

ACCT 540

Income Tax Accounting

Fall 2023 – First session (8/28 through 10/20)

Instructor: Jim Hamill, CPA, Ph.D.
E mail: James.Hamill@tamuc.edu

Textbook: McGraw Hill's *Taxation of Individuals and Business Entities*, 2023 Edition.

Course Format

This is a fully online class that provides live lectures that are also recorded for those who cannot attend live. It uses the D2L online platform. **YOU MUST CHECK YOUR TAMUC E MAILS AND THE CONTENT SECTION OF D2L FREQUENTLY – AT LEAST EVERY OTHER DAY. I WILL COMMUNICATE BY E MAIL, BY POSTING CONTENT ON D2L AND BY LIVE VIDEOS THAT WILL BE RECORDED AND POSTED ON D2L. YOU ARE RESPONSIBLE FOR KEEPING UP IN THIS COURSE.**

There is a textbook. The 2023 version is now available. We will use the online version of the book and your account will be charged for access. You will receive an e mail that **will allow you to opt out** if you prefer to use a paper version of the book. The text is a comprehensive one and is the same book as is used for ACCT 538. If you have a paper version that you used in ACCT 538 it will be acceptable for use in this class even if it is a 2022 or 2021 version. Assignment 1 is from the textbook so you will need to check to be sure you are doing the right assignment if you use a version other than the 2023 one.

There will also be significant other material posted on D2L. You should use all of this material to succeed in this class. The videos will be titled to help you determine if they relate primarily to a topic area/chapter or a particular assignment. Often it is not possible to make such a distinction. I will send e mails to indicate content.

You may listen to videos live or by recording. Live sessions will include an invitation by e mail. I use the Zoom platform and that is how you will join. When ready the videos will be uploaded to the content section of D2L. I will send a link to watch a recording. If you are live, you can send chat questions or can simply ask a question using your microphone.

Course Description

This course is an overview of the taxation of corporations (both “C” and “S”), and partnerships. It also discusses tax research techniques and professional responsibilities in tax practice.

We address issues and approaches that are similar to what a tax practitioner would encounter and do. In many cases, there are no certain answers. This course is not specifically designed to prepare for the CPA exam, but the course coverage will be very helpful in this regard.

Our tax laws change frequently. Many changes are significant. Changes to laws create a more equal footing for young professionals and more experienced ones.

This course has been designated by the accounting department as a writing-intensive course. We address issues and approaches that are similar to what a tax practitioner would encounter and do. In many cases, there are no certain answers. This course is not specifically designed to prepare for the CPA exam, but the course coverage will be very helpful in this regard.

Learning Objectives

At the end of this course, you should be able to:

1. Distinguish the key tax and business aspects of different forms of operating a business
2. Determine the tax consequences of formation of a corporation
3. Identify different means of withdrawing funds from a corporation and the tax consequences of each
4. Determine the tax consequences of distributions from a regular corporation to the corporation
5. Determine the tax consequences of distributions from a regular corporation to its shareholders
6. Identify the facts used to distinguish a distribution from an exchange when a corporation redeems its own stock
7. Determine the tax consequences of a liquidation of a corporation to the entity
8. Determine the tax consequences of a liquidation of a corporation to its shareholders
9. Determine the tax consequences of formation of a partnership
10. Identify distinctions between the tax treatment of partnerships and S corporations, including formations, allocations, distributions, and treatment of debt

Grading

(10) Assignments	200 points	80% of grade
Short writing assignments (2)	<u>50 points</u>	20% of grade
TOTAL	<u>250 points</u>	

All assignments will be in the content section of D2L. All submissions must be to the assignments folder. I will not post them all immediately. To do them “right,” that is, with full credit, we need to go over the material first. By holding back on posting the assignments I can increase the likelihood that you will listen to the class discussion (video) before doing the assignment. This is the same approach taken in a face-to-face class.

TOPIC COVERAGE - ASSIGNMENTS

Assignment 1 – Book-Tax Income Reconciliation

ASSIGNMENT 1 IS COMPREHENSIVE QUESTION 64 ON PAGE 16-39 OF THE TEXTBOOK. ALL OTHER ASSIGNMENTS WILL BE POSTED TO THE CONTENT SECTION OF D2L. **Use 10% as the taxable income limit for charitable contributions.**

Assignment 2 – Section 301 distributions

Assignment 3 – Section 302 Redemptions

Assignment 4 – Section 351 Corporate Formations

Assignment 5 – Liquidation comparison (336/331; 337/332)

Assignment 6 – Section 1060 allocations and their reporting

Assignment 7 – Section 721 transfers to Partnerships

Assignment 8 – Section 704(b) and 704(c) partnership allocations

Assignment 9 – Section 731 distributions/734 adjustments

Assignment 10 – Section 1366 distributions

Assignments are submitted to the assignment folder of D2L. This folder provides the date and time that the assignment was submitted. All assignments are due 11:59 p.m. the day that the syllabus indicates they are due. Assignments must be turned in on time to receive full credit (20 points). An assignment turned in one day late will have a maximum of 18 points, two days late 15 points, three days late 11 points, four days late 6 points, and no assignments can be accepted for credit after four days from the original due date. **Once I post the solution no assignments are accepted, and I may post the solution after the second day.**

You may handwrite your solution and upload the file if your writing is legible. See below for writing assignments – they are more formal and must be typed.

