ACC 364

SPRING 2014 - INTRODUCTION TO TAXATION

UNIQUE 2710 (12:30-1:45 UTC 4.112)

Instructor:	John Robinson, C. Aubrey Smith Professor of Accounting
Office:	CBA 4M.226 (471-5315):
Office Hours:	2:00 to 3:00 Monday & Wednesday and 10-11:30 Tuesday
Assistants:	Kathleen Powers (office hours: Friday 10:30 – 11:30 in CBA 1.310A)
	Shannon Chen (office hours: Thursday 10:30-11:30 in CBA 5.334W)
	Colin Koutney (office hours: Thursday 2-3 in CBA 5.324A)
Web Site/email:	Canvas [class email: John.Robinson@utexas.edu]

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1. Goals

This course extends the core set of skills for students aspiring to become professional accountants. This course focuses on the calculation and reporting of income taxes and concentrates on the following specific objectives:

- Understand operation and economics of Federal income taxes,
- Appreciate influence of accounting and taxation on business decisions, and
- Gain an ability to understand and interpret corporate tax disclosures in financial reports.

Throughout the semester, we discuss what it means to work as a professional accountant and what skills are necessary to compete in this profession. There are many aspects to this profession, and I encourage students to ask questions about the profession at any time.

2. Prerequisites

Students enrolled in the BBA program must have credit for accounting 311 or 311H, and 312 or 312H, with a grade of at least C in each. Class is restricted to students in a business major.

3. Text and Class Notes

The text is Spilker et al., *Taxation of Individuals and Business Entities* (McGraw-Hill, 5th edition, 2014, ISBN 978-0-07-7631833). The text is available in multiple configurations (including ebook and rental), and it should be used as a reference to be read for additional background and detail. We cover topics very quickly in this class and the text contains many unimportant details (and some unimportant topics). Hence, the primary focus should be on topics and materials included in the class notes. The text also contains additional problems and questions that provide important opportunities to develop and reinforce concepts and problem solving skills.

Class notes, assigned exercises, practice problems, and supplemental readings are all available on the class web site. Class notes and readings are meant to provide focus, alternative perspectives, and additional details. The notes are organized by class session and the relevant notes and exercises should be brought to class each day. Solutions for practice problems and old exam questions are available on Canvas. Solutions for exercises are posted on the class web site by 4 pm on the due date.

4. Additional References

To supplement the notes and text and provide a more structured overview of specific topics, I often record short (10-15 minute) slideshow presentations on specific class topics. These recordings and the related PowerPoint slides are organized by topic and class meeting and are available on the class web site.

The PCL (UT library) web site subscribes to two of the most popular on-line tax services: *RIA Checkpoint* and *CCH Tax Research Network*. These services provide direct access to updated tax authorities as well as editorial explanations of tax laws. Note that these services are very similar to the automated services (e.g., LEXIS and WESTLAW) that are the primary research tools used by all professional accountants (tax, audit, and consulting). These services will be helpful in solving some class exercises and an access guide to these services is available on the class web site.

5. Schedule

A class schedule is attached to this syllabus, and I make every effort to adhere to it. Any changes to the schedule will be announced in class and posted on the class web site. The exam dates will not be changed – you can count on these!

6. Evaluation

Grades are a necessary means of motivating preparation and providing feedback. In this class, course grades are assigned based upon cumulative points from examinations, assigned problems, and exercises. The following is the maximum number of points possible for each component:

Examinations:	
Midterm exam 1 (20%)	200
Midterm exam 2 (30%)	300
Final exam (40%)	400
Exercises	50
Participation	50
Total points possible	1,000

Letter grades are assigned according to relative performance in the class using plus/minus grading (i.e., A, A-, B+, B, B-, C+, etc.,). I expect an overall class GPA between 3.0 and 3.4.

