



ACC107

Investigative Accounting in Divorce - 30 hours

Objectives

This course will show accountants how to deal with the many financial aspects of a divorce through researching and investigating marital assets and income while using language understandable to attorneys. It will detail all aspects of the balance sheet and discusses litigation and negotiation reports.

It describes a successful collaboration between accountants and lawyers. The course includes a wealth of sample worksheets, forms, and checklists researching and investigating marital assets and income. It details all aspects of the balance sheet and discusses litigation and negotiation reports.

Course Outline

Chapter 1 – Getting Started

After completing Chapter 1, you should comprehend the following:

1. Who has Engaged you?
2. Initial Discussions with the Attorney.
3. Interaction with Business Appraisers.
4. Disclosure and Information Statements.
5. Requesting Documentation.
6. Work Programs.
7. Stipulation versus Court Appointment.
8. Recognizing Financial Suicide.

Chapter 2 – Dealing with the Client

After completing Chapter 2, you should comprehend the following:

1. Interview your Client.
2. Conducting the Interview of the Nonbusiness Spouse.
3. Conducting the Interview of the Business Spouse.
4. Interviewing the Nonclient Business Owner.
5. Review the Initial Disclosure Statements.
6. Tax Neophyte Client.
7. Nonbusiness Spouse Interview Checklist.
8. Business Owner/Spouse Interview Checklist.

Chapter 3 – Documents

After completing Chapter 3, you should comprehend the following:

1. Preliminary Disclosure.
2. Comparing Records.
3. Overview of the Books and Journals.

Chapter 4 – Parameters of the Inquiry

After completing Chapter 4, you should comprehend the following:

1. Economic versus Tax Issues.
2. Business Form.
3. Valuation Date.
4. Nonmarital Assets.
5. Tax Fraud.
6. When a Business is Not Involved.

Chapter 5 – Dealing with the Target Company

After completing Chapter 5, you should comprehend the following:

1. Access to the Opposition.
2. Company's Regular Accountant.
3. We're Clean; There's No Need to Investigate.
4. Working On-Site
5. Working Conditions
6. Walk through the Business
7. Understanding the Internal Work Flow.

8. Multiple Companies.
9. Multiple Departments, Locations, or Products.
10. Divorce Planning.
11. Business Walk-Through Checklist.

Chapter 6 – The Balance Sheet

After completing Chapter 6, you should comprehend the following:

1. Overview.
2. Cash.
3. Petty Cash.
4. Accounts Receivable.
5. Inventory.
6. Work in Progress.
7. Prepaid Expenses.
8. Fixed Assets; Property, Plant, and Equipment.
9. Notes Receivable.
10. Intangibles.
11. Accounts Payable.
12. Accrued Expenses.
13. Loans and Exchanges.
14. Loans to Officers, Owners, and Shareholders.
15. Loans and Notes Payable.
16. Payroll Taxes Withheld.
17. Sales Taxes Payable.
18. Equity.

Chapter 7 – Sales and Income

After completing Chapter 7, you should comprehend the following:

1. Becoming Well Grounded.
2. Seasonality.
3. Professional Practices.
4. Safe Deposit Box.
5. Gross Profit and Costs of Goods Sold.
6. Challenging Allegations of Unreported Income.

Chapter 8 – Operating Expenses

After completing chapter 8, you should comprehend the following:

1. Introduction.
2. Owner and Officer Payroll.
3. Other Payroll.
4. Rent.
5. Depreciation.
6. Retirement Plans.
7. Repairs and Maintenance.
8. Insurance.
9. Travel, Entertainment, and Promotion.
10. Automobile Expenses.
11. Telephone.
12. Professional Fees.
13. Payroll and Other Taxes.
14. Officer's Life Insurance.
15. Employee Benefits.
16. Interest Expense.
17. Fines and Penalties.
18. Bad Debts.
19. Office Expenses and Supplies.
20. Membership and Dues.
21. Subscriptions.
22. Utilities.
23. Miscellaneous.
24. Social Security Numbers.

Chapter 9 – Personal Financial Investigation

After completing Chapter 9, you should comprehend the following:

1. Overview.
2. Standard of Living.
3. Changes in Net Worth.
4. Personal Financial Statements.
5. Tax Shelter Issues.
6. Corporation as a Liability.
7. Hobbies and Collections.
8. Tax Return Analysis.
9. State Tax Returns.
10. Children's Tax Returns.

Chapter 10 – Valuing a Closely Held Business

After completing Chapter 10, you should comprehend the following:

1. Overview.
2. There is value, and then There is Value.
3. Business Structure.
4. Understand the Business and the Industry.

METHODS OF VALUATION

5. Revenue Ruling 59-60.
6. Revenue Ruling 68-609.
7. Industry Comparison: Price-to-Earnings Ratio.
8. Industry Comparison: Rules of Thumb.
9. Recent Sales.
10. Capitalization of Income.
11. Discounted Future Earnings (or Cash Flow).
12. Buy-Sell Agreement.
13. In-Place Value.
14. Liquidation Value.
15. Discounts.
16. Premiums.
17. Enhanced Earnings Power.
18. The Old Double Dip.
19. Validity of Attributing the Value of an Appreciated Separate Business to Inflation.
20. Revenue Ruling 59-60: Valuation of Stocks and Bonds.
21. Revenue Ruling 68-609: Valuation of Stocks and Bonds.

Chapter 11 – Taxes and Divorce

After completing Chapter 11, you should comprehend the following:

1. Overview.
2. Taxes and Divorce.

ALIMONY AND SUPPORT

3. General Overview.
4. Cessation at Death.
5. Electing out of Alimony.
6. Front Loading.
7. Income-Shifting Tax Planning.
8. Adjusted Gross Income.
9. State Tax Law.
10. Alimony Qualification Rules.

11. Front-Loading Rule Exceptions.
12. Child Support.
13. Changes Relating to a Child.
14. Dependency Exceptions.
15. Custodial versus Noncustodial Parent.
16. Multiple Support Agreements.
17. Filing Status.
18. Joint Returns.
19. Filing as Unmarried.
20. Deductibility of Legal Fees.
21. Child Care Credit.
22. Earned Income Credit.
23. Child Tax Credit.
24. Medical Deductions.
25. Allocating Tax and Refunds between Spouses.
26. Innocent Spouse.

PROPERTY DISTRIBUTIONS

27. General Overview.
28. Definitions.
29. Nonresident Alien Spouse.
30. Annulments.
31. Effective Dates.
32. Basis of Transferee.
33. Appreciated or Depreciated Property.
34. Annuity.
35. Jointly Owned Residence.
36. Installment Sales.
37. Liabilities Exceed Basis.
38. Supplying Information to Transferee.
39. Transfer of Basis under §1041 versus Nonspousal Gift Rules.
40. Taxability and Deductibility of Interest on Interspousal Buyouts.
41. Marital Residence.
42. Transfers and Redemption of Corporate Stock.
43. Passive Activity Loss Carryovers.
44. Equitable Distribution and Retirement Plans.
45. Alimony and Support Trusts
46. Effect of Deferred Taxes upon Equitable Distribution.
47. Taxes – Hypothetically Speaking.

Chapter 12 – The Final Stages

After completing Chapter 12, you should comprehend the following:

1. Introduction.
2. Working with the Opposing CPA.
3. Your Report.
4. The Opposition's Report.
5. Negotiations.
6. Court Testimony.

Chapter 13 – Postdivorce Services

After completing Chapter 13, you should comprehend the following:

1. Introduction.
2. Personal Budgeting.
3. Financial Management.
4. Tax Assistance and Preparation.
5. Remarriage.