

**San José State University**  
**Lucas College of Business**  
**Accounting and Finance Department**

**Tax Factors of Business and Investment Decisions**  
**Business 123A – Section 3**  
**Spring 2016**

**Instructor:** Prof. Joel Busch

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**Office Hours:** Tuesdays and Thursdays – 5:00 p.m. to 6:00 p.m.  
and by appointment

**Class Days/Time:** T and Th - 3:00 p.m. to 4:15 p.m.

**Classroom:** BBC 107

**Prerequisites:** BUS 20 with a minimum grade of "C" and declared Accounting, Accounting Information Systems or Corporate Accounting Finance Major. Upper division standing. Lower Division Business Pool.

**Faculty Web Page and MYSJSU Messaging**

Course materials such as syllabus, handouts, PowerPoint slides, notes, assignment instructions, etc. may be found on the Canvas learning management system course website. You are responsible for regularly checking Canvas to learn of any course updates – including new messages, readings and assignments.

**Course Description**

Introductory course in taxation with emphasis on certain themes that pervade the federal income tax system and its impact on business. Property transactions, deferral techniques,

accounting periods, accounting methods and research techniques with an emphasis on C corporations.

## Course Requirements and Assignments

SJSU classes are designed such that in order to be successful, it is expected that students will spend a minimum of forty-five hours for each unit of credit (normally three hours per unit per week), including preparing for class, participating in course activities, completing assignments, and so on. More details about student workload can be found in University Policy S12-3 at <http://www.sjsu.edu/senate/docs/S12-3.pdf>.

University policy F69-24 at <http://www.sjsu.edu/senate/docs/F69-24.pdf> states, “Students should attend all meetings of their classes, not only because they are responsible for material discussed therein, but because active participation is frequently essential to insure maximum benefit for all members of the class. Attendance per se shall not be used as a criterion for grading.”

## Lucas College of Business Learning Goals:

### Goal One: Business Knowledge

Understand basic business principles and demonstrate discipline-specific competencies as applied to local and global environments.

### Goal Two: Communication

Communicate ideas clearly, logically, and persuasively in oral and written format, using technology appropriately.

### Goal Three: Ethical Awareness

Recognize, analyze, and articulate solutions to ethical issues that arise in business.

### Goal Four: Leadership, Teams and Diversity

Comprehend the challenges and opportunities of leading and working in diverse teams and environments.

### Goal Five: Critical Thinking

Comprehend, analyze, and critically evaluate complex and unstructured qualitative and quantitative business problems, using appropriate tools and technology.

### Goal Six: Innovation

Recognize, analyze, and articulate strategies for promoting creativity and innovation.

## LCoB Mission Statement

We are the *institution of opportunity* in *Silicon Valley*, educating future leaders through *experiential learning* and character development in a *global business community* and by conducting *research* that contributes to business theory, practice and education.

## Course Learning Outcomes (CLO)

Upon successful completion of this course, students will be able to:

CLO 1: Understand the legislative creation, judicial interpretation and administrative ruling processes and their interrelationships to Federal taxes

CLO 2: Recognize major sources of economic and financial accounting income and expense that are and are not includible as taxable income and tax-deductible expenses – including the public policy rationale behind the inclusion / exclusion of certain items for Federal tax purposes

CLO 3: Calculate taxable income and total tax liability for particular tax periods given certain applicable taxpayer items including property sales/exchanges/conversions, cost recovery allowances, alternative minimum tax, preferential tax rates and other items of taxable income and deductions

CLO 4: Detail the fundamental ethical issues surrounding the tax profession – including required and optional licensing requirements and knowing the difference between legal tax avoidance and illegal tax evasion

CLO 5: Explain the tax determination impacts between deductions and credits – including the detailed calculations and requirements of certain tax credits

CLO 6: Understand and apply Federal tax rules specific to subchapter C corporations – including corporate distributions

CLO 7: Prepare an intermediate-level corporate Federal income tax return

## Required Texts/Readings

### Textbook

You must have the required (current version) textbook (see below) for the course and bring it to class every session as many in-class questions and exercises will utilize the textbook materials. You may purchase and use either a (1) *hardcopy* textbook bundled with the CengageNOW system or (2) have the *electronic* version of the textbook bundled with CengageNOW. Some purchase options available for you include:

