Texas A&M University-Corpus Christi
College of Business
Fall 2011

Course Number: ACCT 3322.001
Course Name: Federal Income Tax II
Class Time/Location: Tu/Th 5:30-6:45 p.m. O’CNR 130
Instructors: Dr. Valrie Chambers
Office/Web site: 324 O’Connor; faculty.tamucc.edu/vchambers
Contact: (361)825-6012; Valrie.chambers@tamucc.edu;
Office Hours: Tu/Th 10 – 11 am; 4 – 5:30 pm and W 6-7 pm; or by appointment.
Required Materials: Taxation of Business Entities, 2011 or 2012. Spilker, Ayers, Robinison, Outslay, Worsham, Barrick and Weaver, McGraw Hill. (This book is the second half of the Taxation of Individuals and Business Entities. If you bought that larger book, you do not need to repurchase a text for this course.)

Prerequisites: ACCT 3321 and Junior standing or above.

Course Description:
Examines additional, more complex topics in business decision-making, tax research and tax planning.

Learning Objectives: By the end of this course, the students will be able to:

- compare and contrast the tax consequences of conducting business in a pass through entity or in a corporation
- distinguish the tax consequences of employee compensation strategies, distributions, capital structure, allocations, and other attributes of business entities
- demonstrate an understanding of income measurement and reporting for corporations and pass through entities through completion of comprehensive tax return problems and determination of income tax expense for GAAP financial statement purposes
- determine the tax consequences of formation, operation, and liquidation of the various business entities
- understand the basic concepts of multijurisdictional and estate taxation and planning

Relationship to Other Coursework:
ACCT 3322 is the second course in taxation in the accounting curriculum. It applies many of the concepts and doctrines of taxation learned in the first course to an advanced study of the taxation of business entities. In addition, the course expands knowledge of the student into the common tax issues and laws relating to the life cycles of businesses: formation, operation, and termination or dissolution. Business tax concepts are related to financial concepts and generally accepted accounting principals. Business tax planning incorporates considerations of individual tax consequences and possible conflicts. The course also includes an international taxation component, a multistate taxation component, and an introduction to gift and estate taxation.

Instructional Methodology:
Instructional methods may include lectures, class discussions, case studies, video and audio tapes, and applications, including the preparation of tax returns.
Performance Evaluation and Grading:
Student performance evaluation may be based on exams, quizzes/attendance, homework problems, and other assignments. A sample of the relative weights of each of these components is as follows.

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Exams (3 @ 20% each)</td>
<td>60%</td>
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<tr>
<td>Projects (2) and participation</td>
<td>40%</td>
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<tr>
<td>Total</td>
<td>100%</td>
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Exams will be multiple choice and short problems over the entire semester. (An individual exam may be all multiple choice or all problems though.)

The projects are tax return preparation projects that can be started early. Grading of the project is based on how closely in amount your tax form entries match the correct entries. That is, more is taken off for a $1 million error than a $1 error, even though in each case only 1 error has occurred.

Recommended homework assignments by chapter will be available in quiz format on Blackboard to help you better understand the class material. Also look for additional content on Blackboard.

A letter grade will be determined based on the percentage earned of total points possible, as follows: A: 90-100%; B: 80-89%; C: 70-79%; D: 60-69%; F: 0-59%. In some instances, a curve may be applied in determining letter grades.

Late Work and Make-up Exams:
For me to accept late work and give make-up exams, the excuse has to be really good, verifiable and in writing, or alternatively arranged in advance. Good luck.

Extra Credit:
Extra credit opportunities arise from time to time, but the amount and frequency of extra-credit is not predictable in advance. Therefore, I would advise consistent class attendance (where extra credit is announced or distributed) and heavy studying to reduce the need for extra credit.

Oral and Written Content:
Students are expected to read assigned material prior to class and to contribute to team analyses and class discussions. Students will address the appropriate form and content of client letters and develop agility in communicating complex tax issues in clear and common language. Preparation of sample returns will allow students to become comfortable with the technical aspects of the tax profession and of tax compliance and planning relating to business entities.

Technology Applications:
Students will use professional tax preparation software during the course. In addition, students should be comfortable with producing quality word-processed letters and memoranda and with at least one spreadsheet application. Students will have the opportunity to develop basic tax research skills using widely-adopted professional tools. Students will need Blackboard access. Gleim CPA exam preparation software also is available to students for optional use.
**Ethical Perspectives:**
The integrity of our financial and tax systems depends, in part, on the integrity and principled behavior of those who advise clients and report information. This tax course addresses these issues through discussion of Circular 230, which outlines the expectations of governmental authorities with respect to tax preparers, through mention of certain taxpayer and preparer penalties under the law, and through review of the more common issues encountered and addressed by the American Institute of Certified Public Accountants (AICPA) Statements on Standards of Tax Practice.

**Global Perspectives:**
International issues are addressed directly in a chapter devoted to international tax issues.

**Demographic Diversity Perspectives:**
Current proposals for reforming the U.S. tax system raise interesting questions about the incidence of taxes, i.e., who ultimately bears the tax burden, and of what and who should be, or should not be, taxed. Class discussions of case studies will incorporate such issues and their policy implications.

**Political, Social, Legal, Regulatory, and Environmental Perspectives:**
Throughout the history of the United States, tax laws have been used to encourage or to discourage certain types of activities or investments. In addition, taxes may ultimately not be born by those on whom the tax is imposed, but may be passed along to others. Case studies and other sources of class discussion address the social, political, and regulatory agendas advanced by various aspects of the tax law.