7. Exams

There are two midterm exams and a final exam. All exams are closed book, but each exam will include a "cheat sheet" containing tax rate schedules, various fixed amounts (e.g., standard deductions), and typical statutory limits (e.g., §179 limitations). Midterm exams consist of a variety of objective questions, essay questions, and multiple-part problems whereas the final exam consists of objective questions. Although the final is not comprehensive *per se*, the course material is cumulative in nature. Hence, an inability to understand material early in the course will likely hamper comprehension and performance throughout the term.

If an exam is missed due to an emergency (an employment interview is not an acceptable emergency), please notify me as soon as possible. Failure to do so promptly may result in a score of zero for the missed examination. No make-up exams are given for excused absences from midterm exams, and instead, the weight of the missed exam is shifted only to the final exam. For example, if the first midterm exam is missed due to an excused absence, then the weight of the final exam is increased proportionately to 600 points.

8. Exercises

I assign exercises for solution as homework. Because last-minute preparation does not work well for this class (or any accounting class for that matter), this portion of the course grade is designed to motivate daily preparation, provide regular feedback, and monitor achievement. Students who prepare diligently and regularly participate in class tend to outperform students who often skip class or come unprepared.

Exercises are due at class time and can be handed in either at the beginning of the class, prior to class in the homework box located in 4M.202, or via class web site. Each exercise is graded on apparent effort using the following scale (3=substantial effort, 2=good effort, and 1=nominal effort). A score of zero is assessed if an exercise is skipped or the solution demonstrates virtually no effort. Homework turned in via the class web site is available for review via the class web site.

9. Participation

Participating during class facilitates comprehension of the topic and improves the learning environment for everyone. Explicitly including participation in your performance evaluation provides an incentive to prepare for class and take participation seriously. I evaluate participation on three dimensions: (1) attendance (*in the section of the course in which you are enrolled*), (2) voluntary contributions to class discussion and (3) answers to questions asked of you (by me) during class. That is, during a portion of class, I may randomly call on students to answer questions related to the topic of discussion. When you are called on, your participation grade will be affected if you choose not to answer the question or cannot attempt a reasonable answer.

Evaluating class participation is subjective. I evaluate participation generously for comments that add to the discussion or pose relevant questions. Participation scores suffer for those who choose not to participate. Anyone arriving late to class (meaning arriving I have started talking) will lose participation points. In the extreme, a failure to participate anytime during the term earns a participation grade of zero. Individual absences from class do <u>not</u> need to be explained.

10. Optional Research Assignment

Besides teaching, accounting faculty regularly conduct research to explore and test economic theories and discover empirical regularities. I offer students the option of accumulating up to 50 points for conducting an optional research assignment. Typical research assignments involve collecting and evaluating financial statement information. Information about this option is posted on the class web site.

11. Web Site

A web-based, password-protected class site is available in Canvas. This site is used to distribute notices and class resources, and class e-mail rosters are a component of the site. 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 Building, Room 1. The class web site should be accessed <u>regularly</u> to stay informed about class announcements, assignments, and solutions.

12. Contacting me outside of office hours

For most personal communications, my academic e-mail address is the best choice: (john.robinson@mccombs.utexas.edu). I read my email at least once every business day, but my responses are not necessarily instantaneous. Hence, it is not a perfect medium for urgent or complex questions (requiring more than a few simple sentences). Face-to-face meetings are better for these communications. If you cannot come to my office hours or locate me outside of office hours, please leave a message on my office phone (I always call or email back).

13. Academic Integrity

I adhere to the Policy Statement on Scholastic Dishonesty for the McCombs School of Business. I believe that your grade should reflect *your* mastery of the course material. I enforce the following rules:

1. Exam scores comprise 90 percent of the course grade, and I score exams solely on individual achievement. Students must complete exams independently during the designated exam time. The only outside aid permitted during an exam is a calculator (scratch paper, depreciation tables, and other information are provided with the exam). Accessing other materials of any kind or receiving any outside assistance during the exam is expressly prohibited. Students are also prohibited from using words or formulas stored in programmable calculators and from discussing the exam with other students (via any medium) until after the exam time has expired.
2. Except for exams, collaboration and group problem solving is permitted and encouraged. Students are also encouraged to post questions, solutions, or current events links to the class web site. Excluding examinations, students may also obtain assistance from any source including former students and professionals.

