

## ACCT 238-FEDERAL INCOME TAX FOR BUSINESSES 3 CREDITS

### SYLLABUS

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#### CATALOG DESCRIPTION

Introduction to the tax law currently implemented by the Internal Revenue Service on business entities including C Corporations, S Corporations, and Partnerships. Gift and Estate Tax is also covered.

Prerequisites: ACCT 232

Semester Offered: Spring

#### **Common Student Learning Outcomes**

*Upon successful completion of San Juan College programs and degrees, the student will demonstrate competency in...*

##### BROAD AND SPECIALIZED LEARNING

Students will actively and independently acquire, apply, and adapt skills and knowledge with an awareness of global contexts.

##### CRITICAL THINKING

Students will think analytically and creatively to explore ideas, make connections, draw conclusions and solve problems.

##### CULTURAL AND CIVIC ENGAGEMENT

Students will act purposefully, reflectively, and ethically in diverse and complex environments.

##### EFFECTIVE COMMUNICATION

Students will exchange ideas and information with clarity in multiple contexts.

##### INFORMATION LITERACY

Students will be able to recognize when information is needed and have the ability to locate, evaluate, and use it effectively.

##### INTEGRATING TECHNOLOGIES

Students will demonstrate fluency in the application and use of technologies in multiple contexts.

*Student work from this class may be randomly selected and used anonymously for assessment of course, program, and/or institutional learning outcomes. For more information, please refer to the Dean of the appropriate School.*

#### **Course Learning Outcomes**

Upon successful completion of the course, the student will be able to...

1. Demonstrate knowledge of the components of federal taxation for various entities.

2. Identify when income and deductions are recognized.
3. Describe when income and deductions are excluded or deferred.
4. Explain the interrelationships and differences between financial accounting and tax accounting.
5. Apply analytical reasoning tools to assess how taxes affect economic decisions for business entities.
6. Demonstrate the ability to conduct tax research
7. Understand tax-related professional and ethical obligations.
8. Explain basic tax policy considerations underlying common tax regimes.

## Specific Learning Outcomes

Upon successful completion of the course, the student will be able to...

1. Describe the general requirements for deducting business expenses and identify common business deductions.
2. Apply the limitations on business deductions to distinguish between deductible and nondeductible business expenses.
3. Identify and explain special business deductions specifically permitted under the tax laws.
4. Explain the concept of an accounting period and describe accounting periods available to business.
5. Identify and describe accounting methods available to businesses and apply cash and accrual methods to determine business income and expense deductions
6. Explain the concept of basis and adjusted basis and describe the cost recovery methods used under the tax law to recover the cost of personal property, real property, intangible assets, and natural resources.
7. Determine the applicable cost recovery (depreciation) life, method, and convention for tangible personal and real property and calculate the deduction allowable under basic MACRS.
8. Explain the additional special cost recovery rules (Sect. 179, bonus, listed property) and calculate the deduction allowable under these rules.
9. Explain the rationale behind amortization, describe the four categories of amortizable intangible assets, and calculate amortization expense.
10. Explain cost recovery of national resources and the allowable depletion methods.
11. Calculate the amount of gain or loss recognized on the disposition of assets used in a trade or business.
12. Describe the general character types of gain or loss recognized on property dispositions.
13. Explain the rationale for and calculate depreciation recapture.
14. Describe the tax treatment of unrecaptured Sect. 1250 gains and determine the character of gains on property sold to related parties.
15. Describe the tax treatment of Sect 1231 gains or losses, including the Sect 1231 netting process.
16. Explain common exceptions to the general rule that realize gains and losses are recognized currently.
17. Discuss the legal and nontax characteristics of diverse types of legal entities.
18. Describe the diverse types of entities for tax purposes
19. Identify fundamental differences in tax characteristics across entity types.
20. Describe the corporate income tax formula, compare and contrast the corporate tax formula to the individual tax formula, and discuss tax considerations relating to corporations' accounting periods and accounting methods.
21. Identify common book- tax differences, distinguish between permanent and temporary differences, and compute a corporation's taxable income and regular tax liability.
22. Describe a corporation's tax return reporting and estimated tax payment obligations.
23. Calculate a corporation's alternative minimum tax liability.
24. Explain objectives behind FASB ASC Topic 740, *Income Taxes*, and the income tax provision process
25. Calculate the current and deferred income tax expense or benefit components of a company's income tax provision.
26. Recall what a valuation allowance represents and describe the process by which it is determined.
27. Explain how a company accounts for its uncertain income tax positions under FASB ASC Topic 740.

