

Syllabus for
ACT 442/GACT 542--Federal Income Tax Accounting
3 Credit Hours
Spring 2010

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.

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)

Upon successful completion of this course through listening to class lectures, participating in class discussions, and researching income tax reference volumes, the 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.
2. Deductions and credits relating to income.
3. Capital gains and losses; 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.

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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 nonbusiness deductions.
11. Demonstrate the ability to determine appropriate use and proper computation of:
 - a. Child tax credit
 - b. Child care credit
 - c. Earned income credit
 - d. Hope educational credit
 - e. Lifetime learning credit.
12. Identify deductible interest from student loans.
14. Compute depreciation and depreciation recapture for pre-acrs, acrs, and macrs properties.
15. Identify differences in tax accounting methods and financial accounting methods.
16. File declarations of estimate tax properly.
17. Account for and report social security and self-employment tax.
18. Identify fundamental considerations involved in tax planning.
19. Distinguish between sec. 1231, sec. 1245, and sec. 1250 assets.
20. Contrast and compare the accounting and income taxation concepts of realization including the role of "boot."
21. Identify and account for involuntary conversions.
22. Identify the manner in which tax law is formulated.
23. Describe issues and controversies in current tax law and items which could be subject to revision in the future.
24. Calculate the realized, recognized gain or loss on the sale of a personal residence.
25. Determine the basis of a new residence under previous and current law

IV. TEXTBOOKS AND OTHER LEARNING RESOURCES

Required Materials

Textbooks

Pope, Anderson, Kramer. Federal Taxation 2010, Comprehensive Edition, Upper Saddle River, New Jersey, Prentice Hall, 2009.

Your Federal Income Tax. Publication 17, Internal Revenue Service, Washington, D. C., 2009.

Students are asked to visit the IRS website (www.irs.gov) or call the IRS toll-free taxpayer information number, 1-800-829-1040, in order to request a free copy of Publication 17, Your Federal Income Tax. A current copy will be mailed to the student's address. This will serve to update and add the current IRS perspective to the other volumes and in the course.

V. POLICIES AND PROCEDURES

A. Universities 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 unauthorized absence are charged a late exam fee.
3. Students and faculty at Oral Roberts University must 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 University, school, and departmental policies regarding ePortfolio requirements. Students should consult the ePortfolio handbooks for requirements regarding general education and the students' majors.
 - 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 assignment 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 and Return Problems	<u>100 points</u>
Total Points Possible	500 points

2. ePortfolio Requirements

There are no ePortfolio assignments in this course.

3. 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 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 for 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).
5. Communicating Grades to Students
- a. Two days during the semester are devoted to the critiques of the two 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 students of their scores on the exam.
 - (2) To allow students 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. Students should not ask their roommate, friend, etc., to find out their score 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.
6. 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.
7. **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 400 points or | less than 240 points |
8. Graduate students should schedule an appointment with the instructor for additional assignments.

C. Other Policies

1. 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.
2. Supplies: For answering multiple choice questions, students are to use "Scantron" answer sheets. By providing three (one for each exam and one for the final exam) at the beginning of the semester, the answer sheets can be distributed to students on exam day without the student having to remember to take them to the exam site.
3. The following policies and procedures will be adopted concerning "regular" homework assignments from the text:
 - a. Assigned homework will be collected at the beginning of the hour.
 - b. No homework will be accepted late.
 - c. 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.
 - d. Students will be awarded 3, 2, 1, or 0 points based on their work on each assignment; points will be awarded on the basis of the number of correct responses to the questions and problems required in that assignment as follows:

$>3/4$ correct	3 points
$>1/2$ but $\leq 3/4$ correct	2 points
$\leq 1/4$ but $\leq 1/2$ correct	1 point
$\leq 1/4$ correct	0 points
 - e. Successful completion of all homework assignments will yield 63 points for the semester.
 - f. 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.
 - g. When checking the assignments, an attempt will be made to provide correct answers on the homework **not** covered in class.
4. 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 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		

