

Syllabus for  
**ACT 442\GACT 542—Federal Income Tax Accounting**  
3 Credit Hours  
Fall 2011

I. COURSE DESCRIPTION

A study of personal federal income tax accounting designed primarily to acquaint the student with both an exhaustive study of personal income tax and a brief explanation of the basic differences between the personal income tax regulations and the corporate income tax regulations.

Course Prerequisites: ACT 216

Enrollment in Federal Income Tax (ACT 442) is open to all School of Business majors and Business minors who have completed Principles of Financial and Managerial Accounting II (ACT 216) or its equivalent with a grade of "C" or better. Those wishing to enroll in the course as an elective are encouraged to request an individual conference with the instructor prior to enrollment.

II. COURSE GOALS

This course is designed to help the student acquire the ability to prepare personal income tax returns of considerable complexity. In addition, differences between individual, partnership, and corporation reporting requirements will also be contrasted. The degree of complexity and difficulty will approximate the level found in the problems assigned.

III. STUDENT LEARNING OUTCOMES FOR THIS COURSE

A. Terminal Objectives

Synthesis of the Course

After listening to class lectures, participating in class discussions, and researching income tax reference volumes, a student will be able to analyze, classify, record, and solve income tax problems on the hour examinations, the homework, the return problems, and the practice case with an accuracy level of 70% or above in the following major areas:

1. Fundamentals of income taxation for individuals; gross income
2. Deductions and credits relating to income
3. Property transactions: capital gains and losses; exchanges of assets; postponing recognition of gains and losses.

B. UNIT OBJECTIVES

As a result of successfully completing each unit, the student will be able to do the following:

1. Identify and properly classify the different taxpayers and types of taxes.
2. Differentiate between the terms marginal, average, and effective rate of tax.
3. Compute and file personal income tax returns by:
  - a. Identifying the tax base.
  - b. Determining personal exemptions.
  - c. Choosing whether to itemize deductions or elect the standard deduction.
  - d. Choosing whether to use the tax tables or the tax rate schedules.
  - e. Deciding when to file, how to file, and how to minimize tax.

4. Properly determine the basis of assets acquired by purchase, gift, inheritance, and trades.
5. Differentiate between items included and excluded from gross income.
6. Properly account for and report on the return, sales-exchanges of property, and compute the tax basis.
7. Identify, account for, and report properly capital gains and losses.
8. State the advantage of capital gains and losses under prior law.
9. Identify, classify, and report business deductions.
10. Identify, classify, and report non-business deductions.
11. Demonstrate the ability to determine appropriate use and proper computation of:
  - a. Credit for the elderly.
  - b. Minimum and maximum taxes.
  - c. Earned income credit.
  - d. Child tax credit
  - e. Hope credit for educational expenses
  - f. Lifetime learning credit for educational expenses
12. Calculate the child care credit on individual tax returns.
13. Compute depreciation and depreciation recapture for pre-ACRS, ACRS, and MACRS properties.
14. Demonstrate ability to assess and report bad debts and losses.
15. Describe the type of tax return filed by a partnership.
16. Identify differences in tax accounting methods and financial accounting methods.
17. Properly determine appropriate withholding for federal income tax.
18. File declarations of estimate tax properly.
19. Account for and report social security and self-employment tax.
20. Identify fundamental considerations involved in tax planning.
21. Distinguish between sec. 1231, sec. 1245, and sec. 1250 assets.
22. Contrast and compare the accounting and income taxation concepts of realization including the role of "boot."
23. Identify and account for involuntary conversions.
24. Identify the manner in which tax law is formulated.
25. Describe issues and controversies in current tax law and items which could be subject to revision in the future.
26. Calculate the realized, recognized gain or loss on the sale of a personal residence.
27. Determine the basis of a new residence after deferring recognition of gain on sale of previous residence.

#### IV. TEXTBOOKS AND OTHER LEARNING RESOURCES

##### A. Required Materials

1. Textbooks
 

Pope, Anderson, Kramer. Prentice Hall's Federal Taxation 2012, Comprehensive Edition, New Jersey: Prentice Hall, 2011.
2. Other Materials
  - a. Students are asked to request a free copy of Publication 17, Your Federal Income Tax by calling the IRS toll-free taxpayer information number, 1-800-829-1040, or requesting it online at <http://www.irs.gov>. This publication will serve to update and add the current IRS perspective to the other volumes and in the course.
  - b. Three Scantron multiple choice answer sheets will be collected in class for the

students' use on the three major exams during the semester.

B. Optional Materials

Pope, Anderson, Kramer. Study Guide to Accompany Prentice Hall's Federal Taxation 2012, Comprehensive Edition, New Jersey: Prentice Hall, 2011.

