

TAX POLICY CAPSTONE
Business 223H – Summer 2016
Syllabus
(subject to change with advance notice)
Professors Fred Foldvary and Annette Nellen

Thursdays, Saturday	Thursdays, June 23 to August 11; 6 – 10 pm Saturday, July 9; 8:30 am to 4:30 pm
Office hours	20 minutes before and after class AND by appointment + available by email
Office	Office hours to be held at Bunker Hill (unless scheduled by appointment). On campus offices Foldvary – Clark Hall 140 Nellen - Business Tower 955
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Catalog description: Capstone course that examines the principles and policies that underlie and shape tax systems and rules. Students gain a broader perspective of the tax law beyond its technical application, and learn how tax, economic, social and environmental policies interact. Prerequisites: BUS 223A, BUS 223F, BUS 223G

Course objectives:

- To gain an understanding of tax system and tax rules through consideration of the tax principles and policies that underlie and shape them.
- To be able to explain and apply principles of good tax policy to existing tax rules and proposals for change. This will require knowing how to understand a rule or proposal and understanding principles of good tax policy and the principles that underlie the design of different types of taxes.
- To review skills and knowledge gained from other MST courses by considering the policies and principles involved in those topic area.
- To expand tax research skills to know how to learn the history and policies underlying particular rules.
- To complete a capstone project related to prior materials covered in the MST program that applies the research, critical analysis skills and principles and policies covered in this class.

Class preparation and study materials

- Internal Revenue Code*
- Income Tax Regulations*
- Reading and online materials assembled by your professors and available in on the Canvas website or noted on the syllabus (below), along with podcasts, videos and other materials:

<https://sjsu.instructure.com/> (then link to 223H)

* You can obtain the provisions you need from RIA Checkpoint or CCH.

Grading

Online quizzes (best 5 of 6 quiz scores)	50
Homework assignments*	100
Capstone project**	150
Final exam	<u>100</u>
Total	400

Grades will be assigned based on 90% and above is an A, 80% and above a B and 70% and above is a C, etc. Plus and minus (+/-) will be used as well (for example, 88% and 89% = B+ and 90% and 91% = A-).

* Will be posted to the Canvas website.

** Details of the Capstone Project will be discussed in class and then posted to Canvas site.

Reading and Assignment Due Dates

- See the 223H Canvas website for the reading, quizzes and other course materials. Be sure to read the materials before class – that is how you will get the most out of this course.
- You will get more out of this course if you participate in class and group discussions. You should also find ways to engage with the materials outside of class – discuss them with colleagues; consider forming a study group with some classmates.
- Take your time on the research questions and capstone project. You will not get much out of this work if you rush. The purpose of the project is to use the skills and knowledge gained from your MST Program and analyze a tax rule or issue of interest to you. A portion of your project can be published in the SJSU MST Journal if you'd like and it meets the publications standards and editing.

	Date	Topics	Readings
1	June 23 <ul style="list-style-type: none"> ▪ Assignment due for first class (emailed June 9) ▪ Quiz 1 – complete before class starts (posted on Canvas) 	<p>Introduction to Tax Policy Capstone Course [combined]</p> <ul style="list-style-type: none"> • Introductions • Purpose / what does “capstone” mean? • What is “tax policy”? • Review course, expectations, capstone project, sign up for presentation topic • Types of taxes and underlying policies - Intro • Review assignment and quiz due today • Select hearing – July 9 presentation <p>Practice Analysis – Technical and Policy [A/B]¹</p> <ul style="list-style-type: none"> • Tax policies covered in MST courses • Tax policies in interpreting the tax law • Tax policy and residential real estate – discussion of 4/25/13 hearing of the House Ways & Means Committee - technical rules and policy implications • In-class group activity <p>Review of Economics [B/A]</p> <ul style="list-style-type: none"> • Macro and micro • Supply and demand • Inelasticity of demand • Imputed rental value of housing and why it is income • Economic efficiency • Economic inefficiency / excess burden • Externalities – positive and negative • Spillover effects • Deadweight loss • Others • How an economist views and analyzes taxes • Analysis of 4/25/13 hearing information and JCT report from economic perspective • In-class group activity 	<ol style="list-style-type: none"> 1. Overview of the Federal Tax System as in Effect in 2016 (JCT; May 2016) 2. Process for making tax policy (article by Solomon) - link takes you to article on King Library site. 3. Deadweight loss article by William C. Spaulding 4. Tax and residential real estate – read/skim following and complete the assignment emailed to you before class that is due Day 1 of class <ol style="list-style-type: none"> a. House Ways & Means Committee hearing of 4/25/13 b. Joint Committee on Taxation report (X-10-13) for the hearing c. Loss on Sale of a Residence (article on Canvas in the “Readings” module) 5. Review any two of the tax policy analysis articles posted here - http://www.sjsumstjournal.com/Focus_on_Tax_Policy.php

¹ A refers to Section 1 class and B refers to section 2. The section number (1 or 2) should be reflected on MySJSU registration. It will be clarified on June 23 so you know which classroom to be in. The instructors and assignments are the same for each section, although the sequence of some topics will vary.