Writing Assignments

Writing assignments will be separately assigned and posted to the content section of D2L. I will explain requirements by use of a video and will also upload examples of how the writing assignment should be formatted.

Writing assignments are formal and must be submitted in a typed format. The writing assignments must be turned in on time. **You must submit to the assignments folder of D2L.** Failure to submit it on this date will result in a loss of possible points. If turned in one day late, the maximum point total drops to 22 (out of 25). If 2 days late 18 points maximum, 3 days late 13 points maximum. More than 3 days late, zero points.

Students with Disabilities and Title IX Compliance

If you have any disability that could affect your experience in this class, please let me know the first week of classes. I rely entirely on those specialists designated by the university to determine whether accommodation is appropriate and, if so, what accommodation is appropriate.

In an effort to meet obligations under Title IX, faculty are considered “responsible employees” by the Department of Education. This requires that any report of gender discrimination which includes sexual harassment, sexual misconduct and sexual violence made to a faculty member must be reported to the Title IX Coordinator at the Office of Equal Opportunity.

CPA Exam Candidates - State of Texas

Candidates who desire to sit for the CPA in Texas must meet the following educational criteria: 1) Have a bachelor's degree; 2) Completed 150 semester hours of courses (this may soon change to 120 hours to sit for the exam); 3) Included in the 150 semester hours, 30 of upper-level accounting courses. 24 hours of upper-level business courses; 3-semester credit hours of approved ethics; 2-semester credit hours of approved communication and 2-semester credit hours of approved accounting research. **You are no longer required to have a certain number of accounting hours in a face-to-face format.** For more information visit Exam/Qualification on the State Board's website: <http://www.tsbpa.state.tx.us/>

The Counseling Center at A&M-Commerce, located in the Halladay Building, Room 203, offers counseling services, educational programming, and connection to community resources for students. Students have 24/7 access to the Counseling Center's crisis assessment services by calling 903-886-5145. For more information regarding Counseling Center events and confidential services, please visit www.tamuc.edu/counsel

COURSE SCHEDULE BY WEEK

THIS ASSIGNMENT SCHEDULE IS BY WEEK ENDED AT A SPECIFIED DATE.

The schedule may be slightly modified depending on how quickly we move through the material. You will be informed in advance of any schedule changes.

NOTE THAT ALL ASSIGNMENTS ARE DUE at (11:59 P.M.)

I WILL ANSWER E-MAILS MONDAY THROUGH FRIDAY. I DO NOT COMMIT TO ANSWERING ANY E MAILS AFTER NOON FRIDAY THROUGH SUNDAY EVENING. IF YOU NEED TO CONTACT ME ABOUT THE CLASS YOU NEED TO PLAN ACCORDINGLY AND STAY AHEAD OF THE ASSIGNMENT SCHEDULE.

The videos will be recorded with sufficient lead time that you will be able to submit assignments early if you choose to do so. I will not begin grading assignments until the due date. This allows you to submit a substitute for an early submission if you decide an error was made.

Week ended	Topic	Reading	Assignment(s)
F 09-02	Entity Overview Book-Tax Differences Corporate Distributions	Chapter 15 Chapter 16	Assignment 1 due (F 09-01)
F 09-09	Corporate Distributions	Chapter 18	Assignment 2 due (W 09-06)
F 09-16	Corporate formations Corporate liquidations	Chapter 19	Assignment 3 due (M 09-11) Assignment 4 due (F 09-15)
F 09-23	Purchase price allocations	Section 1060	Assignment 5 due (W 09-20) Assignment 6 due (F 09-22)
F 09-30	Corporate liquidations Partnership formations	Chapter 19 Chapter 20	Writing 1 due (W 09-27) Assignment 7 due (M 10/02)
F 10-07	Partnership operations	Chapter 20	Assignment 8 due (F 10-06)
F 10-14	Partnership distributions	Chapter 20	Assignment 9 due (W 10-11) Writing 2 due (M 10-16)
F 10-21	S corporations	Chapter 22	Assignment 10 due (R 10-19)