A. Course Description

Credits: 4

Prerequisites: ACCT 310 Financial Reporting

Lab Hours/ Weeks: Corequisites: None

Lecture Hours/ Week :

MnTC Goals: None

This course focuses on identifying issues that affect the taxation of businesses. Four modules are covered: foundation of taxation, including types of taxes, structure of the income tax, taxpayers, and general concepts of income and deduction; business income and expenses; taxation of property transactions; and overview of corporations, S corporations, partnerships, and entity choice. Planning options are emphasized.

B. Course Effective Dates: 07/26/2000 - Present

C. Outline of Major Content Areas:

See Course Description for major content areas.

D. Learning Outcomes (General)

1. Understand why we have taxes.
2. Explain how some of the key components of tax planning work.
3. Explain various concepts regarding income, e.g., substance vs. form and assignment of income.
4. Identify what type of entity pays federal income taxes.
5. Understand the basic format of how property transactions are taxed.
6. Understand the basic structure of the federal income tax paying entities.
7. Understand the income tax structure.
8. Differentiate between a trade or business activity, investment activity and a personal activity and why this is important.
9. Explain what is income.
10. Explain why indirect benefits are income and when they are taxable.
11. Identify a primary source of tax law.
12. Identify which items of income and deduction are likely to produce book/tax differences.
13. Understand the basics of tax jurisdiction and the various courts.
14. Understand the basics of tax research.
15. Understand the importance of cash flow in doing tax analysis and how it works.
16. Appreciate and be able to explain why the nondeductible criteria exist.
17. Demonstrate how organizational expenses are handled for tax purposes?
18. Describe the bad debt deduction for business bad debts and non-business bad debts and the tax treatment of such deductions.
19. Explain how MACRS works.
20. Explain how some of the key components of tax planning work.
21. Explain the implications of having a qualified or a nonqualified retirement plan.
22. Explain the importance of documentation.
23. Explain the income tax effects to the borrower and to the lender from a below market loan.
24. Explain the tax differences between qualified and nonqualified stock options.
25. Explain what is a deduction.
26. Explain what is compensation.
27. Identify UNICAP activities and UNICAP expenses.
28. Identify conditions under which and amounts of travel expenses which are deductible.
29. Identify how much and when retirement plan contributions can be made.
30. Identify if this is a taxable transaction i.e., is there recognized gain or loss?
31. Identify the effects of qualified and nonqualified stock options upon the employer and employee.
32. Identify the value or amount of compensation.
33. Identify what are the effects from the sale of a business?
34. Identify what are the effects of electing to file a consolidated tax return?
35. Identify what are the requirements to file a consolidated tax return?
36. Identify what is the adjusted basis of the property after acquisition?
37. Identify what is the amount of realized gain or loss from disposition?
38. Identify what is the amount of recognized gain or loss from disposition?
39. Identify what is the basis of the property to the corporation?
40. Identify what is the basis of the stock to the shareholder?
41. Identify what is the character or type of gain or loss recognized?
42. Identify what is(are) the appropriate entity(ies) to use in certain business situations?
43. Identify when a cash basis taxpayer can take a deduction.
44. Identify when gain or loss is recognized?
45. Identify when loss deductions can be taken.
46. Identify which accounting methods are permitted and appropriate for various businesses.
47. Identify which business expenses are likely to produce book/tax differences.
48. Identify which retirement plan is available for a specified source of income.
49. Recognize and apply key factors when computing MACRS.
50. Recognize situations in which the nondeductible criteria could cause an expenditure not to be deductible.
51. Recognize when special rules apply, e.g., expensing, bonus, luxury cars, ADS, and leasehold improvements.
52. Understand and apply the requirements for an accrual method taxpayer to take a deduction (Economic Performance rules).
53. Understand and apply the requirements for an accrual method taxpayer to take a deduction (Economic Performance rules).
54. Understand basic corporate tax attributes.
55. Understand how to account for income under the cash and the accrual methods.
56. Understand tax consequences of being a member of a controlled group.
57. Understand that parent/subsidiary and brother-sister corporations are members of a controlled group.
58. Understand what is depletion, the difference between cost and percentage, and be able to compute them.
59. Understand what is the net operating loss deduction.

E. Learning Outcomes (MN Transfer Curriculum)

This contains no goal areas.

G. Special Information

None