

**SAM HOUSTON STATE UNIVERSITY
COLLEGE OF BUSINESS ADMINISTRATION
Department of Accounting
Course Syllabus - Fall 2004**

COURSE NUMBER: Accounting 484 W *WRITING ENHANCED*

COURSE TITLE: Advanced Income Tax

PREREQUISITES:

ACC 383, or permission of instructor

PROFESSOR:

Dr. Taylor S. Klett, CPA, JD

OFFICE:

SHB 305E, Sam Houston State University, Huntsville, Texas

OFFICE TELEPHONE, EMAIL AND OTHER :

Phone: 936-294-4977

Email: klett@shsu.edu

See my web page for fax numbers, etc for the department

WEB PAGE:

www.shsu.edu/~klett ← Visit often! The web page will be updated as we go through the semester. Blackboard may be used for some items, but primarily will be used for posting grades. I will, of course, let you know.

OFFICE HOURS:

M-Th: 7:15 am.- 7:45 a.m.

MW 9:30-10:30 a.m.

TTh.: 8:00- 11:00 a.m.

Woodlands: 5:00 - 6:00 Wn depending on traffic.

Others by appointment- call ahead or just drop by

CLASS HOURS:

MW 8:00- 9:30

MW 11:00- 12:30

MW 12:30- 2:00

WN Woodlands

REQUIRED TEXT:

Corporations, Partnerships, Estates and Trusts Hoffman, Raabe, Smith Maloney 2005 Edition, West Federal Taxation, Southwestern College Publishing ISBN 0-324-22088-x for the hardcover, 0-324-29103-5 for loose-leaf version. I don't know if the bookstore has

the loose-leaf version or not. Understand if you get the loose-leaf version you cannot sell the text later if that is important to you.

SUPPLEMENTAL MATERIALS:

Other items will be provided by the instructor, usually on the web page. Also, the world wide web, library materials, and RIA (electronic research) as provided to you by the University and/or your textbook.

COURSE DESCRIPTION:

A study of the Internal Revenue Code and various tax acts. Students will learn the basics in forming, operating and liquidating C Corporations, S Corporations, and Partnerships. Federal tax returns are prepared for C Corporations, S Corporations and Partnerships. ***Tax research is emphasized and integrated into each of the above areas.*** (Note: Expect a ***substantial*** time commitment on these tax research projects in the “early days”.) Students will learn proficiency in the use of various tax services and the Internet.

COURSE OBJECTIVE:

The primary objective of the course is to familiarize the student with the Internal Revenue Code as it pertains to Corporate and Partnership taxation and to obtain proficiency in research in these and other Code sections. When the student completes this course, s/he should be able to:

- Realize the importance of revenue needs as an objective of Federal tax law. Appreciate the influence of economic, social, equity, and political considerations on the development of the tax law.
- Understand how the IRS, as the protector of the revenue, has affected tax law. Recognize the role of the courts in interpreting and shaping tax law.
- Identify tax law sources (statutory, administrative, and judicial). Locate tax law sources.
- Assess the validity and weight of tax law sources. Make use of various tax planning procedures.
- Have a solid understanding and awareness of computer-assisted tax research.
- Understand the various forms of conducting a business. Determine when an entity will be treated as a corporation.
- Understand the tax rules unique to corporations and compute the corporate income tax.
- Describe the reporting process for corporations. Identify the tax consequences of incorporating a business.
- Appreciate the tax problems involved when making later property transfers to a controlled corporation.
- Understand the tax aspects of the capital structure of a corporation.
- Identify and understand the concept of earnings and profits.
- Master the tax treatment of dividends, including property dividends, to both the recipient shareholder and the corporation making the distribution.
- Understand the nature and treatment of constructive dividends.
- Identify and understand the consequences of the various stock redemptions that cause corporate payments made to shareholders in exchange for their stock to be treated as sales or exchanges of the shareholders' stock rather than as dividend income.
- Master the tax laws governing corporate liquidations at both the corporate level and the shareholder level.
- Appreciate the purpose of the accumulated earnings tax.
- Recognize the requirements for personal holding company status.
- Discuss governing principles and theories of partnership taxation.
- Describe the tax effects of forming a partnership with cash and property contributions.
- Determine the tax treatment of expenditures of a newly formed partnership and identify the elections that should be made.
- Specify the methods of determining a partnership's tax year. Calculate partnership taxable income and describe how partnership items affect a partner's income tax return.

