

FALL 2012

Professor Jeri Seidman, Ph.D., CPA (inactive)

Office Hours Mondays/Wednesdays 2:00-3:00 or by appointment, 4M256

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Course Web Page via Blackboard http://courses.utexas.edu

Teaching Assistants:

Lisa De Simone	Lisa.DeSimone@phd.mccombs.utexas.edu	Friday 10:30-11:30 am	CBA 5.324A
Kathleen Powers	Kathleen.Powers@phd.mccombs.utexas.edu	Thursday 1:30-2:30 pm	CBA 1.310A
Bridget Stomberg	Bridget.Stomberg@phd.mccombs.utexas.edu	Tuesday 10:30-11:30 am	CBA 5.324A

Course Objectives

- Gain an understanding of the theory and "language" of taxation.
- Establish a broad understanding of the tax policy framework from which we can make informed decisions as voters. Identify tax policy issues suggested by or underlying particular provisions of the tax law.
- Show how taxation affects the economic decisions of multiple parties to a transaction. Build an appreciation for the importance of tax considerations in financial transactions.
- ♦ Teach sufficient detail about tax laws to provide a basic knowledge for all the students who are future taxpayers and the subset of students who become tax advisors. Apply basic tax rules and regulations to compute the taxable income and federal income tax liability for individual and corporate taxpayers.

Required Materials

Custom Textbook from McGraw-Hill. Print version available at the Co-op. Electronic only version available by searching 'Seidman' at https://create.mcgraw-hill.com/shop/ (FYI, for royalty reasons, the e-book costs as much as the print book.) The custom book is a combination of Principles of Taxation for Business and Investment Planning by Jones and Rhoades-Catanach and Taxation of Individuals & Business Entities by Spilker, Ayers, Robinson, Outslay, Worsham, Barrick and Weaver.

Course Requirements and Grading

Your grade in the course will be determined as follows:

Exam 1 in class	100
Exam 2 in class	100
Exam 3 in class	100
Final Exam	200
Tax return projects (2 projects—10 pts and 30 pts)	40
Electronic assignments/quizzes (best 12 out of 15 x 5 pts each)	<u>60</u>
Total	600

Grades will be based on mastery of the material. I have adopted plus/minus grading as the standard for all sections of the course. I expect to award a few B-'s and C's, many B's, and some B+/A-/A's with an overall course GPA around 3.3.

I believe that this difficult material often requires repeat exposure to master, and life throws unexpected hurdles. Thus, I will evaluate your final course grade substituting your final exam percentage score (if better) for worse midterm scores. For example, if your midterms were 82%, 60% and 72%, and you scored an 80% on the final exam, I would evaluate your final grade based on 82%, 80% and 80% midterms and 80% final exam.

Because I substitute the final exam for poor midterms, I offer no midterm makeup exams, except for mandatory UT excused absences. Choose to come or not, as your adult schedule permits. Note that most students do not do better on the final exam than on their midterms. I recommend that you study hard and take all exams.

Regrade requests for the first two exams must be submitted to me in writing within 3 business days after exams are returned in class. Regrade requests for the third exam are due by the final exam. Regrade requests for the final exam are due within the first two weeks of the spring semester. After the regrade period, only totaling errors will be adjusted for.

By UT-Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holiday, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Description of Requirements

The exams will be a combination of multiple choice/matching questions (which may be theoretic or numeric), short essay questions, and problems. The comprehensive final exam will be all multiple choice and matching.

A standard notes sheet will be allowed for each exam. I will distribute this note sheet one week before the exam (so you know what need not be memorized) and then distribute it again at the exam. You will not be allowed to use your book, notes, or your own note sheet during exams.

An assignment is due for nearly every class—either an exam, an electronic quiz to take or a project to complete. Electronic quizzes will be posted on Blackboard. I will count the best 12 (of 15) electronic quizzes. Quizzes must be completed by 9:00 am on the date they are assigned. You should read chapter material and consider recommended exercises prior to attempting the quizzes, because the quizzes have time limits. The syllabus also lists two tax return projects. These project will involve taking an electronic quiz on Blackboard and preparing tax forms. Finally, the attached schedule recommends end-of-chapter questions for class discussion and preparation for quizzes and exams, but I will not collect these. Solutions will be posted on Blackboard.