- 1) Purchase the ***hardcopy*** textbook bundle at the Spartan bookstore: South-Western Federal Taxation 2016: Essentials of Taxation: Individuals and Business Entities (with H&R Block @ Home™ CD-ROM and RIA CheckPoint® 6-month Printed Access Card), 19<sup>th</sup> edition + **CengageNOW Printed Access Card: ISBN 9781305777620**, or
- 2) ***Electronic-only*** version of the book: CengageNOW Printed Access Card with Ebook for Raabe/Maloney/Young/Smith/Nellen's South-Western Federal Taxation 2016: Essentials of Taxation: Individuals and Business Entities, 19th edition can be purchased through Cengage at the following URL:

<http://www.cengagebrain.com/shop/en/US/storefront/US?cmd=CLHeaderSearch&fieldValue=9781305664753>

**SPECIAL NOTE Regarding the Required CengageNow Online Program** – If you decide to purchase a hardcopy of the textbook **without** the CengageNow Online Access Card included (for

example, you purchase a used copy of the textbook), you must purchase the CengageNow Access Code (option #2 above) separately through Cengage.

## Library Liaison

Ann Agee is the library liaison. Her e-mail address is: [ann.agee@sjsu.edu](mailto:ann.agee@sjsu.edu)

## Course Requirements and Assignments

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**Homework:** Homework assignments are assigned throughout the course.

The primary purposes for the homework assignments are to assist you in understanding the course subjects and to prepare you for the exams.

All homework assignments must be taken and submitted using the online CengageNow system. Only with advanced consent of the instructor and under very limited circumstances may homework assignments be turned in other than through the CengageNOW online system. As such, **you are responsible for ensuring that you purchase the CengageNOW system in sufficient time before the first (and subsequent) assignments are due.**

You will receive your scores immediately after you complete each homework assignment. Unless instructed otherwise, you can re-take the assignment as many times as you need to up until the due date of the assignment until you reach a 100% score to receive full credit for the homework assignment. Homework scores with less than a 100% score and those turned in late are subject to point reductions. Late submissions of homework will only be allowed with consent by the instructor. If no consent is given by the instructor, your score for that particular homework assignment will be zero.

For some homework assignments where an alternative scoring system to that stated above is in place, an announcement will be made in class and/or posted on the Canvas website.

**Reading Assignments:** For the assigned pre-class readings "Chapter" and "Sections" refer to your textbook. Other supplemental reading assignments will be posted on Canvas and/or given out in class.

**Tax Return Project:** A tax return project is required for this course. This is an individual and not a group project. The project is designed to give students practical experience in preparing a Federal tax return. Online tax research may also be required. A substantial amount of points may be deducted for late submissions of the research project.

**Quizzes:** There are no in-class quizzes.

**Exams:** Three midterms and a final examination will be given. **Only one 8.5” x 11’ page of notes may be brought into the class for all examinations.** You may handwrite or type (or a combination thereof) your notes on both sides of the single page. No other materials may be utilized. You must use the calculator provided to you by the instructor unless prior arrangements are made.

All submitted exam answers will require the use of a Scantron form (Version 882-E)

**Grading Policy:** Course grades will be determined on the basis of total points earned in the class. Please see below for additional information on grading:

<b>CengageNow Homework</b>		
<b>Assignments (17)</b>	<b>170 points</b>	<b>(10 points each)</b>
<b>Tax Return Project</b>	<b>80 points</b>	
<b>Midterm Exams</b>	<b>200 points</b>	<b>(100 points each for the two highest)</b>
<b>Final Exam</b>	<b><u>150 points</u></b>	
<b>Total Possible Points</b>	<b>600 points</b>	

Because the lowest score of your three midterm exams are dropped, under almost all circumstances there are no make-up exams. On rare occasions and at my discretion, students may be allowed to make up an exam. Students must give advance notification with documentation in order for me to make a decision regarding a make-up exam. If an exam is missed without prior consent, the exam grade is zero under almost all circumstances. All exams must be taken on the scheduled date and time detailed on the assignment schedule unless approved in the advance by the instructor.