V. POLICIES AND PROCEDURES

A. University Policies and Procedures

1. Attendance at each class or laboratory is mandatory at Oral Roberts University. Excessive absences can reduce a student's grade or deny credit for the course.
2. Students taking a late exam because of an authorized absence will be charged a late fee.
3. Students and faculty at Oral Roberts University adhere to all laws addressing the ethical use of others' materials, whether it is in the form of print, video, multimedia, or computer software. By submitting an assignment in any form, the student gives permission for the assignment to be checked for plagiarism, either by submitting the work for electronic verification or by other means.
4. Final exams cannot be given before their scheduled times. Students need to check the final exam schedule before planning return flights or other events at the end of the semester.
5. Students are to be in compliance with the University, school, and departmental policies regarding Whole Person Assessment requirements. Students should consult the WPA handbooks for requirement regarding general education and the student's major.
  - a. The penalty for not submitting electronically or for incorrectly submitting an eportfolio artifact is a zero for that assignment.
  - b. By submitting an assignment, the student gives permission for the assignments to be assessed electronically.

B. Course Policies and Procedures

1. Evaluation Procedures

There are 500 points possible in the course as follows:

Hour Examinations (2 @ 100 each)	200 points
Comprehensive Final Examination	200 points
Homework, Return Problems	<u>100 points</u>
Total Points Possible	500 points

Only the best 400 points will be used in determining a student's final grade. The lowest 100 points will be dropped from the total before the student's average is computed. For instance, a student could drop one hour exam score, the total of homework and return problems, or one-half of the final exam's worth.

4. In conjunction with dropping the lowest 100 points, the following policies are adopted:
  - a. The only hour exams that can be made up are those that have been administratively excused by the Vice President of Academic Affairs of the University because the student was representing the University and was, therefore, unable to take the exam. Examples include athletes and those involved in ministry activities. Note that illness is not an excused absence unless hospitalization kept the student from attending class at the time the exam was given. Students qualifying to take make-up exams must have informed the instructor in writing before the examination is administered to the class, and should schedule the make-up exam in writing 24 hours prior to taking the exam.

If a test absence is allowed to be made up, the University \$10 late-test fee must be paid in advance.

- b. In order for the total of homework and return problems to be dropped as the lowest 100 points of the semester, a student must have accumulated 60% of the total points available for the semester in this category.
- c. If less than the minimum required points are accumulated for homework, the points accumulated will be added to the total, and the average and final grade will be determined based on the 500-point total, thus eliminating the "drop low grade" benefit.
- d. No homework will be accepted late. **Homework is considered late after the problems are called for in class.** For example, if the problems are collected at the beginning of the hour, a problem turned in at the end of the hour would be late. (See also "Homework and Return Problems" which follows).

3. Homework and Return Problems

Students in Federal Income Tax must be familiar with the textbook and related reference volumes in order to confidently participate in classroom discussions, accurately answer examination questions, and successfully apply their knowledge of taxation to "real world" situations. One of the best ways to encourage students to become familiar with the contents of these books is by requiring homework to be submitted.

- a. The following policies and procedures will be adopted concerning "regular" homework assignments from the text:

- (1) assigned homework will be collected at the beginning of the hour.
- (2) no homework will be accepted late.
- (3) in order for an assignment to receive any credit, the student must have indicated responses to at least one-half of the questions and problems assigned for that day.
- (4) students will be awarded 2, 1, or 0 points based on their work on each assignment; point will be awarded on the basis of the number of correct responses to the questions and problems required in that assignment as follows:
 

>2/3 correct	2 points
>1/3 but ≤ 2/3 correct	1 point
≤1/3 correct	0 points

- (5) successful completion of all homework assignments will yield 62 points for the semester.
- (6) a significant portion of homework will be discussed in class; students are encouraged to make a copy of their work, or write answers in their textbook before submitting homework if they would like to refer to their answers during class; in order to encourage students to **attempt** homework assignments, in awarding points for a homework assignment, questions and problems covered in class will be counted as a **correct** response regardless of the student's answer on the homework paper.
- (7) when checking the assignments, an attempt will be made to provide correct answers on the homework not covered in class.

- b. The seven return problems assigned will provide an excellent "bridge" between the concepts demonstrated and practiced in class and in homework and the practical aspects of filling in taxpayer information on the actual tax returns. Due dates of the return problems are indicated on the calendar of classes which follows, and they are labeled as "RP-1, RP-2," etc. The return problems are assigned the following weights.