Determine a partner's basis in the partnership interest. Explain how liabilities affect a partner's basis.
Describe the limitations on deducting partnership losses.
Provide insights regarding advantageous use of a partnership.
Describe the general concepts for the tax treatment of disproportionate distributions.
Calculate the selling partner's amount and character of gain or loss on the sale or exchange of a partnership interest.
Outline the methods of terminating a partnership.
Explain the effects of attaining S corporation status. Identify corporations that qualify for the S election.
Discuss how an S election is made and, once made, how it can be lost. Explain the effect of an S election on the corporation and its shareholders. Describe the situations where S status is desirable or undesirable.
Understand the uses of an LLC and Limited Liability Partnership

COURSE EVALUATION PROCESS:

This is a writing-enhanced course. Therefore, at least 50% of your grade will be based on written assignments, which will include written essay style examinations. However, to get you ready for the CPA exam we will also have certain computer testing style assignments.

Examinations : Two or three major examinations will be given, relating to Corporations, Partnerships, and S Corporations, and probably tax ethics. In addition to examinations, a major written project will be assigned, which shall be the FINAL. Finally, tax returns for corporations, partnerships, and S corporations will be assigned.

Accordingly, the *approximate* "mix" (subject to change) for grading shall be as follows:

Research paper (final):	30%
Examinations:	30%
Tax returns:	20%
Tax research/homework:	20%

Make-up exams. → **There are none.** ← Students who miss an exam will receive a zero for the exam unless the delay/absence is prearranged with or otherwise allowed by the professor, who in his sole discretion shall determine the validity of the absence during the regular exam. Since the major exams will be take home, it is unlikely the student will have a valid excuse for a late exam, but I will listen.

Extra credit opportunities will abound for those interested, up to a yet to be determined maximum. I reserve the right to implement **pop tests** and additional other assignments if determined necessary by myself.

Homework/Tax Returns/ etc:

Tax research and related homework will be assigned. In addition, tax returns and other tax research projects will also be assigned.

In general, unless I state otherwise, you may work with others to enhance your learning experience. However, you must turn in your own work individually and ALSO note with whom you worked.

I do not intend to be a dictator about homework. Homework is designed to help you understand the course work. ***By this time in your academic career, you should be past the stage of trying to get out of doing this type of work.*** You will only hurt yourself as homework is part of the overall grade “equation,” here 20%.

Timeliness of Submission of Assigned Work :

I **REQUIRE** the homework, exams, final tax research project (the final) and tax returns to be turned in on the due dates/times that will be clearly established at a later time.

→ I WILL EITHER SUBSTANTIALLY DEDUCT GRADE POINTS OR REFUSE ACCEPTANCE (AKA- A ZERO) OF THE WORK IF SUBMITTED LATE, MY CHOICE. ← BE WARNED. I had been overly generous in the past and this generosity was rewarded with horrible abuse previously, therefore no longer will I allow late work.

STUDENT ABSENCES ON RELIGIOUS HOLY DAYS POLICY

Section 51.911(b) of the Texas Education Code requires that an institution of higher education excuse a student from attending classes or other required activities, including examinations, for the observance of a religious holy day, including travel for that purpose. A student whose absence is excused under this subsection may not be penalized for that absence and shall be allowed to take an examination or complete an assignment from which the student is excused within a reasonable time after the absence.