28. Recognize the different components of a company's disclosure of its income tax accounts in the financial statements and footnotes, and comprehend how a company computes and discloses the components of its "effective tax rate".
29. Explain the framework that applies to the taxation of property distributions from a corporation to a shareholder.
30. Compute a corporation's earnings and profits and a shareholder's dividend income. Identify when a corporation may be deemed to have paid a "constructive dividend" to a shareholder.
31. Explain the taxation of stock dividends.
32. Comprehend the tax consequences of stock redemptions
33. Describe the tax consequences of a partial liquidation to the corporation and its shareholders.
34. Compute the tax consequences to the parties to a tax-deferred corporate formation.
35. Identify the different forms of taxable and tax-deferred acquisitions
36. Determine the tax consequences to the parties to a corporate acquisition.
37. Calculate the tax consequences that apply to the parties to a complete liquidation of a corporation.
38. Determine whether a flow-through entity is taxed as a partnership or S corporation, and distinguish the entity approach from the aggregate approach for taxing partnerships.
39. Resolve tax issues applicable to partnership formations and other acquisitions of partnership interest, including gain recognition to partners and tax basis for partners and partnerships.
40. Determine the appropriate accounting periods and methods for partnerships.
41. Calculate and characterize the partnership's ordinary business income or loss and its separately state items, and demonstrate how to report these items to partners.
42. Explain the importance of a partner's tax basis and the adjustments that affect it.
43. Apply the basis, at-risk, and passive activity loss limits to losses from partnerships.
44. Determine the tax consequences to the buyer and seller of the disposition of a partnership interest, including the amount and character of gain or loss recognized.
45. List the reasons for distributions, and compare operating and liquidating distributions.
46. Determine the tax consequences of proportionate liquidating distributions.
47. Explain the significance of disproportionate distributions.
48. Explain the rationale for special basis adjustments, determine when they are necessary, and calculate the special basis adjustment for dispositions and distributions.
49. Describe the requirements and process to elect S corporation status.
50. Explain the events that terminate the S corporation election.
51. Describe operating issues relating to S corporation accounting periods and methods, and explain income and loss allocations and separately stated items.
52. Explain stock-basis calculations, loss limitations, determination of self-employment income, and fringe benefit rules that apply to S corporation shareholders.
53. Apply the tax rules for S corporation operating distributions and liquidating distributions.
54. Describe the taxes that apply to S corporations, estimated tax requirements, and tax return filing requirements.
55. Describe the primary types of state and local taxes
56. Determine whether a business has sales and use tax nexus and calculate its sales tax withholding responsibilities.
57. Identify whether a business has income tax nexus and determine its state income tax liabilities.
58. Understand the basic U.S framework for taxing multinational transactions and the role of foreign tax credit limitations.
59. Apply the U.S. source rules for common items of gross income and deductions.
60. Recall the role of income tax treaties in international tax planning.
61. Identify creditable foreign taxes and compute the foreign tax credit limitation.
62. Distinguish between the different forms of doing business outside the United States and list their advantages and disadvantages.
63. Comprehend the basic U.S. anti-deferral tax regime and identify common sources of subpart F income.
64. Outline the basic structure of federal transfer taxes and describe the valuation of property transfers.
65. Summarize the operation of the federal gift tax and the calculation of the federal gift tax
66. Describe the federal estate tax, and compute taxable transfers at death and the federal estate tax.

67. Apply fundamental principles of wealth planning and explain how income and transfer taxation interact to affect wealth planning.

NOTE: In order to challenge this course, the student must successfully pass a comprehensive exam covering the course related material.