

San José State University

Lucas College and Graduate School of Business - Accounting and Finance Department

Tax Factors of Business and Investment Decisions: Theory and Practice Business 220G Summer 2017

Instructor:	Prof. Joel Busch
Office Location:	Business Tower 861
Telephone:	(408) 924-3494
Email:	Via <u>Canvas</u> Email
Office Hours:	Fridays (7/21 and 7/28) 2:30 p.m. to 4:30 p.m.; Th. (8/3): 2:00 p.m. to 5:00 p.m.; and by appointment
Class Days/Time:	M,T,Th and F 9:00 a.m. to 1:15 p.m.
Classroom:	BBC 003
Prerequisites:	MSA classified standing

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.

MSA Program Learning Goals:

Goal One: Financial Reporting and Interpretation: To understand and apply accounting processes and principles in the preparation and interpretation of financial reports within the context of a complex business environment.

Goal Two: Federal Income Tax Law: To understand and apply basic rules of the federal income tax laws.

Goal Three: Technology and Internal Controls: To understand information technology and internal control processes and their role in financial and managerial reporting.

Goal Four: Conceptual and Analytical Skills: To develop conceptual and analytical skills with real world applications.

Goal Five: Oral and Written Communication: To learn effective oral and written communication skills in a context of conducting research and to learn effective leadership skills.

Goal Six: Legal and Ethical Implications of Accounting Practice: To understand the legal and ethical implications of accounting practice perspectives as well as the need to address legal discourse and the particulars of legal requirements, restraints, and uncertainty.

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.

Some of the lower-priced purchase options available for you include:

- 1) A **loose-leaf** version of the textbook (with the REQUIRED LMS version of the CengageNow online homework system) - Raabe/Maloney/Young/Smith/Nellen's South- Western Federal Taxation 2017: Essentials of Taxation: Individuals and Business Entities, 20th edition can be found at the Cengage website [the first option]: <http://www.cengagebrain.com/shop/isbn/9781337359061>, or
- 2) An **electronic-only** version of the textbook: Raabe/Maloney/Young/Smith/Nellen's South-Western Federal Taxation 2017: Essentials of Taxation: Individuals and Business Entities, 20th edition (with the REQUIRED LMS version of the CengageNow online homework system) can be purchased through Cengage at <http://www.cengagebrain.com> at use the following ISBN: 978-1-305-87498-5 [the second option]:
- 3) Alternatively, the **loose-leaf** version of the textbook noted in option #1 above may be purchased at the SJSU bookstore.

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 Cengage.

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 Project: A group project is required for this course. The project is designed to give students practical experience in preparing a Federal tax return. Online tax research may also be required.

Quizzes: There will be three (3) in-class quizzes during the course. The two highest quiz scores during the course 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: One midterm 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)	85 points	(5 points each)
Quizzes	40 points	(20 points each for the two highest)
Group Project	35 points	
Midterm Exam	90 points	
Final Exam	<u>100 points</u>	
Total Possible Points	350 points	

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.

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](http://www.sjsu.edu/gup/syllabusinfo) at:
<http://www.sjsu.edu/gup/syllabusinfo>

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: Theory and Practice

Bus. 220G

M,T,Th and F 9:00 a.m. to 1:15 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 Topics	Reading Due <u>Before</u> Class	Homework and Other Activities to Complete <u>Before</u> Class
1	7/20 Th		Introduction to course Introduction to CengageNow Introduction to Taxes Introduction to Different Types of Business Entities Federal Tax Law Hierarchy Gross Income Gross Income – Periods and Methods	Section 1-1 (Structure of Taxes) <i>Skim</i> Section 1-2 (Types of Taxes) 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 4-5 (<i>skip</i> Section 4-5f)	1) Register for CengageNow 2) Register your online account with CengageBrain
2	7/21 Fri.		Business Deductions - Including Meals and Entertainment, Club Dues and Business Gifts	Sections 5-1 through 5-4; 5-6 and 5-7; 5-8a through 5-8i; Section 5-9; Sect. 11-3f	

3	7/24 Mon.		<p>Losses and Loss Limitations</p> <p>Property Transactions – General Basis Rules and Gains/Losses</p>	<p>Sections 6-1; 6-2a (<i>Skip</i> Section 6-2b); 6-3a through 6-3d and 6-4</p> <p>Sections 7-1 through 7-2 (<i>Skip</i> Sections 7-2b and 7-2c)</p>	CengageNow Assignment Nos. 1, 2 & 3
4	7/25 Tues.		<p>Property Transactions (Cont.) – Incl. §1031 Like-Kind Exchanges</p> <p>Midterm Exam Review</p>	<p>Sections 7-1 through 7-2 (<i>Skip</i> Sections 7-2b and 7-2c); Sections 7-3 through 7-4 & Supplemental Reading on CengageBrain.com's Digging Deeper on <i>Deferred Like-Kind Exchanges</i> (Sect. 7-4b)</p> <p>[<i>Skip</i> Sections 7-5 and 7-6]</p>	CengageNow Assignment Nos. 4, 5 & 6
5	7/27 Th.		<p>Midterm Exam</p> <p>Property Transactions (Cont.)</p>	<p>Sections 8-1 through 8-6 (<i>Skip</i> IRC §1237 real property subdivided for sale in Sect. 8-2b; <i>Skip</i> Sect. 8-3a)</p>	
6	7/28 Fri.		<p>Property Transactions (Cont.)</p> <p>Ethics; Introduction to Special Tax Forms; Representation of Clients; Requirements to Legally Prepare a Tax Return for Compensation and Careers within the Tax Profession</p>	<p>Sections 8-7 through 8-11</p> <p>Section 1-4a & Supplemental Reading Posted on Canvas</p>	CengageNow Assignment Nos. 8 and 9

7	7/31 Mon.		Taxation of C Corporations	Sections 12-1 through 12-5e	CengageNow Assignment Nos. 10 and 11
8	8/1 Tu.		Taxation of C Corporations (Continued); Corporate Earnings and Profits (E&P)	Sections 13-1 through 13-8	CengageNow Assignment Nos. 12 & 13
9	8/3 Th.	Group Project Due	Business Tax Credits Corporate Alternative Minimum Tax (AMT) Employee vs. Independent Contractor; Self-Employment and Payroll Taxes; Final Exam Review	Sections 1-2b; 11-1; 17-1a; 17-1c; 17-d & 17-1i; 17-2 (focus on Sections 17-2f and 17-2g; skim rest of Section 17-2) and Supplemental Reading	CengageNow Assignment Nos. 14 & 15
10	8/4 Fri.		Useful and Practical Tax Research Techniques Best Office Practices Final Exam: Cumulative	Supplemental Reading Posted on Canvas	CengageNow Assignment Nos. 16-17