

Accounting
Course Number: 33:010:421
Course Title: Income Tax Accounting

COURSE DESCRIPTION

This is an upper level accounting course designed for students to develop an understanding of the fundamentals of Federal Income Tax. In this course, accounting students will learn federal income tax law pertaining to individuals and businesses. This course will help students develop skills in applying the tax law to client situations as well as analyzing the tax ramifications of business transactions. These skills are essential of graduates entering the workforce.

The course format will include lectures, discussions, and group problem solving. There will be homework problems assigned related to each chapter that will enable you to apply and understand the concepts learned in the lecture.

COURSE MATERIALS

Required textbook:

McGraw Hill's Taxation of Individuals, 2020 Edition, 11e – Spilker

Purchase options:

Option 1: Bound version (with *Connect Plus* Software access card) ISBN 9781260696349

(If you do not purchase the text with “Connect”, you will need to register and pay for Connect separately)

Option 2: Loose Leaf version (with *Connect Plus* Software access card) ISBN 9781260696356

(If you do not purchase the text with “Connect”, you will need to register and pay for Connect separately)

Option 3: Purchase *Connect Plus* separately. Purchasing directly from McGraw Hill web site.

ISBN # 9781260248395 (Approx. cost is \$ 137.50). You will be able to access a free digital e-book through Connect Plus. You will also be able to purchase a loose-leaf version from McGraw Hill. **This is the least expensive option.**

Required online software:

McGraw Hill's Connect Plus

In addition to “in class” homework assignments, students will be required to complete various homework assignments for credit using “McGraw Hill’s Connect”. See the handout in Canvas for Connect on-line registration instructions, including the URL unique to this class section.

CANVAS:

- We will be using Canvas throughout this class. Course announcements, homework assignments, supplemental materials, and other information will be posted on this platform.
 - Use your Rutgers NETID and Password to login at: canvas.rutgers.edu
 - Click on this course in order to access announcement, course documents, and other important information about our course. Please check Canvas frequently (at least twice a week). I will post important class announcements from time to time.
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LEARNING GOALS AND OBJECTIVES

This course is designed to help students develop skills and knowledge in the following area(s):

- **Knowledge.** Students will have a comprehensive understanding of basic Federal Tax Law, as well as the ability to apply the tax law to practical taxpayer situations.
- **Effective communication.** Students will be effective communicators.
- **Ethics:** During this course, students will be able to understand and evaluate ethical issues and situations pertaining to taxpayers as well as ethical issues pertaining to tax professionals.

- Students who complete this course will demonstrate the following:

- a) Knowledge of current federal tax law. The course focuses primarily on individual taxation, but also covers fundamental income tax pertaining to businesses. Students will learn

fundamental and advanced income tax law and demonstrate an ability to apply them to solve income tax problems.

- Successful students will demonstrate their ability to understand the sources of tax law, regulation of tax practitioners, and the administration to US tax law.
 - Successful students will demonstrate their knowledge of income tax law as it applies to income. Specifically, determining gross income, income exclusions, character of income, and the timing of the recognition of income.
 - Successful students will demonstrate their knowledge of income tax law as it applies to deductions, including business deductions, deductions for the production of income, itemized deductions, personal and dependency exemptions.
 - Successful students will demonstrate their knowledge of income tax law as it applies to property transactions, including sale of capital assets, sale of business assets, installment sales, like kind exchanges, and involuntary conversions.
 - Successful students will demonstrate their knowledge of income tax law as it pertains to special income tax calculations and additional taxes individuals are subject to including: capital gain rates, kiddie tax calculations, alternative minimum tax, self-employment tax, additional Medicare tax, and the additional tax on net investment income.
 - Successful students will demonstrate their knowledge of income tax law as it pertains to tax credits available to taxpayers.
- b) Ability to apply the appropriate tax law by analyzing taxpayer information, applying the appropriate tax law and solving tax problems. Students will learn the importance of tax matters in making business decisions.
- c) The ability to communicate complicated tax rules in a clear manner, both orally and written.