<u>Problem</u>	<u>Point Value</u>	<u>Problem</u>	<u>Point Value</u>
RP-1	3	RP-5	7
RP-2	4	RP-6	8
RP-3	5	RP-7	9
RP-4	6		

- c. Because 62 points are allocated to "regular" daily problems and 42 are available from the completion of "return" problems, students need not get all points to achieve 100 points; extra points earned will be considered "bonus" points.
4. Communicating Grades to Students
- a. Three days during the semester are devoted to the critiques of the three hour examinations to be administered. The class session in which the exam is to be critiqued is considered to be a learning experience just as any other class session. In addition, it is designed to be a communication vehicle:
- (1) to inform the student of his/her score on the exam.
  - (2) to allow the student to learn from specific mistakes made on the exam indicating concepts not learned when the original material was presented.
- Students must be in attendance on the day the exam is critiqued in order to find out their score on that examination** or present administrative excuses (as is explained above) stating the reason that the student was unable to be in attendance during that class session.
- b. Students who have additional questions or who would like to further review an examination are encouraged to contact the instructor individually. The deadline for reviewing an old exam is as follows:
- | <u>Exam</u> | <u>Deadline</u>                 |
|-------------|---------------------------------|
| First Exam  | Second Exam                     |
| Second Exam | Two weeks following second exam |
- c. Under no circumstances will an exam grade be given to anyone other than the student earning the grade. Please do not ask your roommate, friend, etc., to find out what you made on an examination. Furthermore, **no final exam or course grades will be given verbally**. Students wishing to find out their final exam scores and final grades for the course should take an addressed, stamped envelope to the final examination site or place it in Mr. Gregg's box in the School of Business area by noon two days following the final examination. After the final grades have been determined, the envelopes will be mailed to the addresses specified, including ORU campus mail
5. The final exam is NOT optional. ORU requires that a final exam be taken at the scheduled time, unless written permission from an authorized person is received; otherwise, make-up of an exam should be scheduled in advance of the exam.
6. **Students are encouraged to keep a written record of their progress throughout the semester**, i.e., exam and quiz scores, **homework submitted**, etc., in order to evaluate themselves periodically and to determine the score needed on the final exam to achieve the desired grade in the course. Letter grades will be assigned based on accumulation of the following point totals:

A = 90% of 400 points possible or	360 points
B = 80% of 400 points possible or	320 points
C = 70% of 400 points possible or	280 points
D = 60% of 400 points possible or	240 points
F = Less than 60% of 500 points or	less than 240 points

6. Graduate students should schedule an appointment with the instructor for additional assignments.
  
8. Incompletes
  - a. Faculty members in the School of Business follow the University policy of granting grades of “incomplete” only in emergency situations which would prevent the student from being in class and being able to finish the work or take the final examination. Examples of situations which have qualified for incompletes in the past are surgery or car accident near the end of the semester; military duty; or death in the family requiring the student to return home. Situations which did **not** warrant a grade of incomplete are poor performance in the class; excessive unexcused absences; being unprepared to take the final exam; or perceived inability to pass the class. Approval from the instructor and from the department chair are required before a grade of incomplete can be given.
  - b. Following the semester in which the student has received an incomplete, there are fourteen (14) weeks in which to remove it before it automatically becomes an "F" grade.
  
9. Whole Person Assessment Requirements - None
  
10. Other Policies and/or Procedures
  - a. There are no "bonus" points for perfect attendance.
  - b. No penalties will be assessed for the first four (4) absences from lecture, discussion, and lab. (Remember: that is four total—NOT four from each!)
  - c. Students with excessive absences over the total of four (4) allowed will be assessed a penalty as follows:
    1. When the total absences for the semester is five (5) through ten (10), a penalty of two (2) points per absence will be assessed.
    2. When the total number of absences for the semester exceeds ten (10), the penalty will be three (3) points per absence.
    3. The table below will be used to determine the attendance penalty:

Total Absences	Penalty Points	Percent of Grade
0	0	0%
1	0	0%
2	0	0%
3	0	0%
4	0	0%
5	2	0%
6	4	1%
7	6	1%
8	8	2%
9	10	2%
10	12	2%
11	21	4%
12	24	5%
13	27	5%
14	30	6%
15	33	7%
16	36	7%
17	39	8%
18	42	8%
19	45	9%
20	48	10%
21	51	10%
22	54	11%

Total Absences	Penalty Points	Percent of Grade
23	57	11%
24	60	12%
25	63	13%
26	66	13%
27	69	14%
28	72	14%
29	75	15%
30	78	16%
31	81	16%
32	84	17%
33	87	17%
34	90	18%
35	93	19%
36	96	19%
37	99	20%
38	102	20%
39	105	21%
40	108	22%
41	111	22%
42	114	23%
43	117	23%
44	120	24%
45	123	25%