Class Participation

While not graded, group sharing and problem-solving activity will be an integral component of your in-class experience. You contribute to the class learning environment in the following ways:

- helping classmates solve recommended out-of-class problems,
- expressing your opinion in class discussions and volunteering answers to problems worked in class,
- posting questions, solutions, or current events links and summaries to the class web site,
- asking questions during class or posting questions to the class web site. I (and the rest of the class) appreciate the student who says "slow down, I'm confused."

Class Web Site and Student Privacy

Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging email, engaging in class discussions and chats, and exchanging files. In addition, class email rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main information directory information, Building, Room 1. For on restricting see: http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09/html.

Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, http://www.utexas.edu/diversity/ddce/ssd/

McCombs Classroom Professionalism Policy

The highest professional standards are expected of all members of the McCombs community. Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas MPA classroom experience is enhanced when:

- Students arrive on time.
- Students display their name cards.
- Students minimize unscheduled personal breaks.
- Students are fully prepared for each class.
- Students respect the views and opinions of their colleagues.
- Laptops are closed and put away.
- Phones and wireless devices are turned off.

Academic Dishonesty

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at http://www.mccombs.utexas.edu/BBA/Code-of-Ethics.aspx. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at http://deanofstudents.utexas.edu/sjs/ to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

I owe it to you to set rules that I can enforce, so that you don't worry that you are honest but that other classmates gain an advantage from dishonesty.

Exams: Each student must complete the exams independently during the designated exam period. Do not refer to other students' exam solutions or discuss the exam with other students during the exam period. Do not send text messages or access prohibited materials during the exam. Students who have taken an exam are prohibited from discussing the exam with students who have not yet taken the exam.

Electronic assignments/quizzes and tax return projects: On outside assignments, including electronic quizzes, you may obtain outside help and work with others, including classmates, former students, finding copies of solutions, etc. Because I permit collaboration, I do not make outside work a large component of the grade.

Campus Safety

Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, http://www.utexas.edu/safety/:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform their instructor in writing during the first week
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Further information regarding emergency evacuation routes and emergency procedures can be found at: www.utexas.edu/emergency.

CAVEAT: This syllabus includes policies and plans for the course that may require adjustment as the course progresses. The instructor reserves the right to make changes at any time during the semester *with notice* to the class.

NOTE: There is NO CLASS ON WEDNESDAY BEFORE THANKSGIVING but there is a MAKE-UP CLASS on FRIDAY, SEPTEMBER 21ST.

Reminder: All quizzes are due by 9:00 am on the day assigned.

August 29	Introduction: types of taxes
Learning Objectives	Course overview
	What types of taxes exist and what jurisdictions use them?
Book	Chapter 1, Types of Taxes and the Jurisdictions that Use Them
Recommended	CH1: Q4,7,10,13; AP6; TPC1
September 3	NO CLASS – LABOR DAY
September 5	THE CERTISE ENDOR DITT
September 5	Tax policy issues, NPV review
Learning Objectives	What are standards for a good tax system?
	What influences tax policy?
	Review intuition behind and calculation of NPV, FV
Book	Chapter 2, Policy Standards for a Good Tax and Chapter 3, Taxes as
	Transaction Costs
Recommended	CH2: Q5,6,14; AP3,4; TPC
	CH3: AP3,4 (use calculator not tables)
September 10	Tax Planning
Learning Objectives	Transaction cost perspective
	Fundamentals of tax planning
ъ.,	
Book	Chapter 3, Taxes as Transaction Costs, and Chapter 4, Maxims of
A gaigness and	Income Tax Planning Ovin 1 on Plankhand (5 nts)
Assignment Recommended	Quiz 1 on Blackboard (5 pts) CH3: Q3,5; TPC1,2
Recommended	CH4: Q3,14; AP1,3,4,9,10; TPC2
	C114. Q3,14, A1 1,3,4,7,10, 11 C2
September 12	Taxable Income from Business Operations
Learning Objectives	Understand when inflows are considered taxable
	Understand when outflows are considered deductible
Book	Chapter & Rusiness Income Deductions and Accounting Methods
DUUK	Chapter 8, Business Income, Deductions and Accounting Methods,
	Chapter 6 Tayable Income from Rusiness Operations (up to p. 129)
Assignment	Chapter 6, Taxable Income from Business Operations (up to p. 128)
Assignment Recommended	Chapter 6, Taxable Income from Business Operations (up to p. 128) Quiz 2 (5 pts) CH8: 5, 6, 13, 47, 56

