

# 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 2018

<b>Instructor:</b>	Prof. Joel Busch
<b>Office Location:</b>	Business Tower 861
<b>Telephone:</b>	(408) 924-3494
<b>Email:</b>	Via <b>Canvas</b> Email
<b>Office Hours:</b>	Fridays 2:30 p.m. to 5:30 p.m and by appointment
<b>Class Days/Time:</b>	M,T,Th and F 9:00 a.m. to 1:30 p.m.
<b>Classroom:</b>	BBC 003
<b>Prerequisites:</b>	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:**

Introduces essentials of tax research methodology, focusing on taxation of corporations and shareholders. Includes taxation of property transactions, deferral techniques, accounting periods, and accounting methods.

## **MSA Program Learning Goals:**

### **Goal One: Accounting Concepts**

Apply accounting, auditing, and tax principles within the context of a complex business environment.

### **Goal Two: Technology and Internal Controls**

Evaluate information technology and internal control processes and their role in financial and managerial reporting.

### **Goal Three: Conceptual and Analytical Skills**

Demonstrate conceptual and analytical skills and their real world applications.

### **Goal Four: Oral and Written Communication**

Develop effective oral and written communication skills in a context of conducting research.

### **Goal Five: Ethical Implications of Accounting Practice**

Examine ethical implications of accounting practice.

## **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: Undertake analytical research on tax-related matters with subsequent reporting of results

CLO 9: 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:

[Option #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 **2018: Essentials of Taxation: Individuals and Business Entities, 21st edition** can be purchased at the SJSU bookstore **ISBN: 9781337588218, or**

[Option #2] An **electronic-only** version of the textbook: Raabe/Maloney/Young/Smith/Nellen'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 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.

**Tax Return and Research Group Project:** A group project is required for this course. The project is designed to give students practical experience in preparing a Federal corporate (1120) tax return, information returns, as well as undertaking tax research.

**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:

<b>CengageNow Homework</b>		
<b>Assignments (17)</b>	<b>85 points</b>	<b>(5 points each)</b>
<b>Quizzes</b>	<b>40 points</b>	<b>(20 points each for the two highest)</b>
<b>Tax Return and Research Group Project</b>	<b>85 points</b>	
<b>Midterm Exam</b>	<b>90 points</b>	
<b>Final Exam</b>	<b><u>100 points</u></b>	
<b>Total Possible Points</b>	<b>400 points</b>	

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

M,T,Th and F 9:00 a.m. to 1:30 p.m.

(SCHEDULE IS SUBJECT TO CHANGE WITH FAIR NOTICE)

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

Sessi on	Date	Special Projects Due	Class Topics	Reading Due <u>Before</u> Class	Homework and Other Activities to Complete <u>Before</u> Class
1	6/29  Fri.		<p>Introduction to course</p> <p>Introduction to CengageNow</p> <p>Introduction to Taxes</p> <p>Introduction to Different Types of Business Entities</p> <p>Federal Tax Law Hierarchy</p> <p>Gross Income</p> <p>Gross Income – Periods and Methods</p> <p>The Tax Cuts and Jobs Act – An Introduction</p>	<p>Section 1-1 (Structure of Taxes) <i>Skim</i> Section 1-2 (Types of Taxes) – <i>Skip</i> exhibit 1.2</p> <p>Section 1-3 (Introduction to Comparison of Taxation of Business Entities)</p> <p>Sections 2-1a through 2-1c (up to Appellate Courts section)</p> <p>Sections 4-1 through 4-5 (<i>skip</i> Section 4-5f). For Sect. 4-5d, exceptions from income – only items 3-5 below Example 38 (including the details on these exceptions).</p> <p>Supplemental Reading</p>	<p>1) Register for CengageNow</p> <p>2) Register your online account with CengageBrain</p>
2	7/2 Mon.		<p>Business Deductions: Cost Recovery; Meals and Entertainment, Club Dues and Business Gifts</p>	<p>Sections 5-1 through 5-3; 5-6 and 5-7; 5-8a through 5-8i; Section 5-9; Sect. 5-11 (Exhibits 5.4 and 5.6 only) Sect. 11-3f</p> <p>Supplemental Reading</p>	
3	7/3 Tues.		<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> <p>Supplemental reading</p>	<p>CengageNow Assignment Nos. 1, 2 &amp; 3</p>

4	7/5 Thurs.		Property Transactions (Cont.) – Incl. §1031 Like-Kind Exchanges	Sections 7-1 through 7-2 (Skip 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) <i>(Skip: “Special Rule for Depreciable Tangible Personal Property” in Section 7-4a). Skip Sections 7-5 and 7-6</i>	CengageNow Assignment Nos. 4, 5 & 6
5	7/6 Fri.		Ethics; Introduction to Special Tax Forms; Representation of Clients; Requirements to Legally Prepare a Tax Return for Compensation and Careers within the Tax Profession; Affordable Care Act’s Employer Mandate; Best Office Practices and Research Techniques  Midterm Exam Review	Section 1-4a & Supplemental Reading Posted on Canvas	CengageNow Assignment #7-8
6	7/9 Mon.		<b>Midterm Exam</b> (On topics / areas listed for classes 1-5)  Property Transactions (Cont.)	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).  Sections 8-7 through 8-11	
7	7/10 Tues.		Taxation of C Corporations	Sections 12-1 through 12-5e  Supplemental Reading	CengageNow Assignment Nos. 9-10
8	7/12 Thurs.		Taxation of C Corporations (Cont.); Corp. Distributions; Earnings and Profits (E&P)	Sections 13-1 through 13-8	CengageNow Assignment No. 11-12

9	7/13 Fri.	<b>Group Tax Return and Research Project Due</b>	R&D Expenditures Business Tax Credits  Comparison of Business Entities  Employee vs. Independent Contractor; Self-Employment and Payroll Taxes  Final Exam Review	Sections 5-4; 17-1a; 17-1c; 17-1d & 17-1i  Section 14-1 (skip 14-1d); 14-2a; 14-2b (Services only);14-5; 15-1; 15-2a and Supplemental Reading  Sections 1-2b and 11-1; and Supplemental Reading	CengageNow Assignment Nos. 13-15
10	7/16		<b>FINAL EXAM (Comprehensive)</b>		CengageNow Assignment Nos. 16 & 17