14. Conduct: My specific expectations of you are:

1. I expect you to arrive at 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. Punctuality is an <u>extremely</u> valuable professional habit that will benefit you throughout your career.

2. I expect that electronic devices (except Ipads used for note taking) will be turned off once class begins. Laptops, cell phones, pagers, Blackberries, Ipods, and other communication media are to be turned off during class time. Getting up in the middle of class to "take a call" or directing your attention to outside communications (including text messages) is unnecessary, disruptive, and disrespectful. This is a <u>very</u> common professional expectation.

Note that I allow Ipads to be used for note taking during class. However, these devices should not be used for electronic communication (email or texting) or for web surfing during class. The expectation is that these devices will be used in lieu of a notebook and not otherwise.

3. I expect you to avoid unnecessary personal breaks during class. Of course, from time to time you might find it unavoidable to leave class. However, 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 unnecessary conversations during class. Multiple conversations are distracting and are very disrespectful of the speaker.

5. I expect that you will notify the TA or me if problems arise. Learning problems often arise unexpectedly and even a consummate professional cannot anticipate every possibility in a complex and dynamic environment. Timing of assignments and the speed of content coverage can become especially acute problems in a fast-paced survey class. Hence, I encourage you to contact a teaching assistant or me when you have difficulty comprehending the material or keeping up with assignments.

Important Notifications

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/.

Religious Holy Days

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 holy day, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Policy on Scholastic 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.

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 the instructor in writing during the first week of class.
- 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.
- Behavior Concerns Advice Line (BCAL): 512-232-5050
- Further information regarding emergency evacuation routes and emergency procedures can be found at: http://www.utexas.edu/emergency.

Introduction to Taxation
Spring 2014 *Initial* Schedule - AT A GLANCE

Class	Date	Discussion Topic	Text Readings	Exercise
		Unit 1: Foundations		
1	1 - 13	Tax law	Chap. 2, 7	
2	15	Economics of taxation	Chap. 1, 4, 6, 7	1
	20	*Tax Holiday*		
3	22	Tax planning	Chap. 3, 7	2
4	27	Revenue / *Gross Income*	Chap. 5, 12, 13	3
5	29	Expense / *Deductions*	Chap. 6	4
6	2 - 3	Business deduction limitations	Chap. 8	5
7	5	Review		
8	10	**Midterm exam #1 (in class)**		
		Unit 2: Property Transactions		
9	12	Property transactions	Chap. 9, 10	
10	17	Cost recovery	Chap. 9	6
11	19	Gain and loss deferral	Chap. 10	7
12	24	Nonrecognition planning	Chap. 10, 11	8
13	26	*Capital* gains and losses	Chap. 10, 7, 11	9
14	3 - 3	Section 1231 part 1	Chap. 10	10
15	5	Section 1231 part 2	Chap. 10	11
	10	*Tax Holiday*		
16	17	Review		
17	19	**Midterm exam #2 (in class)**		
		Unit 3: Corporate Tax Accounting		
18	24	Tax accrual accounting	Chap. 8	
19	26	Choice of organizational form	Chap. 15, 18, 19	12
20	31	Corporate income tax formula	Chap. 16	13
21	4 - 2	Book-tax differences	Chap. 16	14
22	7	More book-tax differences	Chap. 16	15
23	9	Tax expense accruals	Chap. 17	16
24	14	Scheduling DTAs & DTLs	Chap. 17	17
25	16	VAs and UTBs	Chap. 17	18
26	21	Tax disclosures	Chap. 17	19
27	23	Evaluating tax disclosures	Chap. 17	20
28	28	A primer on International taxes	Chap. 24	21
29	30	Review		
	TBA	**Final exam** unique #2710		