The final exam score cannot be dropped and must be taken.

Extra credit is not available for this course.

Grades will follow the pattern of 90% or higher for an A, 80% or higher for a B, 70% or higher for a C, etc. *Plus and minus* grades will be used for scores within two percentage points (rounded), of the grade breakpoint. I may lower the percentage required to earn a certain grade, however, I will not raise the percentage.

Note that “All students have the right, within a reasonable time, to know their academic scores, to review their grade-dependent work, and to be provided with explanations for the determination of their course grades.” See [University Policy F13-1](http://www.sjsu.edu/senate/docs/F13-1.pdf) at <http://www.sjsu.edu/senate/docs/F13-1.pdf> for more details.

**Class Participation:** While you are encouraged to ask or answer questions in class, points will not be awarded for class participation.

## **Classroom Protocol**

Attending class is very important as we will cover a substantial amount of material each session and some of the class material is not in the textbook. If you know you are unable to attend class in advance, you should contact me to help ensure that you are up to date on what was covered in class. In addition, you should contact another class member to obtain class notes.

You should do your best to be on time to class. If you are late to class, please minimize the disruption for other class members.

Please turn all cell phones off or place them on vibrate mode during class (phones must be completely turned off during exams).

## **University Policies**

### **General Expectations, Rights and Responsibilities of the Student**

As members of the academic community, students accept both the rights and responsibilities incumbent upon all members of the institution. Students are encouraged to familiarize themselves with SJSU's policies and practices pertaining to the procedures to follow if and when questions or concerns about a class arises. To learn important campus information, view University Policy S90-5 at <http://www.sjsu.edu/senate/docs/S90-5.pdf> and SJSU current semester's Policies and Procedures, at: <http://info.sjsu.edu/static/catalog/policies.html>. In general, it is recommended that students begin by seeking clarification or discussing concerns with their instructor. If such conversation is not possible, or if it does not address the issue, it is recommended that the student contact the Department Chair as the next step.

### **Dropping and Adding**

Students are responsible for understanding the policies and procedures about add/drops, grade forgiveness, etc. Refer to the current semester's Catalog Policies section at <http://info.sjsu.edu/static/catalog/policies.html>. Add/drop deadlines can be found on the current academic year calendars document on the Academic Calendars webpage at [http://www.sjsu.edu/provost/services/academic\\_calendars/](http://www.sjsu.edu/provost/services/academic_calendars/). The Late Drop Policy is available at <http://www.sjsu.edu/aars/policies/latedrops/policy/>. Students should be aware of the current deadlines and penalties for dropping classes.

Information about the latest changes and news is available at the Advising Hub at <http://www.sjsu.edu/advising/>.

### **Consent for Recording of Class and Public Sharing of Instructor Material**

University Policy S12-7, <http://www.sjsu.edu/senate/docs/S12-7.pdf>, requires students to obtain instructor's permission to record the course.

- Common courtesy and professional behavior dictate that you notify someone when you are recording him/her. You must obtain the instructor's permission to make audio or video recordings in this class. Such permission allows the recordings to be used for your

private, study purposes only. The recordings are the intellectual property of the instructor; you have not been given any rights to reproduce or distribute the material.

- In classes where active participation of students or guests may be on the recording, permission of those students or guests should be obtained as well.
- Course material developed by the instructor is the intellectual property of the instructor and cannot be shared publicly without his/her approval. You may not publicly share or upload instructor generated material for this course such as exam questions, lecture notes, or homework solutions without instructor consent.

### **Academic integrity**

Your commitment as a student to learning is evidenced by your enrollment at San Jose State University. The University Academic Integrity Policy S07-2 at <http://www.sjsu.edu/senate/docs/S07-2.pdf> requires you to be honest in all your academic course work. Faculty members are required to report all infractions to the office of Student Conduct and Ethical Development. The Student Conduct and Ethical Development website is available at <http://www.sjsu.edu/studentconduct/>.

