

I. COURSE INFORMATION:

- A. Division: Business and Information Technology
Department: Accounting
Course ID: ACCT 030
Course Title: Federal and State Taxation
Units: 4
Lecture: 4
Laboratory: None
Prerequisite: None
Corequisite: None
Dept. Advisory: None
- B. Catalog Description: A comprehensive course of study and practical application of basic federal and state income taxes. Includes history and objectives of the tax, research and analysis of current tax issues, along with the tax treatment of various types of entities, types of income, types of deductions and types of credits. Emphasis is on the individual as a taxpayer. Actual tax forms are studied and returns prepared. (Formerly ACCT 130/131)
- C. Schedule Description: A comprehensive introduction to the basic concepts of federal and state individual income taxation. Actual tax forms are studied and returns prepared. (Formerly ACCT 130/131)

II. NUMBER OF TIMES COURSE MAY BE TAKEN FOR CREDIT: 1

III. EXPECTED OUTCOMES:

Upon successful completion of the course, the student should be able to:

- A. Identify the purpose, form, and content of the Federal and State Income Tax Return for individuals;
- B. Analyze data and apply appropriate principles of Federal and State Revenue Tax law;
- C. Solve taxation problems through the use of case studies, and application of current Federal and State Income Tax Code for individuals;
- D. Research alternative methods of applying Federal and State Tax law;
- E. Prepare personalized federal and state tax plans for future years;
- F. Identify and analyze the differences between Federal and State income taxes;
- G. Interpret current issues and developments in the federal and state tax laws;
- H. Develop communications skills through presentations of research;

IV. COURSE CONTENT:

- A. Introduction to Federal Taxation
- B. Understanding the Tax law
1. The Legislative Process
 2. Underlying Rationale of the Federal Income Tax
 3. The role of the Internal Revenue Service
- C. Individual Taxation-An Over View
1. Components of the Tax Formula
 2. Personal Exemptions
 3. Filing Status and Requirements
- D. Gross Income
1. The Concept of Income
 2. Items included in Gross Income

- E. Gross Income-Exclusions
 - 1. Common Exclusions from Gross Income
 - 2. Employee Benefits
- F. Deductions: General Concepts and Trade or Business Deductions
 - 1. Categories of Allowable Deductions
 - 2. Factors Affecting Allowance of Deductions
 - 3. Common Business Deductions
 - 4. Business Deductions related to Capital Expenditures
 - 5. Restricted Business Deductions
 - 6. Transportation, Travel, Entertainment, Moving Expenses, and Student Loan Interest
- G. Deductions: Business/Investment Issues and Passive Activity losses
 - 1. Tax Shelters and At-Risk Rules
 - 2. Passive Activity Loss Rules
 - 3. Business and Investment Losses
- H. Deductions: Itemized Deductions
 - 1. Medical Expenses
 - 2. Taxes
 - 3. Interest
 - 4. Charitable Contributions
 - 5. Personal Casualty and Theft Losses
 - 6. Miscellaneous Itemized Deductions
 - 7. Investment Expenses
- I. Tax Credits, Prepayments, and Special Methods
 - 1. Nonrefundable Tax Credits
 - 2. Refundable Tax Credits
 - 3. Alternative Minimum Tax
- J. Property Transactions
 - 1. Determination of Basis and Gains and Losses
 - 2. Non-recognition of Gains and losses
 - 3. Treatment of Capital and Section 1231 Assets
- K. Introduction to California Tax law
 - 1. History
 - 2. Process
- L. Individual Taxation-An Over View
 - 1. Comparison to Federal taxation
 - 2. Comparison to other state Tax systems
- M. Income
 - 1. Gross Income
 - 2. Gross Income-Exclusions
- N. Deductions
 - 1. General Concepts
 - 2. Trade or Business Deductions
 - 3. Itemized Deductions
- O. Tax Credits
 - 1. Refundable
 - 2. Non-Refundable
- P. Prepayments
 - 1. Payroll Withholding
 - 2. Estimated Taxes
 - 3. Underpayment Penalties
 - 4. Special Methods
- Q. Property Transactions
 - 1. Determination of Basis
 - 2. Gains
 - 3. Losses
- R. Retirement plan distributions

