



THE UNIVERSITY OF TEXAS AT AUSTIN McCOMBS SCHOOL OF BUSINESS

TAX PLANNING FOR BUSINESS ENTITIES - ACC 384.4 Summer 2009

Instructor: Terrie Mancill, GSB 5.126G
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Office hours: TTH 11:30-1:00 pm, and by appointment
Dates: July 13 – August 14, 2009
Days & times: MTWThF: 10:00 – 11:30 (unique #71140)
Room: UTC 1.102

Course Objective

Traditional finance and other business courses analyze a broad spectrum of factors affecting business decision-making but typically give little systematic consideration to the role of taxes. In contrast, traditional tax accounting courses concentrate on administrative issues while ignoring the richness of the context in which tax factors operate. The objective of the course is to bridge this gap by providing a framework for recognizing tax planning opportunities and applying basic principles of tax strategy.

The course begins with some basic analytical tools of this framework. The role that taxes may play in business decisions are presented within the life-cycle of a firm - the tax issues at start up (e.g., the choice of organizational form), the compensation of workers (e.g., current and deferred compensation, stock options), capital structure and dividend policy, multistate and multinational operations, and finally, mergers and acquisitions.

An ultimate goal of the course is to provide you with an approach to thinking about taxes that will be valuable even as the tax laws change.

Course Materials

Required:

- John E. Karayan and Charles W. Swenson, *Strategic Business Tax Planning, Second Edition*- (ISBN: 978-0-470-00990-1)
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Evaluation

Course grades will be assigned to each student based on her or his accumulated points from the following:

	<u>Percentage of Grade</u>
Group Homework	20%
Participation	20%
Individual Cases (3)	<u>60%</u>
Total	<u>100%</u>

Beginning with the Fall 2005 semester, the University of Texas at Austin instituted plus/minus grading for graduate students. Department of Accounting policy requires that a grading scale including pluses and minuses be used for all graduate Accounting classes, including our course, ACC 384.4. University policy continues to prohibit use of plus/minus grading for undergraduate students. Department of Accounting policy requires that grades for undergraduate students enrolled in graduate Accounting classes will be determined by dropping the plus or minus (if any) from their letter grade.

For more details, please see

http://www.utexas.edu/ogs/student_services/academic_policies/plus_minus.html.

Rules of the Road

As indicated on the course meeting schedule, there are assigned readings and individual or group homework problems for each class meeting and three individual case assignments.

- (1) *Readings*. It is crucial that you read the assigned materials so that you can complete all homework assignments and be prepared to contribute to each class discussion in a meaningful and substantial way.
- (2) *Individual Homework Assignments*. Individual homework assignments (I) appear under the column heading "Homework Assignments" on the class schedule. The date assigned indicates the day we will cover these problems in class. A significant amount of class time will be spent covering these problems, and to facilitate the classroom discussion, students are expected to have attempted these problems before the class in which they will be covered. You may work with other students when completing

these problems. **Individual homework assignments are not turned in for a grade.**

- (3) *Group Homework Assignments.* Group homework assignments (G) appear under the column heading “Homework Assignments” on the class schedule. Each group will be assigned a problem (or problems) to answer and present, and a typed solution will be turned into me at the beginning of class. Each group should work independently. **Group homework assignments are turned in for a grade; each group turns in one copy for all members.**
- (4) *Individual Cases.* I will assign three tax planning cases during this course. Each student will produce a tax planning memo to fully respond to and discuss the planning problem presented in each assignment. The memos should be 3-4 typed, single-spaced pages, and are to be prepared without consulting other classmates (i.e., **no collaboration**). Note: The philosophy behind the cases is that you identify important issues using the SAVANT framework. I do not expect you to produce a “right” answer. If, in doing your analyses, you think you need some additional information, make any reasonable assumptions you think necessary, noting in your answers what these assumptions are. **Each tax planning case is 20% of your grade.**
- (5) *Participation:* You are expected to attend class. This course covers a lot of material. I prefer an informal classroom environment, combining short lectures, identification and discussion of critical issues, and solving of illustrative problems. I encourage you to ask questions, and to volunteer when you have something of value to contribute to class discussion. I will ask questions and call on you often. In particular, I will solicit your participation in class discussion of the individual homework problems listed on your course schedule, and I expect all group members to participate when your group presents a solution to the class. Following each class, I will give every student a participation grade ranging from 0-3, awarded as follows:
- 0 – Absent
 - 1 – Attended class and participation was none to low
 - 2 - Attended class and participation was low to moderate
 - 3 – Attended class and participation was moderate to outstanding
- This “hard” numerical grade for participation represents half (10%) of your participation grade. The other half is my subjective analysis of your classroom conduct according to the parameters noted below. **Your participation grade is 20% of your total grade.**
- (6) *Schedule:* While our objective is to adhere to the schedule, I