Instances of academic dishonesty will not be tolerated. Cheating on exams or plagiarism (presenting the work of another as your own, or the use of another person's ideas without giving proper credit) may result in a failing grade and sanctions by the University. For this class, all assignments are to be completed by the individual student unless otherwise specified. If you would like to include your assignment or any material you have submitted, or plan to submit for another class, please note that SJSU's Academic Integrity Policy S07-2 requires approval of instructors.

### **Campus Policy in Compliance with the American Disabilities Act**

If you need course adaptations or accommodations because of a disability, or if you need to make special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. Presidential Directive 97-03 at [http://www.sjsu.edu/president/docs/directives/PD\\_1997-03.pdf](http://www.sjsu.edu/president/docs/directives/PD_1997-03.pdf) requires that students with disabilities requesting accommodations must register with the Accessible Education Center (AEC) at <http://www.sjsu.edu/aec> to establish a record of their disability.

### **Accommodation to Students' Religious Holidays**

San José State University shall provide accommodation on any graded class work or activities for students wishing to observe religious holidays when such observances require students to be absent from class. It is the responsibility of the student to inform the instructor, in writing, about such holidays before the add deadline at the start of each semester. If such holidays occur before the add deadline, the student must notify the instructor, in writing, at least three days before the date that he/she will be absent. It is the responsibility of the instructor to make every reasonable effort to honor the student request without penalty, and of the student to make up the work missed. See University Policy S14-7 at <http://www.sjsu.edu/senate/docs/S14-7.pdf>.

### **Jack Holland Student Success Center - Tutorial Center**

Highly qualified students are available to help you with specific classes. If you experience difficulty with the materials covered in this class, you may want to seek assistance from the Tutorial Center.

For details on hours, locations and additional information for the Tutorial Center see:

<http://www.sjsu.edu/lcobssc/tutoring/index.html>

### **SJSU Peer Connections**

Peer Connections' free tutoring and mentoring is designed to assist students in the development of their full academic potential and to inspire them to become independent learners. Peer Connections tutors are trained to provide content-based tutoring in many lower division courses (some upper division) as well as writing and study skills assistance. Small group and individual tutoring are available. Peer Connections mentors are trained to provide support and resources in navigating the college experience. This support includes assistance in learning strategies and techniques on how to be a successful student. Peer Connections has a learning commons, desktop computers, and success workshops on a wide variety of topics. For more information on services, hours, locations, or a list of current workshops, please visit [Peer Connections website](http://peerconnections.sjsu.edu) at <http://peerconnections.sjsu.edu> for more information.

### **SJSU Writing Center**

The SJSU Writing Center is located in Clark Hall, Suite 126. All Writing Specialists have gone through a rigorous hiring process, and they are well trained to assist all students at all levels within all disciplines to become better writers. In addition to one-on-one tutoring services, the Writing Center also offers workshops every semester on a variety of writing topics. To make an appointment or to refer to the numerous online resources offered through the Writing Center, visit the [Writing Center website](http://www.sjsu.edu/writingcenter) at <http://www.sjsu.edu/writingcenter>. For additional resources and updated information, follow the Writing Center on Twitter and become a fan of the SJSU Writing Center on Facebook. (Note: You need to have a QR Reader to scan this code.)



### **SJSU Counseling and Psychological Services**

The SJSU Counseling and Psychological Services is located on the corner of 7<sup>th</sup> Street and San Carlos in the new Student Wellness Center, Room 300B.

Professional psychologists, social workers, and counselors are available to provide confidential consultations on issues of student mental health, campus climate or psychological and academic issues on an individual, couple, or group basis. To schedule an appointment or learn more information, visit Counseling and Psychological Services website at <http://www.sjsu.edu/counseling>.



# Tax Factors of Business and Investment Decisions

## Bus. 123A – Section 3 – Spring 2016

**Tuesdays and Thursdays 3:00 p.m. to 4:15 p.m.**

(SCHEDULE IS SUBJECT TO CHANGE WITH FAIR NOTICE)

(Any changes will be announced in class and/or posted on Canvas)

