San José State University

Lucas College of Business
Accounting and Finance Department

Tax Factors of Business and Investment Decisions
Business 123A – Section 1
Fall 2017

Instructor:	Prof. Joel Busch
Office Location:	Business Tower 861
Telephone:	(408) 924-3494
Email:	Via **Canvas** Email
Office Hours:	Tuesdays and Thursdays – 5:00 p.m. to 6:00 p.m. and by appointment
Class Days/Time:	T and Th - 1:30 p.m. to 2:45 p.m.
Classroom:	BBC 106
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.

Canvas Course Website

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 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 and exchanges, 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

CLO 8: Understand various ethical and legal impositions on tax professionals and their work product

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, graded quizzes and exercises will utilize the textbook materials.

Available at the SJSU bookstore:

> [Option #1] A **loose-leaf** version of the textbook (with the REQUIRED LMS version of the CengageNow online homework system) - Raabe/Young/Nellen/Maloney's South-Western Federal Taxation **2018: Essentials of Taxation: Individuals and Business Entities, 21st edition** can be purchased at the SJSU bookstore ***ISBN: 9781337588218,*** or
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> [Option #2] An ***electronic-only*** version of the textbook: Raabe/Young/Nellen/Maloney's South-Western Federal Taxation **2018: Essentials of Taxation: Individuals and**

Business Entities, 21st edition (with the REQUIRED LMS version of the CengageNow online homework system) can be purchased at the SJSU bookstore ***ISBN: 9781337390170***.

SPECIAL NOTE (VERY IMPORTANT) Regarding the Required CengageNow Online System – 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 SJSU bookstore.

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 normally 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.

Group Tax Return Project: A tax return project is required for this course. This is 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. **You must work only with your group members on this project.** The project must be submitted both electronically (via e-mail) and in printed form by the beginning of class on the assigned due date.

Quizzes: There will be six (6) in-class quizzes during the semester. The four highest quiz scores during the semester will be counted. Unlike the exams, the quizzes will be open book. Unless stated otherwise, quiz exam answers will require the use of a Scantron form (Version 882-E). As such, you must have a Scantron form for every class session in the event a quiz is administered that day. **No quiz work is to be completed after the quiz period has ended. Any student undertaking quiz work (including filling-in scantron boxes) after the quiz period has ended**

is subject to a zero score for the quiz and additional disciplinary actions pursuant to University policies.

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. **No exam work is to be completed after the examination period has ended. Any student undertaking exam work (including filling-in scantron boxes) after the exam period has ended is subject to a zero score for the exam and additional disciplinary actions pursuant to University policies.**

Unless stated otherwise, 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:

CengageNow Homework		
Assignments (17)	**170 points**	**(10 points each)**
Quizzes	**60 points**	**(15 points each for the four highest)**
Group Tax Return Project	**70 points**	
Midterm Exams	**200 points**	**(100 points each for the two highest)**
Final Exam	**150 points**	
Total Possible Points	**650 points**	

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 (for example, 92% for an A- grade). I may lower the percentage required to earn a certain grade, however, I will not raise the percentage.

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

Classroom Protocol

Lucas College and Graduate School of Business: Program Goals and Class room policy: http://www.sjsu.edu/cob/Students/policies/index.html

University Policies

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs' Syllabus Information web page at: http://www.sjsu.edu/gup/syllabusinfo

Success in this course is based on the expectation that students will spend, for each unit of credit, a minimum of 45 hours over the length of the course (normally 3 hours per unit per week with 1 of the hours used for lecture) for instruction or preparation/studying or course related activities including but not limited to internships, labs, clinical practica. Other course structures will have equivalent workload expectations as described in the syllabus.

Lucas College and Graduate School of Business:
Mission: 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.

Tax Factors of Business and Investment Decisions

Bus. 123A – Section 1 – Fall 2017

Tuesdays and Thursdays 1:30 p.m. to 2:45 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	8/24 Th		Introduction to course Introduction to CengageNow Introduction to Taxes	Section 1-1 (Structure of Taxes) Section 1-2 (Types of Taxes)	
2	8/29 T		Introduction to Different Types of Business Entities Federal Tax Law Hierarchy Gross Income	Section 1-3 (Introduction to Comparison of Taxation of Business Entities) Sections 2-1a through 2-1c (up to Appellate Courts section) Sections 4-1 through 4-2	1) Register for CengageNow 2) Register your online account with CengageBrain
3	8/31 Th		Gross Income – Periods and Methods	Sections 4-3 through 4-5 (*skip* Section 4-5f)	
4	9/5 T		Business Deductions	Sections 5-1 through 5-3	CengageNow Assignment #1
5	9/7 Th		Business Deductions (Continued)	Sections 5-6 and 5-7	CengageNow Assignment #2