reserve the right to modify the schedule as interest and time permits.

- (7) *Peer evaluations.* Near the end of the semester, a peer evaluation form *must* be completed by each group member. The peer evaluation form will be posted on Bb. Each member will complete the form by hand, and deliver it to the accounting office by the due date noted on the class schedule. Note: Point deductions for individual group members will occur if peer evaluations systematically reflect a low contribution.
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Classroom Conduct

What does it mean to be professional? Stand by your word, make good decisions, and take responsibility for your actions. Respect the views of others. This does not mean that you always need to agree with your colleagues or your faculty, but you must show courtesy and respect for your fellow students and to faculty, TA's, program directors, and staff. In turn, you should expect the same courtesy and respect from others.

In this class, professional conduct means the following:

1. *I expect you to arrive to class on time.* It is very disruptive to me and other students when you enter the classroom after class has begun. A search for a vacant seat interrupts the flow of the discussion and it wastes my time and the time of other students. You will find that throughout your career timeliness is one of the very best professional habits to attain.
2. *I expect that all electronic devices will be turned off once class begins. Laptops, cell phones, pagers, Blackberries, and other communication devices are to be turned completely off* (including turning off "cell phone vibrate mode" during class time.) Getting up in the middle of class to "take a call" and directing your attention to outside materials (including newspaper) is unnecessary, disruptive, and disrespectful. This is a common professional expectation.
3. *I expect you to avoid unnecessary personal breaks during class.* Of course from time to time a student must leave class, but students leaving and returning during class is very disruptive, so please keep these disturbances to an absolute minimum.
4. *I expect that you will not have conversations or write notes back and forth with other students during class.* Multiple conversations make it very difficult to concentrate and are very disrespectful of the speaker.
5. *I expect that you will be respectful of me and of the other students in the class.* If someone asks an odd question during class, think about how you

can later help that student understand the material rather than expressing your displeasure with various facial contortions. Practicing a professional response in the classroom will serve you well in the future.

6. *I expect you to be diligent in working with your team members for the projects and other group assignments.* Be a team player, not a free rider.

7. *I expect you to be responsible for taking course notes and obtaining handouts including on days that you miss class.* I expect that you will find the ability to identify and recollect important points from meetings a very valuable professional skill.

In return, you can expect me to:

1. Be in class and office hours on time.
2. Be respectful of your need to learn the material in this class. Thus, I will provide timely and enthusiastic responses to questions made in person or on Blackboard and keep you up to date on changes in the syllabus or homework solutions, again on a timely basis. You can expect me to return homework problems and planning memos in a timely fashion to enhance your learning experience.
3. Provide you with an education that will prepare you for a successful professional career.

Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Services for Students with Disabilities (SSD) is housed in the Office of the Dean of Students, located on the fourth floor of the Student Services Building. Information on how to register, downloadable forms, including guidelines for documentation, accommodation request letters, and releases of information are available online at:

www://deanofstudents.utexas.edu/ssd/index.php.

Please do not hesitate to contact SSD at (512) 471-6259 or by email if you have any questions.

Scholastic Dishonesty

Departmental Policy on Scholastic Dishonesty

The Department of Accounting 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 department's Policy Statement on Scholastic Dishonesty. The policy details can be found at www.mcombs.utexas.edu/mpa/honesty.asp. By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification.