentages of corporation stock or partnership interests to determine whether there are related parties for tax purposes.
		✓			Calculate a taxpayer's gain or loss on a subsequent disposition of an asset to an unrelated third party that was previously purchased from a related party.
		✓			Calculate the amount and treatment of imputed interest on related party transactions for tax purposes.

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