Session	Date	Special Projects Due	Class Topic	Reading Due Before Class	Homework and Other Activities to Complete Before Class
6	9/12 T		Business Deductions (Continued) – Including Meals and Entertainment, Club Dues and Business Gifts	Sections 5-8a through 5-8j; Section 5-9; Sect. 5-11 (Exhibits 5.4; 5.5; 5.6 and 5.7]; Sect. 11-3f	CengageNow Assignment #3
7	9/14 Th		Losses and Loss Limitations	Sections 6-1; 6-2a (*Skip* Section 6-2b); 6-3a through 6-3d and 6-4	CengageNow Assignment #4
8	9/19 T		Ethics; Introduction to Special Tax Forms; Representation of Clients and the Tax Profession	Section 1-4a & Supplemental Reading Posted on Canvas	CengageNow Assignment #5
9	9/21 Th		Exam #1 Review		Cengage Now Assignment #6
10	9/26 T		**Exam #1** **Chapters 1, 2, 4, 5, 6 & 11 and on Supplemental Readings and Topics**		
11	9/28 Th		Property Transactions – General Basis Rules and Gains/Losses	Sections 7-1 through 7-2 (Skip Sections 7-2b and 7-2c)	
12	10/3 T		Property Transactions – §1031 Like-Kind Exchanges	Sections 7-3 through 7-4 & Supplemental Reading on CengageBrain.com's Digging Deeper on *Deferred Like-Kind Exchanges* (Sect. 7-4b) (Skip Sections 7-5 and 7-6)	CengageNow Assignment #7
13	10/5 Th		Property Transactions	Sections 8-1 through 8-6 (Skip IRC §1237 real property subdivided for sale in Sect. 8-2b; Skip Sect. 8-3a; Skip Gifts and Inherited Property in Sect. 8-4b)	CengageNow Assignment #8
14	10/10 T		Property Transactions	Sections 8-7 through 8-9	CengageNow Assignment #9

Session	Date	Special Projects Due	Class Topic	Reading Due Before Class	Homework and Other Activities to Complete Before Class
15	10/12 Th		Property Transactions	Sections 8-10 through 8-11	CengageNow Assignment #10
16	10/17 T		Best Office Practices and Research Techniques; Affordable Care Act's Employer Mandate	Section 2-2 and Supplemental Reading	CengageNow Assignment #11
17	10/19 Th		**Exam #2 Review**		
18	10/24 T		**Exam #2 Chapters 2 (Sect. 2-2), 7, 8 & on Supplemental Readings and Topics**		
19	10/26 Th		Taxation of C Corporations	Sections 12-1 through 12-3	
20	10/31 T		Taxation of C Corporations (Continued)	Sections 12-4 through 12-5e	CengageNow Assignment #12
21	11/2 Th		Corporations: E&P and Dividends	Sections 13-1 through 13-2	CengageNow Assignment #13
22	11/7 T		Corporations: E&P and Dividends (Continued)	Sections 13-3 through 13-5	
23	11/9 Th		Corporations: E&P and Dividends (Continued)	Sections 13-6 through 13-8	
24	11/14 T	**Tax Return Project Due**	Exam #3 Review		
25	11/16 Th		**Exam #3 Chapters 12, 13 & Supplemental Reading and Topics**		
26	11/21 T		Business Tax Credits; R&D expenditures	Sections 5-4; 17-1a; 17-1c; 17-1d, 17-1f & 17-1i	
	11/23 Th		No Class – Thanksgiving		

Session	Date	Special Projects Due	Class Topic	Reading Due Before Class	Homework and Other Activities to Complete Before Class
27	11/28 T		Corporate Alternative Minimum Tax (AMT)	Section 17-2 (*Skip* Pollution Control Facilities; Circulation Expenditures; Long-Term Contracts and Passive Activity Losses in Sect. 17-2c; *Skip* Excess Percentage Depletion and Excess Intangible Drilling Costs in Sect. 17-2d; *Skip* Sections 17-2e and 17-2f)	CengageNow Assignment #14
28	11/30 Th		Employee vs. Independent Contractor; Self-Employment and Payroll Taxes	Sections 1-2b and 11-1; Supplemental Reading	CengageNow Assignment #15
29	12/5 T		Comparison of Forms of Business Entities	Section 14-1 (skip 14-1d); 14-2a; 14-2b (Services only);14-5; 15-1; 15-2a and Supplemental Reading	CengageNow Assignment #16
30	12/7 Th		Final Exam Review		CengageNow Assignment #17
31	12/19 T	**12:15 to 2:30 pm**	**Final Exam: Cumulative**		