- Students develop these skills and knowledge through the following course activities and assignments:

- **Lectures.** Class lectures generally consist of two components. The first component is in depth lectures on tax law covering specific transactions and / or tax issues. Students need to master these rules. The second component focuses on practical application of these rules to solve real client tax matters. This practical element focuses on applying analytical and critical thinking to real world client scenarios. In this portion of class lectures, students are expected to participate and communicate clearly their approach in addressing and solving client tax issues.
- **Online Homework Assignments and Tools.** Students will be assigned weekly on-line homework to reinforce their understanding of their assigned readings in this course. These assignments provide feedback to students and provide reinforcement of the material contained in the assigned readings. Students also have access to a weekly on-line interactive tool that reviews the materials in their readings. Assigning this work prior to the lecture facilitates the lecture, allowing discussions of the material to be much deeper instead of basic. Students will find the lecture to have much more meaning with this advanced class preparation.
- **In Class Homework Assignments:** In addition to the online homework, Students will be assigned weekly in class homework. These assignments are more analytical than the on-line homework, and require applying the material to various tax situations. This reinforces the idea

that knowing the tax rules is not enough. A tax professional needs to know how to use and apply those rules. These assignments require analytical thinking.

- **Exams.** The course includes three exams to formally assess students' knowledge, comprehension and application. Exams will consist multiple choice, and short answer questions. In addition to the exams we will have 2 quizzes for material not covered on exams.

PREREQUISITES

Students should have already successfully completed Intermediate Accounting I.

Students are expected to be able to learn complicated rules in tax law and to be analyzing client situations and properly apply those rules to solve tax problems.

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy (<http://academicintegrity.rutgers.edu/>)

I will strongly enforce this Policy and pursue all violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, "On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment." I will screen all written assignments through SafeAssign or Turnitin, plagiarism detection services that compare the work against a large database of past work. Don't let cheating destroy your hard-earned opportunity to learn. See business.rutgers.edu/ai for more details.

ATTENDANCE AND PREPARATION POLICY

- All students are expected to attend class, arrive on time and not leave early.

- In addition to attending class, each student is expected to come to class properly prepared, by doing all of the reading and assignments **prior to class**. You will not learn much from the lecture if you are not prepared. The **minimum** expectation is that for each 1.5 hour class, you spend **at least** twice as many hours preparing for class (reading, homework, studying, etc).

- In addition to attending class, each student is expected to come to class properly prepared, by doing all of the reading and assignments **prior to class**. You will not learn much from the lecture if you are not prepared. The **minimum** expectation is that for each 1.5 hour class, you spend **at least** twice as many hours preparing for class (reading, homework, studying, etc).

- In addition to attending class and preparing for each class, Additionally, each student is expected to be engaged and fully participate during class. You cannot learn if you are not paying attention.
- If you are going to be absent, report your absence in advance to: <https://sims.rutgers.edu/ssra/>. If your absence is due to religious observance, a Rutgers-approved activity, illness, or family emergency/death, **and you seek makeup work for an “approved” absence, also send me an email with full details and supporting documentation (ie: a doctors note that you are medically unable to attend class.) within 3 days of your first absence.**
- If for any reason, I need to be absent, I or my department chair will send you a notice via email and Canvas as far in advance as possible.
- If you are going to be tardy to class or need to leave early, please let me know ahead of time. Also, do not be disruptive if arriving or leaving while class is in session.
- I will be taking attendance during every class. As attendance is expected, there is not any addition to your grade due to your attendance.
- This course will prove to be **challenging** to most students. We will be covering a great deal of material this semester. Besides the textbook readings and assigned homework, I will be supplementing the material with handouts which may go into greater detail or cover information that is not included in your textbook. The **key to success** is that you will need to work very hard both inside and outside the classroom **for the duration** of this course. This is not the kind of material that you can cram for and try to master right before an exam.