**Attendance Policy:**
Students are held responsible for class attendance and the material covered in missed classes; students are advised that excessive absences may adversely affect their grades. That said, I don’t always take attendance – I’m more concerned with what students know than that a student came to class on a particular day; for an occasional absence, students do not need to notify me that they’re missing class on a non-test/non-project day. Lack of attendance affects students’ grades most when a student needs the benefit of a doubt because I have little classroom participation from students who miss class to indicate that a particular student does in fact understand the material; I would hope that there’s no doubt at all that each student will perform exceptionally well. 😊

**Cell Phone/Electronic Device Usage and Classroom/professional Behavior:**
Be respectful. Be discreet.

**Classroom/Professional Behavior:**
Texas A&M University-Corpus Christi, as an academic community, requires that each individual respect the needs of others to study and learn in a peaceful atmosphere. Under Article III of the Student Code of Conduct, classroom behavior that interferes with either (a) the instructor’s ability to conduct the class or (b) the ability of other students to profit from the instructional program may be considered a breach of the peace and is subject to disciplinary sanction outlined in article VII of the Student Code of Conduct. Students engaging in unacceptable behavior may be instructed to leave the classroom. This prohibition applies to all instructional forums, including classrooms, electronic classrooms, labs, discussion groups, field trips, etc.
Academic Honesty:
University students are expected to conduct themselves in accordance with the highest standards of academic honesty. Academic misconduct for which a student is subject to penalty includes all forms of cheating, such as illicit possession of examinations or examination materials, forgery, or plagiarism. (Plagiarism is the presentation of the work of another as one’s own work.) All assignments and exams are expected to be done independently unless otherwise specifically noted in the instructions.

Code of Ethics:
This course, and all other courses offered by the College of Business (COB), requires all of its students to abide by the COB Student Code of Ethics (available online at www.cob.tamucc.edu). Provisions and stipulations in the code are applicable to all students taking College of Business courses regardless of whether or not they are pursuing a degree awarded by the COB.

Disability Statement:
The Americans with Disabilities Act (ADA) is a federal anti-discrimination statute that provides comprehensive civil rights protection for persons with disabilities. Among other things, this legislation requires that all students with disabilities be guaranteed a learning environment that provides for reasonable accommodation of their disabilities. If you believe you have a disability requiring an accommodation, please call or visit Disability Services at (361) 825-5816 in Driftwood 101.

If you are a returning veteran and are experiencing cognitive and/or physical access issues in the classroom or on campus, please contact the Disability Services office for assistance at (361) 825-5816.

Dropping This Class:
Recall that the State of Texas may have stiff penalties if too many classes have been dropped. However, events can sometimes occur that make dropping a course necessary or wise. Please consult with me before deciding to drop this course to be sure it is the best thing to do. Should dropping the course be the best course of action, a student must initiate the process to drop the course by going to the Student Services Center and filling out a course drop form. Just stopping attendance and participation WILL NOT automatically result in a student being dropped from the class. November 4, 2011 is the last day to drop a class with an automatic grade of “W” this term.

Grade Appeals:
As stated in University Rule 13.02.99.C2, Student Grade Appeals, a student who believes that he or she has not been held to appropriate academic standards as outlined in the class syllabus, equitable evaluation procedures, or appropriate grading, may appeal the final grade given in the course. The burden of proof is upon the student to demonstrate the appropriateness of the appeal. A student with a complaint about a grade is encouraged to first discuss the matter with the instructor. For complete details, including the responsibilities of the parties involved in the process and the number of days allowed for completing the steps in the process, see University Rule 13.02.99.C2, Student Grade Appeals, and University Procedure 13.02.99.C2.01, Student Grade Appeal Procedures. These documents are accessible through the University Rules Web site at http://www.tamucc.edu/provost/university_rules/index.html. For assistance and/or guidance in the grade appeal process, students may contact the Office of Student Affairs.

Summary of Topical Coverage:

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<tr>
<th>TOPIC</th>
<th>HOURS</th>
<th>CH.</th>
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Tentative Topical Coverage by Week:
Note: the content of the course is fairly well set and the order of coverage is, I believe, correct, but the timing of content delivery may vary – perhaps wildly. As such, I would not recommend relying on this timetable; rather, stay flexible. In compliance with university policy, here is my best guess as of July 31:

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>Tax I Overview; Entities Overview</td>
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<tr>
<td>2, 3</td>
<td>C corporations—operation</td>
</tr>
<tr>
<td>4</td>
<td>Accounting for income taxes</td>
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<tr>
<td>5</td>
<td>C corporations—non-liquidating distributions</td>
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<tr>
<td>6</td>
<td>C corporations—formation, reorganization and liquidation</td>
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<tr>
<td>7</td>
<td>Test I, 10/4/2011 (Chapters 4-8); Partnerships—formation and operation</td>
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<tr>
<td>8</td>
<td>Partnerships—dissolution and distributions</td>
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<tr>
<td>9</td>
<td>S corporations—formation, operation, dissolution</td>
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<tr>
<td>10</td>
<td>Exempt Entities; SSTS’ and Circular 230</td>
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<tr>
<td>11</td>
<td>Test II, 11/03/2011 (Chapters 9-11, exempt entities, ethics); Project 1 due (Corporate Tax Return Problem 1, Appendix C, 2011 edition)</td>
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<tr>
<td>12</td>
<td>State and local taxation</td>
</tr>
<tr>
<td>13</td>
<td>Multinational taxation</td>
</tr>
<tr>
<td>14</td>
<td>Estate and gift taxation</td>
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<tr>
<td>15</td>
<td>Project 2 due (Partnership Tax Return Problem, Appendix C, 2011 edition)</td>
</tr>
<tr>
<td></td>
<td>Final Exam (Chapters 23; 26-28) per SAIL final exam schedule.</td>
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