University policy 861001 provides the procedures to be followed by the student and instructor. A student desiring to absent himself/herself from a scheduled class in order to observe (a) religious holy day(s) shall present to each instructor involved a written statement concerning the religious holy day(s). This request must be made in the first fifteen days of the semester or the first seven days of a summer session in which the absence(s) will occur. The instructor will complete a form notifying the student of a reasonable timeframe in which the missed assignments and/or examinations are to be *completed*.

DISABLED STUDENT POLICY

It is the policy of Sam Houston State University that no otherwise qualified disabled individual shall, solely by reason of his/her handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any academic or Student Life program or activity. Disabled students may request help with academically related problems stemming from individual disabilities from their instructors, school/department chair, or by contacting the Chair of the Committee for Continuing Assistance for Disabled Students and Director of the Counseling Center, Lee Drain Annex, or by calling (936) 294-1720.

If you have a disability that may affect adversely your work in this class, then I encourage you to register with the SHSU Counseling Center and to talk with me about

how I can best help you. All disclosures of disabilities will be kept strictly confidential.
NOTE: no accommodation can be made until you register with the Counseling Center.

ATTENDANCE POLICY:

Class attendance is a requirement of this course. Regular attendance will indicate the amount of interest and effort a student is willing to exert in learning. It is generally the borderline student for whom absences can be of vital importance.

TOPICS:

1. Sources and Applications of Federal Tax Law/Research
2. Tax Administration and Procedure
3. Income Taxation of Corporations
4. Corporate Organization and Capital Structure
5. Corporate Distributions: E&P and Stock Dividends
6. Corporations: Stock Redemptions and Partial Liquidations
7. Complete Liquidations
8. Corporate Reorganizations
9. Partnerships: formation, operation and basis
10. Partnership distributions, dispositions of Partnership Interests, terminations
11. S Corporations
12. Comparative forms of doing business

COURSE OUTLINE:

Specific and more detailed timing of assignments and examinations *will be provided separately*. It would appear, however, that we will progress as follows: Chapters 1, 2,3,4,5,7; Chapters 10,11,12 and Chapter 16.

Tests will probably be around mid September, October, and November, and the final paper will be due on **the last class day** (or gladly accepted before). **There will be no exam during final exam periods.**

OTHER:

ACADEMIC HONESTY POLICY:

“Students are expected to maintain complete honesty and integrity in the academic experiences both in and out of the classroom. Any student found guilty of dishonest in any phase of academic work will be subject to disciplinary action.” Code of Student Conduct and Discipline, Section 5.3, as printed in the *Guidelines*. **All students in this class are subject to such Guidelines.**

CLASSROOM CIVILITY:

Please turn off your cell phone before class begins and/or mute it!!! Students are expected to assist in maintaining a classroom environment that is conducive to learning. In order to assure that all students have an opportunity to gain from time spent in class, *unless otherwise approved by the professor*, students are prohibited from using cellular phones or beepers, eating in class, making offensive remarks, reading newspapers,

sleeping, talking among each other at inappropriate times or engaging in any other form of distraction. Inappropriate behavior in the classroom shall result in, minimally, a directive to leave class.

CAVEAT:

As are most things in life, the above is subject to change at any time; however, you will be adequately notified of such changes- in class, internet, etc.

IMPORTANT UNIVERSITY WIDE DATES:

September 6 **HOLIDAY!!! Whoa, dude!**

Oct 15 Friday **Last day for dropping Fall Semester courses without grade of F.**
Last day for resignations without receiving WP or WF marks. Degree applications to be filed in Registrar's Office by students graduating in May, 2004

Nov 22 Monday. **Last day for resignations**

Nov 24-26 Wednesday-Friday. Thanksgiving

Dec 8 **Wednesday, LAST CLASS, PAPER DUE**

Dec 18 Saturday. Commencement.

You may wish to examine the academic calendar on the SHSU website.