STUDENT EXPECTATIONS

You are expected to put in substantial effort **outside the classroom**. This includes:

- **Reading all chapters and hand out materials prior to the class lecture.**
- **Completing all Connect graded homework by the due dates shown in Connect. I count the highest score of your attempts.**
- **Completing the graded quizzes (Dates announced in class).**
- **Completing the weekly homework problems to be covered in class prior to the class HW review session.**
- **Seeking help if you do not understand the material (i.e. coming to office hours / scheduling tutoring, etc.)**
- **And, of course outside studying and review of your class lecture notes.**

We will be having 2 quizzes this semester the first quiz will cover chapters 1 & 2. We will also have a second quiz later in the semester. Most of the material will be covered in **exams**. Students need to be aware that there is a very big difference between a quiz and an exam. The quiz is designed to test your basic knowledge of the chapter 1 & 2 material. The **exams are much more difficult**. The exams will not only test to see if you “know the rules”, but more importantly, they will test to see if you can apply the rules to client situations and solve problems. Many students can “memorize” the tax rules, and recite them, but cannot apply them to client situations. My philosophy is that being able to apply the tax rules to solve problems and address client situations is the real indication of how well you understand Taxation.

In short, the key to success in the study of taxation is hard work. **If you cannot commit to spending the appropriate time required you will have difficulty in this course.**

CLASSROOM CONDUCT

Students are expected to arrive to class promptly, participate and be engaged in class activity. Students are expected to treat their co-students with respect and not be disruptive or a distraction to others during class. The use of laptops in class is permitted for note taking only. Laptop use for internet surfing, checking e-mails, or any other non-class reasons is prohibited.

Students wishing to ask questions or answer questions that I raise in class are expected to raise their hands and not “shout” out answers. When I am responding to a question raised by a student, please be respectful and not be disruptive.

The use of any audio or video devices (including cell phones) is PROHIBITED in class and during office hours.

EXAM DATES AND POLICIES

Exams:

We will be having 2 semester exams and 1 final exam.

All examinations are “closed book” and **make-up examinations will not be given.** All cell phones, smart watches, and other electronic devices must be turned off and not on your desk taking the exams and **programmable calculators may not be used.**

GRADING POLICY

Grades will be based on the following points and weights:

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|----------------------------|-----------|-------|
| Class work | 20 points | 5.0% |
| Quiz – 1 | 30 points | 7.5% |
| Quiz – 2 | 30 points | 7.5% |
| On line homework (Connect) | 40 points | 10.0% |
| Exam I | 90 points | 22.5% |

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|------------|-------------------|--------------|
| Exam II | 90 points | 22.5% |
| Final Exam | <u>100 points</u> | <u>25.0%</u> |
| Total | 400 points | 100% |

There will be **NO EXTRA CREDIT** or other factors that impact your final grade.

Grades are not subject to negotiation. If you believe that an error has been made, students must submit a written explanation of the error within one week of receiving their grade. The fact that a student “tried hard” or had conflicting commitments and was unable to study does not warrant a grade change.

COURSE SCHEDULE

PRELIMINARY SCHEDULE OF CLASSES, READINGS AND ASSIGNMENTS

SUBJECT TO CHANGE

| Topic | Homework / Assignments |
|--|--|
| Introduction to semester Introduction to Federal Taxation | <ul style="list-style-type: none"> - Read Chapter 1 before class - Connect HW # 1 due - In class HW problems before class! |
| Sources of Federal Tax Law / Tax Research Process | <ul style="list-style-type: none"> - Read Chapter 2 before class - Read Handout on Code / Regs. - Connect HW # 2 - In class HW problems before class |
| Individual Tax Overview / formula / etc. | <ul style="list-style-type: none"> -Read Chapter 4 before class - Read Handout on tax formula -Connect HW # 3 |