## VI. COURSE CALENDAR

<u>Week</u>	<u>Day</u>	<u>Topic</u>	<u>Chapter</u>	<u>Assignment</u>
I.	1	Orientation		Read Syllabus
II.	2	Types of Taxes	1	Chapter 1
	3	Tax Rates	1	7,10,11,13,14
	4	Marginal Rates	1	29,30,32,33,36
III.	5	Formula for Individuals	2	30,33,36,39,44,45
	6	Filing Status, Exemptions	2	37,38,39,47
	7	Standard Deduction	2	31,32,42,51,54,57
IV.	8	Gross Income	3	35,36,41,44,RP-1
	9	Gross Income Inclusions	3	45,47,50,53,54
	10	Gross Income Exclusions	4	10,36,40,42,48;RP-2
V.	11	Labor Day Holiday		
	12	<b>First Examination</b>		<b>Chapters 1 – 4</b>
	13	Critique of Examination		Chapter 6
VI.	14	Travel, Transportation	6	34,35,42,45,54,55
	15	Moving, Entertainment	9	3,5,26,52
	16	Education Expenses	9	53,55,58,60,64
VII.	17	Office in Home	9	28,65,67
	18	Using Computer Software	Lab	RP-3
	19	Personal Deductions	7	1,3,4,35,36
VIII.	20	Medical	7	6,7,37,38,39
	21	Interest, Taxes	7	11,14,40,43,45,49
	22	Charitable Contributions	7	50,51,52,54,56
IX.	23	Casualty Losses	8	48,49,51,52
	24	Personal Credits	14	11,24,50,60,61
	25	<b>Second Examination</b>		<b>Chapters 6-9,14</b>
<b>Fall Break</b>				

<u>Week</u>	<u>Day</u>	<u>Topic</u>	<u>Chapter</u>	<u>Assignment</u>
X.	26	Critique of Examination		RP-4
	27	Introduction to Depreciation	10	Chapter 10
	28	Prior to 1981	10	Handout
XI.	29	ACRS	10	2,22,23
	30	Modified ACRS	10	24,26,27,30 (req on spreadsheet)
	31	Alternate Depreciation	10	5,10,28,31,32
XII.	32	Basis of Assets	5	35,36,37,38,39; RP-5
	33	Capital Gains and Losses	5	25,48,53,61
	34	Short Term and Long Term	5	43,45,46,49
XIII.	35	Business Assets	13	32,33,35,36; RP-6
	36	Section 1231	13	41,42,43,46
	37	Section 1245 and 1250	13	47,49,51,54
XIV.	38	Like-Kind Exchanges	12	3,26,28,29
	39	<b>Thanksgiving Holiday</b>		
	40	Involuntary Conversions	12	18,19,20,35,38
	XV.	41	Sales of Personal Residence	12
42		Lifetime Exclusion	12	46,49,50,52
43		Estimated Tax Payments	12	34,35,36,37
XVI.	44	Exchanges and Sales	14	RP-7

# Course Inventory for ORU's Student Learning Outcomes

## *Federal Income Tax – ACT 442 Fall 2011*

This course contributes to the ORU student learning outcomes as indicated below:

**Significant Contribution** – Addresses the outcome directly and includes targeted assessment.

**Moderate Contribution** – Address the outcome directly or indirectly and includes some assessment.

**Minimal Contribution** – Address the outcome indirectly and includes little or no assessment.

**No Contribution** – Does not address the outcome.

The student Learning glossary at <http://ir.oru.edu/doc/glossary.pdf> defines each outcome and each of the proficiencies/capacities.

OUTCOMES and Proficiencies/Capacities		Significant Contribution	Moderate Contribution	Minimal Contribution	No Contribution
1	<b>Outcome #1 – SPIRITUALLY ALIVE</b>				
	<i>Proficiencies/Capacities</i>				
1A	Biblical knowledge			X	
1B	Sensitivity to the Holy Spirit			X	
1C	Evangelistic capability				X
1D	Ethical behavior	X			
2	<b>Outcome #2 – INTELLECTUALLY ALERT</b>				
	<i>Proficiencies/Capacities</i>				
2A	Critical thinking		X		
2B	Analytical problem solving	X			
2C	Global and historical perspectives		X		
2D	Aesthetic appreciation				X
2E	Intellectual creativity				X
2F	Information literacy		X		
3	<b>Outcome #3 – PHYSICALLY DISCIPLINED</b>				
	<i>Proficiencies/Capacities</i>				
3A	Healthy lifestyle				X
3B	Physically active lifestyle				X
3C	Properly balanced nutrition plan				X
4	<b>Outcome #4 – SOCIALLY ADEPT</b>				
	<i>Proficiencies/Capacities</i>				
4A	Communication skills		X		
4B	Interpersonal skills		X		
4C	Appreciation of cultural and linguistic differences				X
4D	Responsible citizenship	X			
4E	Leadership capacity			X	