Taxable Income from Business Operations, Property Acquisitions	
Understand choices for taxable year and accounting methods	
Apply the cash method to measure taxable income	
Apply the accrual method to measure taxable income	
Decide if expenditures should be expensed or capitalized	
Understand how cost recovery reduces tax	
Chapter 8, Business Income, Deductions and Accounting Methods	
Chapter 7, Property Acquisitions and Cost Recovery Deductions	
Quiz 3 (5 pts)	
CH8: 19, 20, 25, 34, 41, 64, 69, 74	
Property Acquisitions	
Explain how leverage can reduce the after-tax cost of assets	
Property classifications: planning with cost segregation	
Understand the MACRS framework	
Section 179 expense, bonus depreciation	
Incorporate depreciation into NPV computations	
Cost recovery of intangibles and natural resources	
Chapter 7, Property Acquisitions and Cost Recovery Deductions	
Cost Segregation article on Blackboard	
Quiz 4 (5 pts)	
CH7: Q3,8,13,17; AP4,5; IR4; TPC1,2	
Property Dispositions	
Distinguish between gain or loss realization and recognition	
Apply the installment method of accounting	
Identify capital gains and losses	
Identify and plan for Section 1231 assets	
Nonrecognition for related party losses and wash sales	
Chapter 8, Property Dispositions	
CH8: Q4,10; AP6,7,13	
Property Dispositions	
Recapture of prior depreciation and prior year 1231 losses	
Netting and capital loss limitations	
Chapter 8, Property Dispositions	
Quiz 5 (5 pts)	
CH8: Q11,12; AP20,22,41	
Exam 1 from 7-9 pm in UTC, 4 th floor (100 points)	

October 1	Nontaxable exchanges
Learning Objectives	Generic framework for nonrecognition and basis substitution Exceptions for receipt of nonqualified property
Book	Chapter 9, Nontaxable Exchanges
Recommended	CH9: Q2,3,4; AP1,5
October 3	Nontaxable exchanges
Learning Objectives	Like kind exchanges, casualties, corporate and partnership formation Limit losses under the wash sales provisions
Book	Chapter 9, Nontaxable Exchanges
Other reading	example of 1031 facilitator: http://www.1031exchangecorp.com/
Assignment	Quiz 6 (5 pts)
Recommended	CH9: AP12,18,26
October 8	Sole Proprietorships, Partnerships
Learning Objectives	Understanding the nature of flow-through entities generally
Zearning Oxfeet ves	Reporting requirements for sole proprietorships
	Computing payroll and self-employment taxes
	Differentiating between share of partnership income and cash flows
Book	Chapter 10, Sole Proprietorships, Partnerships, LLCs, and S Corporations
Recommended	CH10: Q3,5,11; AP2,8
October 10	Partnerships, LLCs and S Corporations
Learning Objectives	Basic rules for basis computation
	Limitations on losses arising from at-risk basis
	Determining eligibility for S Corporation status
	Contrasting partnership, LLC and S Corporations
Book	Chapter 10, Sole Proprietorships, Partnerships, LLCs, and S
	Corporations
Assignment	Quiz 7 (5 pts)
Recommended	CH10: Q8,12; AP13,14,20,26
October 15	Corporations
Learning Objectives	Basic rules for taxing corporations
2 0	Comparing partnership and corporation investments
	Reconciling book-tax differences: Schedules M-1 and M-3
Book	Chapter 11, The Corporate Taxpayer
Assignment	Quiz 8 (5 pts)
Recommended	CH11: AP1,3,12