- 1. Types
- 2. Taxable
- 3. Non-Taxable
- 4. Reporting
- 5. Penalties
- S. Tax Planning for Individuals
 - 1. Year-end Planning
 - 2. Retirement Planning
 - 3. Special Purpose
 - a) Marriage
 - b) Investment
 - c) College
 - d) Miscellaneous topics
- T. Federal/State Tax Differences
 - 1. Adjusted Gross Income
 - 2. Deductions
 - 3. Credits
 - 4. Payments
- U. The role of the preparer
 - 1. Liability
 - 2. The Interview
 - 3. Client Support
- V. Miscellaneous issues

IV. METHODS OF INSTRUCTION: (Please check all that apply and add any additional not listed.)

- Lecture
- Class and/or small group discussion
- Critical evaluation of texts, newspapers, journal articles, and other printed research
- Critical evaluation of films, videotapes, audiotapes, or other media forms
- Classroom demonstrations
- Field trips
- Guest speakers
- Other:
- Other:
- Other:

VI. TYPICAL OUT-OF-CLASS ASSIGNMENTS:

- A. Reading Assignment. Reading assignments are required and may include (but are not limited to) the following: Go to www.irs.gov, search for earned income tax credit, read, taking notes as you read, a minimum of three articles dated 2004. Be prepared to discuss your reading with the class.
- B. Writing Assignment. Writing assignments are required and may include (but are not limited to) the following: Joe Smith, 47, a single taxpayer instructs you to take his dog Spot as a deduction. In memo format, respond to Joe's instructions.
- C. Critical Thinking Assignment. Critical thinking assignments are required and may include (but are not limited to) the following: Research Problem. Brian Bradley, a calendar year taxpayer, purchased 1,000 shares of Newton Corporation stock on October 20, 1997, for \$15,000. He sold these shares on February 2, 1998, for \$7,000. On each of the four days from February 3 through February 6, 1998, Brian purchased 500 shares of substantially identical stock for \$3,000. What is the tax effect for Brian and what will be the basis of each of the four batches of new stock?

Formatted: Font: 10 pt, Not Bold, Font color: Auto

Formatted: Font: 10 pt, Not Bold, Font color: Auto

Formatted: Font: 10 pt, Not Bold, Font color: Auto

VII. EVALUATION:

A student's grade will be based on multiple measures of performance and will reflect the objectives explained above. A final grade of "C" or better should indicate that the student has the ability to successfully apply the principles and techniques taught in this course. These evaluation methods may include, but are not limited to, the following (Please check all that apply, and add additional ones not listed):

- Portfolios
- Projects
- Written papers or reports
- Presentations (oral and visual)
- Work performance (internships or field work)
- Lab work
- Comprehensive examinations (cumulative finals or certifications)
- Peer evaluation
- Self evaluation
- Classroom participation
- Homework
- Other:
- Other:
- Other:

VIII. TYPICAL TEXTS:

- A. Department of the Treasury, Internal Revenue Service. Your Federal Income Tax: For Individuals, Washington: U.S. Government Printing Office, 2004.
- B. Kess, Eisenberg, Weltman. 1040 Preparations, Chicago: CCH Incorporated, 2004.
- C. Murphy and Higgins. Concepts in Federal Taxation, Cincinnati: South-Western College Publishing, 2004.
- D. Pratt and Kulsrud. Individual Taxation, New York: ARC Publishing Company, 2004.
- E. Smith, Harmelink, Hasselback. Federal Taxation: Basic Principles, Chicago: CCH Incorporated, 2004.
- F. CCH Tax Editor's and Russell S. Boch. 2004 Guidebook to California Taxes, Chicago: CCH Incorporated, 2004.
- G. CCH Tax Editor. California Income Tax Laws Annotated, Chicago: CCH Incorporated, 2004

IX. OTHER SUPPLIES REQUIRED OF STUDENTS:

- A. None