

**JEFFERSON COLLEGE**

**COURSE SYLLABUS**

**BUS246**

**TAX ACCOUNTING**

3 Credit Hours

Prepared by  
Cindy M. Rossi, Ph.D.  
March 30, 2013

Dr. Mary Beth Ottinger, Division Chair, Business & Technical Education  
Dr. Dena McCaffrey, Interim Dean, Career & Technical Education

## **BUS246 Tax Accounting**

### **I. CATALOG DESCRIPTION**

- A. Prerequisite: BUS 107 Bookkeeping or BUS240 Financial Accounting (pass with a “C” or better), Reading proficiency
- B. 3 Credit Hours
- C. Tax Accounting is a comprehensive course designed to study taxation of individuals including: introduction to taxation, basic individual taxation, business, and investment-related transaction and specialized topics (S).

### **II. EXPECTED LEARNING OUTCOMES / ASSESSMENT MEASURES**

|   |   |
|---|---|
| Describe the importance of tax compliance, the IRS and tax authorities                      | In-class exercises, discussions and projects  |
| Identify various tax planning strategies and the relative strengths and limitations of each | In-class exercises, discussions and projects  |
| Accurately compute individual income taxes and tax credits                                  | In-class exercises, discussions and projects. |
| Describe the relationships among business income, deductions, and accounting methods        | In-class exercises, discussions and projects  |
| Identify and describe the major business- and investment-related transactions               | In-class exercises, discussions and projects  |
| Describe retirement savings and deferred compensation                                       | In-class exercises, discussions and projects  |
| Identify the tax consequences of home ownership   | In-class exercises, discussions and projects  |
| Accurately describe the importance of tax research and planning                             | In-class exercises, discussions and projects  |

### **III. OUTLINE OF TOPICS**

- A. An Introduction to Tax Accounting
  1. Who cares about taxes and why?
  2. What qualifies as a tax?
  3. How to calculate a tax
  4. Different ways to measure tax rates
  5. Tax rate structures
  6. Types of taxes
  7. Evaluating alternative tax systems

- B. Tax Compliance, the IRS, and Tax Authorities
  - 1. Taxpayer filing requirements
  - 2. Statute of limitations
  - 3. IRS audit selection
  - 4. Tax law sources
  - 5. Tax research
  - 6. Tax professional responsibilities
  - 7. Taxpayer and tax practitioner penalties
  
- C. Tax Planning Strategies and Related Limitations
  - 1. Basic tax planning overview
  - 2. Income-shifting strategies
  - 3. Transactions between owners and their businesses and limitations
  - 4. Conversions strategies
  - 5. Additional limitations to tax planning strategies
  - 6. Tax avoidance versus tax evasion
  
- D. Individual Income Tax Overview
  - 1. The individual income tax formula
  - 2. Personal and dependency exemptions
  - 3. Filing status
  - 4. Summary of income tax formula
  
- E. Gross Income and Exclusions
  - 1. Realization and recognition
  - 2. Types of income
  - 3. Exclusion provisions
  
- F. Individual Deductions
  - 1. Deductions for AGI
  - 2. Deductions indirectly related to business
  - 3. Deductions subsidizing specific activities
  - 4. Deductions from AGI: itemized deductions
  - 5. Charitable contributions
  - 6. Casualty and theft losses on personal-use
  - 7. Miscellaneous itemized deductions subject to AGI floor
  - 8. The standard deduction and exemptions

- G. Individual Income Tax Computation and Tax Credit
  - 1. Regular federal income tax
  - 2. Alternative minimum tax
  - 3. Employment and self-employment taxes
  - 4. Tax credits
  - 5. Taxpayer prepayments and filing
  
- H. Business Income, Deductions, and Accounting Methods
  - 1. Business gross income
  - 2. Limitations on business deductions
  - 3. Specific business deductions
  - 4. Accounting periods
  - 5. Accounting methods
  - 6. Accrual deductions
  - 7. Comparison of accrual and cash methods
  - 8. Changing accounting methods
  