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| | <ul style="list-style-type: none"> -In class HW problems before class |
| Gross Income – Inclusion / Exclusions | <ul style="list-style-type: none"> -Read entire Chapter 5 and pages 20 – 31 in Chapter 12 before class -Connect HW # 4 due -In class HW problems before class |
| Investment Income & Capital Gains. | <ul style="list-style-type: none"> - Read Chapter 7 pages 1-24 - Read Capital Gain Handout - Read handout on stock dividends and splits. - Connect HW # 5 due - In class HW problems before class |
| <p>EXAM # 1</p> <p>- Deductions “for and from” Adjusted Gross Income</p> | <p>STUDY!!</p> <ul style="list-style-type: none"> - Chapter 6 – entire chapter - Chapter 13 pages 19-25 |
| <p>Deductions “for and from” Adjusted Gross Income</p> <p>EXAM # 1 - Results</p> | <ul style="list-style-type: none"> - Handout on Traditional & Roth IRAs - Connect HW # 6 due - In class HW problems before class |
| NO CLASS | |

| | |
|--|--|
| <p>Deductions “for and from” Adjusted Gross Income</p> <p>Other Tax Computations:</p> <ul style="list-style-type: none"> - Tax calculations for dependent children - Kiddie Tax - Self-Employment Tax - Additional Medicare Tax - Net Investment Income Tax | <p>- Read handouts on:</p> <p>Kiddie Tax</p> <p>Self-employment tax</p> <p>Additional Medicare tax</p> <p>Tax on Net Investment Income</p> <p>- Handouts pertain to pages 1-8, 14-23 & 33-37 in chapter 8</p> <p>- Connect HW # 7 due</p> <p>- In class HW problems before class</p> |
| <p>Business Income and Expenses</p> | <p>-Read Chapter 9</p> <p>-Read handouts on:</p> <p>Business deductions,</p> <p>Timing of business income and deductions, and</p> <p>Business losses</p> |
| <p>Business Income and Expenses</p> | <p>- Connect HW # 8 due</p> <p>- In class HW problems before class</p> |
| <p>Exam # 2</p> <p>Qualified Business Income Deduction</p> | <p>STUDY!!</p> <p>- Read handout on QBI deduction and study examples.</p> |
| <p>Depreciation, Amortization & Cost Recovery</p> <p>Exam # 2 results.</p> | <p>Read Chapter 10</p> <p>- Read Depreciation Handout</p> <p>- Read handout on tax depletion and amortization</p> <p>- Connect HW # 9 due</p> <p>- In class HW problems before class</p> |

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|---|---|
| Property distributions | <ul style="list-style-type: none"> - Read Chapter 11 - Read sale of business property handout - Connect HW # 10 due - In class HW problems before class |
| Tax Credits & Alternative Minimum Tax Final Exam preview | <ul style="list-style-type: none"> - In class HW problems before class - Read Chapter 8, pages 8 – 14 and 24 – 35. - Connect HW # 11 due - Read AMT Handout - In class HW problems before class |
| Final Exam – emphasis on material after exam 2, a portion will be cumulative. CHECK UNIVERSITY EXAM SCHEDULE | |

SUPPORT SERVICES

If you need accommodation for a *disability*, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at ods.rutgers.edu.

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email dsoffice@echo.rutgers.edu]

[Rutgers University-Newark ODS phone (973)353-5375 or email ods@newark.rutgers.edu]

If you are *pregnant*, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email jackie.moran@rutgers.edu]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email TitleIX@newark.rutgers.edu]

If you seek *religious accommodations*, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email deanofstudents@echo.rutgers.edu]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email DeanofStudents@newark.rutgers.edu]

If you have experienced any form of *gender or sex-based discrimination or harassment*, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu/>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7 . You may also contact the Office of Title IX and ADA Compliance at (973)353-1906 or email at TitleIX@newark.rutgers.edu. If you wish to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email run.vpva@rutgers.edu]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu>.

If you are a military *veteran* or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of *mental health* services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of *physical health* services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]

If you are in need of *legal* services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to *English as a second language (ESL)* should contact the Program in American Language Studies for supports.

[Rutgers–Newark: PALS@newark.rutgers.edu]

[Rutgers–New Brunswick: eslpals@english.rutgers.edu]

If you are in need of additional *academic assistance*, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.

- Students must sign, date, and return a statement declaring that they understand this syllabus.]