

**E/M 340 – Federal Taxation
Gustavus Adolphus College
Fall Semester 2015**

Location/Time: BAH 301 1:30 – 2:20 PM MTWF

Instructor:	Emil A. "Sonny" Jirik MBA, CPA Home Phone: 952-758-2054 Email: ejirik@gustavus.edu	Office: BAH 145 Office Phone: 933-7410 Office Hours: MTWF 10:30 – 11:20 AM 12:30 – 1:20 PM MTW 2:30 – 3:30 PM Other Hours by Appointment
-------------	---	--

REQUIRED TEXT: *CCH Federal Taxation: Comprehensive Topics 2016 edition*, Smith, Harmelink, Hasselback

TEXTBOOK STUDY SUPPORT WEBSITE: CCH StudyMATE™ is provided as study support for this course. See textbook for registration instructions.

COURSE DESCRIPTION: Federal taxation from the point of view of the taxpayer, emphasizing federal income tax, gift tax, estate tax, and analysis of practical problems. Prerequisite: E/M-101, E/M-102, E/M-110, E/M-125 or MCS-142, MCS-121 or MCS-119. Fall semester.

LEARNING OUTCOMES:

1. Demonstrate knowledge of the components of the basic income tax formula for individuals and business entities, understand when income and deductions are recognized, and describe when they are excluded (or disallowed) or deferred.
2. Explain the interrelationships and differences between financial accounting and tax accounting.
3. Apply analytical reasoning tools to assess how taxes affect economic decisions for individuals and business entities.
4. Demonstrate the ability to conduct tax research.
5. Understand tax-related professional and ethical obligations and identify tax-based community service opportunities.
6. Explain basic tax policy considerations underlying common tax regimes.

I. INTRODUCTION Who cares about taxes and why?

- What qualifies as a tax?
- How to calculate a tax
- Ways to measure tax rates
- Tax rate structures
- Types of taxes
- Evaluating alternative tax systems
 - Sufficiency, equity, certainty, convenience, economy

II. TAX COMPLIANCE, THE IRS, AND TAX AUTHORITIES AND INTRODUCTION TO TAX RESEARCH

- Taxpayer filing requirements
 - Due dates, extensions, statutes of limitation
- IRS audits
- Tax law sources
- Tax research
- Tax professional responsibilities
- Taxpayer and tax practitioner penalties

III. TAX PLANNING STRATEGIES AND RELATED LIMITATIONS

- Tax planning overview
- Timing strategies
- Income-shifting strategies
- Conversion strategies
- Limitations to tax planning strategies
- Tax avoidance vs. tax evasion

IV. INDIVIDUAL INCOME TAX OVERVIEW, EXEMPTIONS, AND FILING STATUS

- Individual income tax formula
- Personal and dependency exemptions
- Filing status

V. GROSS INCOME AND EXCLUSIONS

- Realization and recognition of income
 - What is included in gross income?
 - Income concepts
 - Timing of income recognition
 - Types of income
- Exclusion and deferral provisions

FIRST MIDTERM EXAM

VI. INDIVIDUAL FOR AGI DEDUCTIONS

- Overview
- Deductions directly related to business activities
 - Trade or business expense
 - Rental and royalty expenses
 - Losses
 - Flowthrough entities
 - Loss limitation rules
 - Tax basis, at risk, and passive loss
- Rental use of home
- Deductions indirectly related to business activities
 - Traditional and Roth IRAs

- Moving expenses
 - Health insurance for self-employed
- Deductions subsidizing specific activities
 - Interest on qualified education loans
 - Deduction for qualified education expenses

VII. INDIVIDUAL FROM AGI DEDUCTIONS

- Itemized deductions
 - Phaseout of itemized deductions
- Standard deduction
- Personal and dependency exemptions
- Phaseout of personal and dependency exemptions

VIII. INDIVIDUAL INCOME TAX COMPUTATION AND TAX CREDITS

- Regular federal income tax computation
- Alternative minimum tax
- Employment and self-employment taxes
- Tax credits

IX. BUSINESS INCOME, DEDUCTIONS, AND ACCOUNTING METHODS

- Business gross income
- Business deductions
- Limitations on business deductions
- Specific business deductions
- Accounting methods
- Comparison of accrual and cash methods
- Changes in accounting methods

X. PROPERTY ACQUISITION AND COST RECOVERY

- Depreciation
 - Personal property
 - Real property
- Special rules
 - Immediate expensing
 - Bonus depreciation
 - Luxury automobiles
- Amortization
- Depletion

XI. PROPERTY DISPOSITIONS

- Realized and recognized gain or loss
- Character of gain or loss
- Depreciation recapture
- Deferral transactions

SECOND MIDTERM EXAM

XII. ENTITIES OVERVIEW

- Legal classification
- Nontax characteristics
- Entity tax classification
- Entity tax characteristics

XIII. CORPORATE FORMATIONS AND OPERATIONS

- Transfers of property to a corporation
- Corporate taxable income
- Book-tax differences
 - Common permanent book-tax differences
 - Common temporary book-tax differences
- Corporate specific deductions
- Compliance
- Corporate alternative minimum tax