- I. Property Acquisition and Cost Recovery
  - 1. Cost recovery and basis for cost recovery
  - 2. Depreciation
  - 3. Amortization
  - 4. Patents and copyrights
  
- J. Property Dispositions
  - 1. Dispositions
  - 2. Character of gain or loss
  - 3. Depreciation recapture
  - 4. Provisions affecting the rate and which gains are taxed
  - 5. No recognition transactions
  - 6. Property use
  
- K. Investments
  - 1. Portfolio income: interest and dividends
  - 2. Portfolio income: capital gains
  - 3. Portfolio income: tax-exempt
  - 4. Portfolio income summary
  - 5. Portfolio investments expenses
  - 6. Passive activity income and losses

- L. Compensation
  - 1. Salary and wages
  - 2. Equity-based compensation
  - 3. Fringe benefits
  - 4. Tax planning with fringe benefits
  
- M. Retirement Savings and Deferred Compensation
  - 1. Employer-provided qualified plans
  - 2. Vesting
  - 3. Defined contribution plans
  - 4. Nonqualified deferred compensation
  - 5. Individually managed qualified retirement
  - 6. Individual retirement accounts
  - 7. Self-employed retirement accounts
  - 8. Saver's credit
  
- N. Tax Consequences of Home Ownership
  - 1. Personal use of the home rental use of the home
  - 2. Business use of the home

#### IV. METHOD(S) OF INSTRUCTION

- A. Lectures
- B. Class discussions
- C. In class exercises
- D. Projects

#### V. REQUIRED TEXTBOOK(S)

Spiker, Brian, Benjamin Ayers, John Robinson, Edmund Outslay, Ronald Worsham, and John Barrick. *Taxation of Individuals*. McGraw-Hill, 2013.

#### VI. REQUIRED MATERIALS

- A. Text Book
- B. Computer access
- C. Flash Drive

VII. SUPPLEMENTAL REFERENCES

Assigned current events for discussion

VIII. METHOD OF EVALUATION

|    |                               |                   |
|----|-------------------------------|-------------------|
| A. | Weekly Assignments/discussion | 140 points        |
| B. | Mid-Term Comprehensive        | 100 points        |
| C. | Final Comprehensive           | 100 points        |
| D. | Project                       | 200 points        |
| E. | Presentation                  | <u>100 points</u> |
|    | Total                         | 640 points        |

A = 576-640  
B = 512-575  
C = 448-511  
D = 384-447  
F = 383 and below

IX. ADA AA STATEMENT

Any student requiring special accommodations should inform the instructor and the Coordinator of Disability Support Services (Library phone 636-481-3169).

X. ACADEMIC HONESTY STATEMENT

All students are responsible for complying with campus policies as stated in the Student Handbook (see College website, <http://www.jeffco.edu>).

XI. ATTENDANCE STATEMENT

Regular and punctual attendance is expected of all students. Any one of these four options may result in the student being removed from the class and an administrative withdrawal being processed: (1) Student fails to begin class; (2) Student ceases participation for at least two consecutive weeks; (3) Student misses 15 percent or more of the coursework; and/or (4) Student misses 15 percent or more of the course as defined by the instructor. Students earn their financial aid by regularly attending and actively participating in their coursework. If a student does not actively participate, he/she may have to return financial aid funds. Consult the College Catalog or a Student Financial Services representative for more details.

## XII. OUTSIDE OF CLASS ACADEMICALLY RELATED ACTIVITIES

The U.S. Department of Education mandates that students be made aware of expectations regarding coursework to be completed outside the classroom. Students are expected to spend substantial time outside of class meetings engaging in academically related activities such as reading, studying, and completing assignments. Specifically, time spent on academically related activities outside of class combined with time spent in class meetings is expected to be a minimum of 37.5 hours over the duration of the term for each credit hour.