October 17	The Corporate Taxpayer
Learning Objectives	Overview of Alternative Minimum Tax (AMT)
	Taxation of corporate distributions
	Credits that reduce tax
	Discuss corporate tax return project
D 1	
Book	Chapter 11, The Corporate Taxpayer
Assignment	Quiz 9 (5 pts)
Recommended	CH11: Q7,8,10; AP17,21; TPC4
October 22	Entity Choice, Taxable Income from Business Operations
Learning Objectives	Recap trade-offs in entity choice,
	Entity choices for and limitations on income-shifting/sheltering
	Understand conceptual difference between book and taxable income
	Contrast tax policy versus GAAP concepts for income measurement
Book	Chapter 12, The Choice of Business Entity, Chapters 17, Accounting
2001	for Income Taxes, and 6, Taxable Income from Business Operations
Assignment	Form M-3 project (10 pts)
Recommended	CH12: Q3,13,15; AP11
	CH17: 1,7
October 24	Taxable Income from Business Operations
Learning Objectives	Apply specific rules to permanent and temporary differences
	Understand present value effects of NOLs
	Incentives to forego NOL carryback
	Reserve for Tax Contingencies
Book	Chapters 17, Accounting for Income Taxes, and 6, Taxable Income
DOOK	from Business Operations (p. 128 through end)
Assignment	Quiz 10 (5 pts)
Recommended	CH17: 9,15,35,47,53,74
Accommended	CH6: Q13; AP32,34
October 29	Exam 2 from 7-9 pm in UTC, 4 th floor (100 points)

October 31	The Individual Tax Formula
Learning Objectives	Review structure of individual taxation: Filing status, income, deductions
Book	Chapter 14, The Individual Tax Formula
Recommended	CH14: Q6,9,11; AP3,4,21
November 5	Tax Consequences of Personal Activities
Learning Objectives	Individual deductions, credits Understanding income exceptions for individual taxation
Book	Chapter 17, Tax Consequences of Personal Activities
Assignment	Quiz 11 (5 pts)
Recommended	CH14: Q14; AP29;
	CH17: AP5
November 7	Tax Consequences of Personal Activities
Learning Objectives	Understanding deductions unique to individual taxation
Book	Chapter 17, Tax Consequences of Personal Activities
Assignment	Quiz 12 (5 pts)
Recommended	CH17: AP21,29
November 12	Compensation
Learning Objectives	Distinguishing employees from contractors
	Executive compensation limits and reasonable compensation Identify common fringe benefits
Book	Chapter 15, Compensation and Retirement Planning
Assignment	Quiz 13 (5 pts)
Recommended	CH15: Q4,9; AP3,5,9
November 14	Retirement Planning
Learning Objectives	Compare benefits of nonqualified versus qualified plans Distinguish between defined benefit plans and various defined contribution plans Understanding the use of deferred compensation Planning for retirement and college savings
Book Recommended	Chapter 15, Compensation and Retirement Planning CH15: AP29; TPC4

November 19	Options/Investment and Personal Financial Planning	
Learning Objectives	Describe the tax consequences of stock options Understanding different ways financial instruments are taxed: Interest, dividends, insurance, annuities Computing tax on capital gains and losses Changing tax policy for capital income	
Book	Chapter 15, Compensation and Retirement Planning, and Chapter 16, Investment and Personal Financial Planning	
Assignment	Quiz 14 (5 pts)	
Recommended	CH15: AP11,12	
	CH16: AP4,16,20	
November 21	NO CLASS – HAPPY THANKSGIVING!	
November 26	Investment and Personal Financial Planning	
Learning Objectives	Planning for passive investments	
near ming object; es	Combining at-risk basis and passive loss limits	
	Taxation of rental real estate, partial personal use of rental property	
Book	Chapter 16, Investment and Personal Financial Planning	
Other reading	real estate passive loss article:	
	http://www.ciremagazine.com/article.php?article_id=671	
Recommended	CH16: AP32,34,35	
November 28	Estate and Gift Taxation	
Learning Objectives	Changing tax laws for estate and gift taxation	
Book	Chapter 16, Investment and Personal Financial Planning	
Assignment	Quiz 15 (5 pts)	
Recommended	CH16: AP36,37,39	
December 3	Overview of Multijurisdictional Taxation	
Learning Objectives	Compare worldwide vs. territorial taxation schemes	
	Define nexus	
Assignment	Tax Return Project (30 pts)	
December 5	Exam 3 from 7-9 pm in UTC, 4 th floor (100 points)	

FINAL EXAM mandatory & comprehensive. (200 points)

I have requested a uniform exam time for all sections of ACCT 355 and ACCT 380K.11. I will provide details to you as soon as they are provided to me. This is generally not until early- to mid-November (November 9 for 2011) so please make your holiday plans with the knowledge that this exam could be anytime between 12/12 and 12/18.