### Course Schedule

Session	Date	Special Projects Due	Class Topic	Reading Due Before Class	Homework and Other Activities to Complete Before Class
1	1/28 Th		Introduction to course  Introduction to CengageNow  Introduction to Taxes	Section 1-1 (Structure of Taxes) Section 1-2 (Types of Taxes)	
2	2/2 T		Federal Tax Law Hierarchy  Gross Income	Section 1-3 (Introduction to Taxation of Business Entities)  Sections 2-1a through 2-1c (up to Trial Courts section on p. 2-11) Section 2-2c  Sections 4-1 through 4-2	1) Register for CengageNow  2) Register your online account with CengageBrain
3	2/4 Th		Gross Income (Continued)	Sections 4-3 through 4-5 ( <i>skip</i> Sections 4-5a, 4-5d)	CengageNow Assignment #1
4	2/9 T		Business Deductions	Sections 5-1 through 5-4	CengageNow Assignment #2
5	2/11 Th		Business Deductions (Continued)	Section 5-6a to 5-6b Sections 5-7a to 5-7i Section 5-8g	CengageNow Assignment #3
6	2/16 T		Losses and Loss Limitations	Sections 6-1 through 6-2	CengageNow Assignment #4

Session	Date	Special Projects Due	Class Topic	Reading Due Before Class	Homework and Other Activities to Complete Before Class
7	2/18 Th		Losses and Loss Limitations	Sections 6-3 through 6-4 (Skip Section 6-3e)	CengageNow Assignment #5
8	2/23 T		Ethics; Introduction to Special Tax Forms; Representation of Clients and the Tax Profession	Section 1-4a & Supplemental Reading Posted on Canvas	
9	2/25 Th		Exam #1 Review		Cengage Now Assignment #6
10	3/1 T		<b>Exam #1 Chapters 1, 2, 4, 5 &amp; 6 &amp; on Supplemental Readings</b>		
11	3/3 Th		Property Transactions – General Basis Rules and Gains/Losses	Sections 7-1 through 7-2	
12	3/8 T		Property Transactions – Nontaxable Exchanges and Conversions	Sections 7-3 through 7-5 (Skip Section 7-6)	CengageNow Assignment #7
13	3/10 Th		Property Transactions	Sections 8-1 to 8-5a	CengageNow Assignment #8
14	3/15 T		Property Transactions	Sections 8-6 through 8-9	CengageNow Assignment #9
15	3/17 Th		Property Transactions	Sections 8-10 through 8-11	CengageNow Assignment #10
16	3/22 T		Exam #2: Review		CengageNow Assignment #11
17	3/24 Th		<b>Exam #2: Chapters 7 &amp; 8</b>		
	3/29 & 3/31		Spring Break – No Class		
18	4/5 T		Taxation of C Corporations	Section 12-1	

Session	Date	Special Projects Due	Class Topic	Reading Due Before Class	Homework and Other Activities to Complete Before Class
19	4/7 Th		Taxation of C Corporations (Continued)	Section 12-2 to 12-3	
20	4/12 T		Taxation of C Corporations (Continued)	Sections 12-4 through 12-5 & Supplemental Reading on C Corporation Return Due Date	
21	4/14 Th	<b>Tax Return Project Due</b>	Corporations: E&P and Dividends	Sections 13-1 through 13-2	
22	4/19 T		Corporations: E&P and Dividends (Continued)	Sections 13-3 through 13-5	CengageNow Assignment #12
23	4/21 Th		Corporations: E&P and Dividends (Continued)	Sections 13-6 through 13-8	CengageNow Assignment #13
24	4/26 T		Exam #3 Review		CengageNow Assignment #14
25	4/28 Th		<b>Exam #3 Chapters 12, 13 &amp; Supplemental Reading</b>		
26	5/3 T		Business Tax Credits	Section 17-1a; 17-1c & 17-1i	
27	5/5 Th		Alternative Minimum Tax	Section 17-2 (focus on Sections 17-2f and 17-2g; skim rest of Section 17-2)	CengageNow Assignment #15
28	5/10 T		Overview of Comparison of Forms of Business Entities	Sections 18-1 through 18-5c (skip sections 18-3b and 18-3c) & Supplemental Reading	CengageNow Assignment #16
29	5/12 Th		Final Exam Review		CengageNow Assignment #17
30	<b>5/23 Mon.</b>	<b>2:45 to 5:00 pm</b>	<b>Final Exam: Cumulative</b>		