XIV. CORPORATE NONLIQUIDATING DISTRIBUTIONS

- Computing earnings and profits
- Ordering of E&P distributions
- Distributions of noncash property
- Constructive dividends

XV. FORMING AND OPERATING A PARTNERSHIP

- Flowthrough overview
- Acquiring partnership interests
- Accounting periods, methods, and tax elections
- Reporting partnership operations
- Distributions
- Loss limitations

XVI. S CORPORATIONS

- Formation
- Termination
- Operating issues
- Loss limitations
- Distributions
- Liquidating distributions
- Comparison of C and S corporations and partnerships

THIRD MIDTERM EXAM

XVII. FEDERAL ESTATE TAX, FEDERAL GIFT TAX, AND GENERATION-SKIPPING TRANSFER TAX

- Computation and Payment of Tax
- Gross Estate
- Conservation Easement
- Valuation of Gross Estate
- Deductions from Gross Estate
- Federal Gift Tax
- Exclusions
- Generation-skipping Transfer (GST) Tax

XVIII. INCOME TAXATION OF ESTATES AND TRUSTS

- Taxation of Estates
- Taxation of Trusts
- Federal Income Taxation Scheme – Estates and Trusts
- Taxation of Trusts – Special Rules

FOURTH MIDTERM EXAM

FINAL EXAM - COMPREHENSIVE

COURSE POLICIES AND EXPECTATIONS:

Individual Performance:

Individual performance is comprised of satisfactory completion of all assigned readings, written assignments, homework problems, quizzes and exams.

Behavioral Expectations

1. You **are expected to read the text and assigned readings at a deep level for comprehension and understanding**, and **are responsible for**, the assigned readings and homework problems. The readings and homework are selected to support the learning objectives for each chapter. You will be quizzed on the assigned reading material and homework each week, whether or not the material has been covered in class. Each assignment will include procedural details, and instructor expectations. This course will test your problem solving ability and critical thinking skills in the context of taxation accounting principles and procedures. The Supplemental Syllabus is a tentative schedule of assignments and exams.
2. You are expected to exercise care and due diligence, which includes proper planning, in the completion of all assignments – reading, exercises, written assignments and problems – by the date due. Sloppiness, unreasonable and/or unsupported answers will not be tolerated. **Absolutely no late work will be accepted.** This course, as do all problems-oriented courses, requires that you keep up with the work on a daily basis, and yes, the course is content intensive, as are all accounting courses. Preparation, questions and

participation will be rewarded--if in no other way, by increased speed and proficiency on examinations. Poor planning or lack of planning on your part *does not constitute an emergency on my part*. Likewise, your inattentiveness, lack of focus or lack of motivation are not emergencies or valid excuses. If there are legitimate emergencies or extenuating circumstances, (such as illness, injuries, family emergencies), you must contact me in person, or by telephone or by email.

3. You must also check Moodle frequently and regularly for updates and notices. I post chapter notes, homework solutions (after we have reviewed them), other assignments, and announcements on the site. **Selected assigned homework will be collected, graded and returned to you.**
4. **It is required to attend each class meeting.** Attendance will be taken daily. Unexcused absences will negatively affect your grade. A student with an excessive number of unexcused absences will be penalized in grade determination. However, **if you are genuinely ill, especially if you may be contagious, do not come to class.** I admire dedication, but not when it affects the health and welfare of the entire class. If you will be absent from class, talk to me personally, **and** send me an email. The subject line should be the word **Attendance**.
5. **Academic Honesty: Individuals will fulfill their academic responsibilities in an honest, ethical and forthright manner.**

Honor Code: Gustavus has instituted an Honor Code for all classes.

"On my honor, I pledge that I have not given, received, or tolerated others use of unauthorized aid in completing this work."

By staying in my class after the first day I will assume that you agree with and will follow the Honor Code.

Full descriptions of the Academic Honesty Policy and the Honor Code can be found in the Academic Catalog (online at www.gustavus.edu/general_catalog/current/acainfo).

Any student found guilty of cheating or plagiarism will receive at a minimum a zero on that assignment/test. This also applies to students to be found complicit in cheating or plagiarism. If there is a second incident in class, the student will receive an "F" for the course. Plagiarism and cheating refer to the use of unauthorized books, notes or otherwise securing help on an exam; copying tests, assignments, term papers; representing the work of another as one's own; collaborating, without authority, with another student during an exam or quiz or in preparing academic work; signing another students name on an attendance sheet; or otherwise practicing scholastic dishonesty.

Students are expected to abide by the ethical standards established by the accounting profession.

6. As a courtesy to the instructor and the entire class, cell phones ***must be turned off and must be stored out of sight*** prior to start of class session, and during all quizzes and examinations. ***No texting is permitted*** during the class period. ***The use of Email, Facebook, Twitter and any other social media without instructor permission is***

prohibited during class. Violations will negatively affect your grade. Please see me prior to a class session if you wish to use a laptop during class.