<p>2 and 3</p>	<p>June 30 and July 7</p> <p>Check assignment module on Canvas to see if anything due</p>	<p>Capstone Project Consultation</p> <p>Students meet individually with MST tutor Bill Abel throughout tonight’s class.</p> <p>Land Taxation [A – June 30 / B – July 7]</p> <ul style="list-style-type: none"> - What type of tax is involved? - Economic theories of taxing land - How we tax land today <p>Principles of Good Tax Policy and Understanding Taxes from Another Angle [B – June 30 / A – July 7]</p> <ul style="list-style-type: none"> - Why do we have taxes? - Ways to describe a tax base / types of taxes (broad categories) - Principles of good tax policy – GAO, NCSL, AICPA, others - Relevance to understanding taxes in practice - Analyzing a legislative proposal from technical and policy perspectives – practice - Introduction to tax expenditures 	<p>Land taxation readings</p> <ul style="list-style-type: none"> ▪ The Ultimate Tax Reform: Public Revenue from Land Rent ▪ Gains from Untaxing Work, Trade and Capital by Uptaxing Land ▪ The Avoidable Excess Burden of Broad - Based U.S. Taxes ▪ Financing Public Capital through Land Rent Taxation: A Macroeconomic Henry George Theorem ▪ The Henry George Theorem <p>Principles/Understanding readings</p> <ul style="list-style-type: none"> ▪ Policy approach to tax reform – also read the AICPA and NCSL documents (links in article) ▪ Why do we have taxes – video lecture and ppt on Canvas + Oakland/Testa article ▪ GAO, Tax Expenditures: Background and Evaluation Criteria and Questions (2013), pages ii, 3-5, 8-31 ▪ SFC, Comprehensive Tax Reform for 2015 and beyond, pages 71-78, 149 – 161, 164-172 ▪ Canvas readings <ul style="list-style-type: none"> ○ NOL carryovers ○ State tax deduction ○ Capital losses carryover limitation
<p>4 & 5</p>	<p>July 9 (2 sessions)</p> <p>8:30 am – 4:30 pm</p> <p>Check assignment module on Canvas to see if anything due in addition to presentation</p>	<p>Morning: [A and B in separate rooms]</p> <ul style="list-style-type: none"> ▪ Presentations - tax reform hearing you selected on Day 1 ▪ Review of prior discussions and presentations <p>Afternoon: [combined]</p> <ul style="list-style-type: none"> ▪ Federal tax reform – why and what; how to analyze ▪ Who affects tax policy ▪ Practice analyzing a proposal 	<p>Readings and video lectures on Canvas (tax reform reasons, proposals, Camp proposals including §163(h))</p>

6	<p>July 14</p> <p>Check assignment module on Canvas to see if anything due</p>	<p>Finding and using data for your projects – Economic considerations [A / B]</p> <p>Application of principles of good tax policy – practice/discussion + Finding the history of tax provisions [B / A]</p> <p>Discuss your project with a classmate</p>	<p>See Canvas</p>
7 & 8	<p>July 21 and 28</p> <p>Check assignment module on Canvas to see if anything due</p>	<p>Pigouvian Taxes and Emission Taxes [A – July 21 / B – July 28]</p> <p>Corporate Integration [B – July 21 / A – July 28]</p>	<p>Pigouvian Taxes and Emission Taxes</p> <ul style="list-style-type: none"> • The green tax shift (Foldvary) • An Emissions Plan Conservatives Could Warm To • One Answer to Global Warming: A New Tax (Mankiw) • Green Taxation (Nellen) • Policy Considerations of a Carbon Tax (Nellen) <p>Corporate Integration</p> <ul style="list-style-type: none"> • JCT, Overview Of Approaches To Corporate Integration (2016) • SFC, Comprehensive Tax Reform for 2015 and beyond, pages 125 – 139, 161 - 164 • Senator Hatch report on corporate integration (forthcoming)

9	<p>August 4</p> <p>MST Program Assessment – Online quiz</p> <p>Check assignment module on Canvas to see if anything due</p>	<p>Review of MST Program Assessment Quiz [combined]</p> <p>Federal Tax Reform [combined]</p> <ul style="list-style-type: none"> • Economic considerations • Consumption taxes • Obstacles <p>California, State and Multistate Tax Reform [combined]</p> <ul style="list-style-type: none"> • California tax weaknesses • Frequent state tax reform proposals • Analyzing proposals 	<p>Tax and national debt - http://www.mygovcost.org/</p> <p>Europe's Fatal Affair with VAT</p> <p>California and state – see videos and readings on Canvas</p>
10	<p>August 11</p> <p>Project due</p>	<p>Presentations about your project</p> <p>Final Exam</p> <p>[A – Nellen / B – Foldvary]</p>	

MST Program Learning Objectives

Upon completion of the program, students will be able to achieve these:

1. To identify, understand and resolve complex and multijurisdictional tax issues within the context of our global economy and society.
2. To learn and acquire research skills for exploring both familiar and novel areas of the tax law and to communicate the findings using clear terms.
3. To develop conceptual and critical analytic skills with real world applications.
4. To appreciate tax policy issues and foundations of the tax law.
5. To understand the ethical implications of tax practice.
6. To develop skills for effective tax practice including keeping current, interacting with others, and career advancement.

University Policies

Academic integrity

Students are expected to be familiar with the University's Academic Integrity Policy. Your own commitment to learning, as evidenced by your enrollment at San José State University, and the University's Academic Integrity Policy 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 policy on academic integrity and other resources related to student conduct can be found at <http://www.sjsu.edu/gup/syllabusinfo/#AcademicIntegrity>.

All work you do must be your own work. If your work includes anything you are representing as your own which is not your own, you will receive zero points for the assignment and a referral to Judicial Affairs will be required. Be sure to read the SJSU Academic Integrity Policy and do the right thing. When in doubt, ask your instructor.

Do not discuss quiz questions or answers with classmates. You are all taking these quizzes at different times because they are online and are taken within a window rather than at a set time.

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 requires that students with disabilities requesting accommodations must register with the DRC (Disability Resource Center) to establish a record of their disability. Special accommodations for exams require ample notice to the testing office and must be submitted to the instructor well in advance of the exam date.

Other University Policies of Relevance to Coursework - <http://www.sjsu.edu/gup/syllabusinfo/>