7. Students are expected to use computer software available in the School of Business computer lab to solve 3 of the last 4 return problems.
8. Because 63 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.
9. There are no "bonus" points for perfect attendance.
10. No penalties are assessed for the first four (4) absences from class. Students with excessive absences over the total of four (4) allowed are assessed a penalty.
11. When the total absences for the semester are five (5) through ten (10), a penalty of two (2) points per absence is assessed. When the total number of absences for the semester exceeds ten (10), the penalty is three (3) points per absence.
12. The table below is 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

Week	Day	Topic	Chapter	Assignments
1	1	Orientation		Read syllabus
2	2	Introduction; Rates of Tax	1	7,10,11,13,14,29,30,32,33,36
	3	Filing Requirements	2	31,32,38,39,54
3	4	Standard Deduction	2	30,33,36,37,42
	5	Exemptions	2	44,45,47,50,57
4	6	Gross Income Inclusions	3	35,36,41,44,45,47,50,53,54 RP-1
	7	Gross Income Exclusions	4	10,36,40,45,48
5	8	First Examination		Chapters 1-4
	9	CRITIQUE		RP-2
6	10	Deductions	6, 9	Ch 6: 5,8,33,34,53,54 Ch 9: 3,5,26,52,60
	11	Employee Expenses	9	28,53,55,58,64,65,67
7	12	Using Computer Software	lab	RP-3; class meets in GC 3A04
	13	Medical Expenses	7	1,3,4,6,7,35,36
8	14	Interest, Taxes	7	11,14,37,38,39,40,43,45,49
	15	Charitable Contributions	7	50,51,52,54,56
9	16	Casualty Losses Personal Credits	8,14	C 8: 48,49,51,52 C 14: 11,24,50,60,61
	17	Second Examination		Chapters 6-9,14
10	18	CRITIQUE		RP-4
	19	Pre-1980 Depreciation	10	2,3,5,6,13,25
11	20	ACRS and MACRS Depreciation	10	27,28,29,31,34 (all required via email on spreadsheet)
	21	Mixed Business/Personal Use	10	12,13,32,35,36
12	22	Capital Assets; Basis	5	35,36,37,38,39; RP-5
	23	Gains and Losses	5	25,43,45,46,48,49,53,61
13	24	Sec 1231 Assets	13	32,33,35,36; RP-6
	25	Sec 1245/1250 Assets	13	41,42,43,46,47,49,51

Week	Day	Topic	Chapter	Assignments
14	26	Like-Kind Exchanges	12	3,18,19,20,26,28,29
	27	Involuntary Conversions	12	35,38,43,45,47,48
15	28	Sale of Personal Residence	12	46,49,50,52
	29	Basis of New Residence	12	RP-7

Course Inventory for ORU's Student Learning Outcomes

Federal Income Tax – ACT 442/GACT 542 Spring 2010

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

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

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

Minimal Contribution – Addresses 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 & Proficiencies/Capacities		Significant Contribution	Moderate Contribution	Minimal Contribution	No Contribution
1	Outcome #1 – Spiritually Alive				
<i>Proficiencies/Capacities</i>					
1A	Biblical knowledge			X	
1B	Sensitivity to the Holy Spirit			X	
1C	Evangelistic capability				X
1D	Ethical behavior	X			
2	Outcome #2 – Intellectually Alert				
<i>Proficiencies/Capacities</i>					
2A	Critical thinking		X		
2B	Information literacy	X			
2C	Global & historical perspectives		X		
2D	Aesthetic appreciation				X
2E	Intellectual creativity				X
3	Outcome #3 – Physically Disciplined				
<i>Proficiencies/Capacities</i>					
3A	Healthy lifestyle				X
3B	Physically disciplined lifestyle				X
4	Outcome #4 – Socially Adept				
<i>Proficiencies/Capacities</i>					
4A	Communication skills		X		
4B	Interpersonal skills		X		
4C	Appreciation of cultural & linguistic differences				X
4D	Responsible citizenship	X			
4E	Leadership capacity			X	

