REG Study Guide

Taxation and Regulation

Atlas CPA Index — 2026 Edition

Pass Rate: **67%** | Study Hours: **80-110** | Timeline: **8-10 weeks** | Type: **Core**

What This Section Tests

REG tests your knowledge of U.S. federal taxation for individuals, entities, and property transactions, along with business law fundamentals and professional ethics. It is the most frequently updated section due to annual tax law changes.

Exam Format

Duration	MCQs	TBS	MCQ Weight	TBS Weight
4 hours	72	8	50%	50%

Content Area Breakdown

Area	Content	Weighting
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	**23-33%**

Suggested Study Path

REG — 80-110 hours over 8-10 weeks at 15-20 hours/week

Recommended Topic Sequence

#	Topic	Rationale	Time
1	**Ethics & Business Law**	Easiest area — builds legal reasoning foundation and creates early momentum	**15%**
2	**Individual Taxation**	Form 1040 is the foundation for everything. Gross income, deductions, credits, AMT.	**25%**
3	**Property Transactions**	Study BEFORE entities — basis rules, gains/losses, like-kind exchanges carry directly into entity taxation	**20%**
4	**Entity Taxation**	Largest area. Partnership basis is the single most exam-ending topic. Builds on individual and property foundations.	**35%**
5	**OBBBA Provisions**	Testable as of July 1, 2026: no-tax-on-tips, overtime pay deductions, SALT cap increase, permanent TCJA provisions	**5%**

Study Dependencies

Individual taxation is the foundation — study it before property transactions and entities. Property transaction rules (basis, recognition, character) must be understood before entity taxation because the same concepts apply inside partnerships and corporations. Entity taxation comes last because it builds on both individual and property rules.

Hardest Topics — Allocate Extra Time

- Partnership basis (inside vs outside basis, special allocations)
- S-corporation basis and distribution ordering rules
- Like-kind exchanges (Section 1031)
- Consolidated returns
- Alternative Minimum Tax (AMT)

Weekly Study Timeline

Weeks	Phase	Focus Area
Weeks 1-2	Learning	Ethics, Circular 230, business law (contracts, agency, debtor-creditor)
Weeks 3-4	Learning	Individual taxation: gross income, deductions, credits, AMT
Weeks 5-6	Learning + Practice	Property transactions: basis, gains/losses, 1031 exchanges, depreciation
Weeks 7-9	Practice	Entity taxation: C-corps, S-corps, partnerships, tax-exempt orgs
Week 10	Final Review	OBBBA provisions, mock exams, partnership basis drills

Blueprint Update — July 1, 2026

The REG exam blueprint updated July 1, 2026 for One Big Beautiful Bill Act provisions, which are now testable. Testable content includes: no-tax-on-tips deduction, overtime pay deduction, SALT cap increase to $40,000 ($40,400 for 2026), permanent TCJA individual brackets and deductions, and 100% bonus depreciation restoration.

Topic Checklist & Practice Tracker

REG — Check off topics as you master them

Ethics & Federal Tax Procedures (10-20%)

- [ ] AICPA Statements on Standards for Tax Services
- [ ] Treasury Circular 230
- [ ] Tax return preparer penalties
- [ ] Taxpayer penalties and interest
- [ ] IRS audit and appeals process
- [ ] Statute of limitations

Business Law (15-25%)

- [ ] Contract formation and defenses
- [ ] Agency law
- [ ] Debtor-creditor relationships
- [ ] Federal securities regulation
- [ ] Business structure (formation, operation, termination)
- [ ] Employment tax (FICA, FUTA)

Property Transactions (5-15%)

- [ ] Basis of assets (cost, gift, inherited)
- [ ] Capital gains and losses (short-term vs long-term)
- [ ] Section 1231, 1245, 1250 property
- [ ] Like-kind exchanges (Section 1031)
- [ ] Involuntary conversions
- [ ] Depreciation and amortization (MACRS, Section 179, bonus)

Individual Taxation (22-32%)

- [ ] Filing status and dependents
- [ ] Gross income inclusions and exclusions
- [ ] Above-the-line and itemized deductions
- [ ] Standard deduction
- [ ] Tax credits (child tax, education, earned income)
- [ ] Alternative Minimum Tax
- [ ] Self-employment tax

Entity Taxation (23-33%)

- [ ] C corporation formation, income, deductions, distributions
- [ ] S corporation eligibility, basis, distributions
- [ ] Partnership formation, basis, allocations, distributions
- [ ] LLC tax treatment
- [ ] Tax-exempt organizations (501(c)(3) requirements)
- [ ] Consolidated tax returns

MCQ Score Tracker

Date	Content Area	Score %	Target %

TBS Practice Log

Date	Simulation Topic	Result

Exam Readiness Self-Assessment

- ☐ I score 70%+ consistently on REG MCQ sets
- ☐ I can complete a TBS within the time budget without hints
- ☐ I have reviewed all content areas at least twice
- ☐ I have taken at least one full-length mock exam
- ☐ I can explain the hardest topics without referencing notes

Study Tips & Resources

REG — Section-specific strategies

REG Study Tips

Tip 1

Use Form 1040 as a visual map. Know which line each deduction and credit appears on. When a question asks about a tax concept, mentally place it on the form to keep your reasoning organized.

Tip 2

Partnership basis is the #1 topic that separates passing from failing. Practice inside basis vs outside basis problems daily during your entity taxation phase. Draw T-accounts.

Tip 3

Business law is a memorization area in an otherwise logic-based exam. Use flashcards and study it early so you have time for spaced repetition.

Tip 4

For property transactions, create a decision tree: Is it Section 1231? 1245? 1250? Capital? Ordinary? Practicing the classification logic speeds up exam-day decisions.

Exam Day Time Management

Time per MCQ:	Time per TBS:	Exam Duration:
~1.5 minutes	**~16 minutes**	**4 hours**

REG has 72 MCQs and 8 TBS. Budget 108 minutes for MCQs and 128 minutes for TBS. Tax calculation MCQs can be fast if you know the rules — flag conceptual ones and come back.

Trusted Resources

- NASBA — nasba.org — Official exam info, score releases, state requirements
- AICPA — aicpa-cima.com — Exam blueprints, practice exams, ethics
- Your State Board — CPA requirements specific to your jurisdiction
- Atlas CPA Index — atlascpaindex.com — Compare all CPA review courses

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Disclaimer: This study path is a suggested sequence based on common candidate experiences, topic dependencies, and review course curricula. It is not endorsed by the AICPA or NASBA, and is not a guarantee of exam performance. Individual results depend on your preparation, background, and study effort. Pass rates and exam format reflect NASBA data as of early 2026 and are subject to change.