Grading System:

Grades are based on total points earned during the semester. Course grades will normally be assigned on the following scale:

A	93-100%
A-	90-92.9%
B+	87-89.9%
B	83-86.9%
B-	80-82.9%
C+	77-79.9%
C	73-76.9%
C-	70-72.9%
D+	67-69.9%
D	60-66.9%
F	59.9% and below

The grading curve **may** be lowered at my discretion.

The following points for quizzes, assignments and exams are approximate and may be adjusted during the semester:

	<u>Points</u>
Exams (5 - 100 points each)	500
Quizzes	150
Graded Homework	150
Tax Memos	400
Written Assignments	<u>150</u>
Total	<u>1,350</u>

Course grades will be based on total points earned during the semester. ***Grades will be based on the quality of demonstrated performance, not effort.***

Written Assignments:

In order to promote reading and comprehension at a deep level, various types of exploratory writing will be assigned. Assignments will be a mix of four types of in-class writing and three types of out-of-class writing. The assignments are designed to help you develop skills as professional readers and writers, and learn how to deal with difficult texts and readings. Expectations of all assignments will be clearly explained and delineated. A grading rubric will be provided.

Exams:

Five examinations will be given during the semester. The exams will be individual effort only. The exams will cover all assigned material regardless if it is covered in class or not. **The final exam will be comprehensive, and cover the course content in its entirety.** Calculators and scratch paper will be allowed. No student is allowed to leave the room once the examination has commenced, until the exam is turned in. Please plan accordingly. It is each student's

responsibility to arrange his or her schedule to eliminate any conflict with these exam periods. Make-up exams will be given only in **extraordinary and extenuating** circumstances, and then only with the approval of your instructor PRIOR to the scheduled exam during office hours or by appointment.

Quizzes:

There will be a weekly quiz on the assigned material, lectures and class discussions, thirteen in total, worth fifteen points each. The quizzes cannot be made up under any circumstances. The quizzes with the three lowest grades will be dropped from grading.

Tax Memos:

Tax memos are considered formal writing assignments. Four tax memos will be assigned throughout the course. The memos must be typed in a form specified by the instructor, and written at a level on or above par with a tax professional. The memos must be in a proper form that appropriately addresses the specified audience. No grade will be assigned until the memo is acceptable. All drafts must be typed and printed out. You will be given the opportunity to revise each draft turned in. All drafts must be turned in stapled to the final memo. A grading rubric will be provided.

Graded Homework:

Assignments will usually be shorter problems for your practice. These assignments will be short tax return problems, and will be gone over in class. All problems must be typed into the appropriate form, as well as all supporting forms and schedules, and turned in at the beginning of the assigned class period. You will be called upon to provide answers. *If you cannot provide a reasonable answer, your grade will be negatively affected.*

Practice Set and Comprehensive Tax Return Problems:

These assignments will be tax return problems. All problems must be typed into the appropriate form, as well as all supporting forms and schedules, and turned in at the beginning of the assigned class period. You will be given the opportunity to revise each return turned in. Original returns must be turned in stapled to the final revision.

GUSTAVUS ADOLPHUS POLICIES

Disability Services

"Gustavus Adolphus College is committed to ensuring the full participation of all students in its programs. If you have a documented disability (or you think you may have a disability of any nature) and, as a result, need reasonable academic accommodation to participate in class, take tests or benefit from the College's services, then you should speak with the Disability Services Coordinator, for a confidential discussion of your needs and appropriate plans. Course requirements cannot be waived, but reasonable accommodations may be provided based on disability documentation and course outcomes. Accommodations cannot be made retroactively; therefore, to maximize your academic success at Gustavus, please contact Disability Services as early as possible. Disability Services (<https://gustavus.edu/advising/disability/>) is located in the Advising and Counseling Center."

Help for Multilingual Students

Support for English learners and multilingual students is available through the Academic Support Center's English Learning Specialist (www.gustavus.edu/advising/). The ELS can meet individually with students for tutoring in writing, consulting about academic tasks, and helping students connect with the College's support systems. When requested, the ELS can consult with faculty regarding effective classroom strategies for English learners and multilingual students. The ELS can provide students with a letter to a professor that explains and supports appropriate academic arrangements (e.g., additional time on tests, additional revisions for papers). Professors make decisions based on those recommendations at their own discretion. In addition, English learners and multilingual students can seek help from peer tutors in the Writing Center (www.gustavus.edu/writingcenter/).

Questions about these policies can be directed to Dean Paula O'Loughlin (poloughl@gustavus.edu or x7541) or Dean Darrin Good (dgood@gustavus.edu or x7541).

Reference Desk Assistance

The library's Reference Desk provides one-on-one guidance to help you with your research. The reference librarians will help you find information on a topic, develop search strategies for papers and projects, search library catalogs and databases, and provide assistance at every step. No appointment necessary. Visit www.gustavus.edu/library/reference_question.html for hours, location, and more information.

Disclaimer: This syllabus and related documents do not constitute a binding contract between the professor and the students. This syllabus is a living document, and will be revised as needed and appropriate as circumstances warrant, and as the instructor sees fit.