Course Numbers: ACCT 3321.001 & .002 (11 – 12:15 TR) and (7-9:30 W)
Course Name: Federal Income Tax I
Instructor: Dr. Valrie Chambers, 324 OCNR, 361-825-6012
E-mail: valrie.chambers@tamucc.edu
Office Hours: MW 5:30 – 7 and TR 1:30 - 3 pm or by appointment, email or Blackboard
Prerequisites: ACCT 2301, ACC 2302, and Junior standing or above.

Required Materials: Taxation of Individuals, 2013 Ed. by Spilker, Ayers, Robinson, Outslay, Worsham, Barrick and Weaver, McGraw-Hill. Instructor advises you to purchase the combined tax text if you plan on taking Tax II to save money. Texts may be purchased by chapter on-line. The Connect Plus modules may also be purchased on-line, and are optional but recommended. (As of March 27, 2012, the 2012 book is an adequate substitute for the 2013 edition. Radical tax law changes by Congress will change my assessment of substitutability.)

Course Description: This course introduces students to a broad range of tax concepts. The course emphasizes the role of taxation in the business decision-making process. The course introduces the tools to conduct basic tax research and planning.

Relationship to Other Coursework: ACCT 3321 is the first course in taxation in the accounting curriculum. It introduces the legislative and judicial process resulting in the dynamic evolution of the U.S. tax system as it applies to individuals. It also introduces many of the concepts and doctrines that apply to the taxation of business entities. The treatment of the many transactions and items of income and expense differs under tax rules from those that would apply under generally accepted accounting principles.
Learning Objectives: By the end of this course, the students will be able to:

- Demonstrate the ability to apply tax principles to specific problems in a meaningful way so as to maximize taxpayer wealth and benefit.
- Understand the legislative and judicial development of important provisions of federal income tax law.
- Demonstrate an awareness of the ethical and professional responsibilities related to tax practice.
- Demonstrate technical knowledge of laws relating to the Federal income taxation of individuals, property transactions, and the general principles of Federal income taxation relating to business entities.
- Research common tax problems using electronic tax services.
- Prepare a tax return using professional tax preparation software.

Instructional Methodology: Instructional methods include lectures, class discussions and applications, including the preparation of tax returns, client memoranda, and the conduct of elementary tax research and policy analysis. The goal of these methods is to guide the student to a technical understanding of the income tax laws and the development of professional judgment in tax matters, including recognition and consideration of the importance of non-tax factors in decision-making.

Performance Evaluation and Grading: In lieu of traditional homework, see on-line quizzes on Blackboard. There will be a minimum of three (3) exams. Each exam will have a take-home component. Examination content will include multiple choice, short problems, client memoranda, and research. In addition, students will apply their knowledge in preparing tax return problems using site licensed ProSeries or CCH or RIA software in the Business Computer Lab. Note: in the spring semester only, a student may become VITA-Certified, and upon completion of 20 additional hours of community service, may substitute a “100” for the test of their choice. Course grades will be assigned on the following scale: A-90% or above, B-80-89%, C-70-79%, D-60-69%, F-59% and below.

Weights are as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Two-part examinations (3)</td>
<td>75%</td>
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<tr>
<td>Tax return project, quizzes &amp; participation</td>
<td>25%</td>
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<tr>
<td>Total</td>
<td>100%</td>
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Late Work and Make-up Exams:
Tax is an area of accounting that is very deadline-driven. 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.

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.

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 2, 2012 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 Grad 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.

Oral and Written Content: Students are expected to read assigned material prior to class and to contribute to 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. Sample tax returns will be prepared by individual students or teams and preparation of work papers and supporting documents will allow students to become comfortable with the technical aspects of the tax profession. Student teams may be called upon to present oral answers to in-class case and research problems.

Technology Applications: Students will use professional tax preparation software and electronic research applications during the course. In addition, students should be comfortable with producing quality word-processed letters and memoranda and with at least one spreadsheet application. In addition to tax preparation software, students will use one of the two most widely adopted research tools in their Internet version, RIA's Internet-based tax research libraries. These libraries include the Internal Revenue Code and Code history, Treasury Regulations, selected Committee Reports, and Tax Treaties. Lexis-Nexis is also available and its use is strongly encouraged. The library also has the publishers' tax services with explanations and annotations. Students will have
the opportunity to develop basic tax research skills using these widely adopted professional tools. These tools are available for student use from an off campus location. All students should have a student computer account and access to e-mail and Blackboard. Students may be required to submit certain assignments via e-mail and e-mail attachments.

**Global Perspectives**: International issues are addressed in a broad way, through an overview of comparative ways of determining income and of collecting tax in the tax systems employed in other major industrial nations.

**Ethical Perspectives**: The integrity of our financial and tax systems depend, 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 of Responsibilities in Tax Practice.

**Demographic Diversity Perspectives**: An example of a demographic issue in tax law is the "marriage penalty" that imposes higher taxes on two individuals that file as one married couple than would be imposed if the two individuals had never married and filed as single individuals. Such issues extend throughout the study of individual taxation and raise interesting policy and design questions. Some of these questions are raised and may be addressed by students in the context of case discussions and sample return projects. Class discussion of proposals for reforming the U.S. tax system also raise interesting questions about who should bear the burden of taxation and of what and who should be, or should not be, taxed.

**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.

**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.)

**American with Disabilities Act Compliance:**
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 contact the Disability Services Office at (361) 825-5816 or visit the office in Corpus Christi Hall (CCH) 116.

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.

**Professional Program in Accounting**
Professional programs in universities nationwide are designed for people who have the potential to complete their graduate education in accounting and to meet the requirements to become a CPA with the skills and professionalism that predict success. Graduates of professional programs are a select group representing the best among accounting graduates. Resources and energy are focused to provide PPA students with special opportunities to gain insights into the profession, network with professionals, and develop interviewing, leadership, communication, project management, and other professional skills that place them at an advantage for getting ahead.
## Summary of Topical Coverage:

<table>
<thead>
<tr>
<th>Introduction: policy considerations, taxing authorities, types of taxpayers, other types of taxes</th>
<th>4 hrs</th>
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<tbody>
<tr>
<td>The development of tax law, application of tax authorities in tax compliance &amp; research</td>
<td>1 hrs.</td>
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<tr>
<td>Accounting periods and methods</td>
<td>2 hrs.</td>
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<tr>
<td>Determining gross income and exclusions</td>
<td>6 hrs.</td>
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<tr>
<td>Business deductions and losses</td>
<td>11 hrs.</td>
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<td>Property transactions</td>
<td>7 hrs.</td>
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<td>Business entities-Corporations, Partnerships and S Corporations</td>
<td>1 hrs.</td>
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<tr>
<td>Tax Credits</td>
<td>3 hrs.</td>
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<tr>
<td>Investor Losses</td>
<td>2 hrs.</td>
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<tr>
<td>Computation of tax</td>
<td>3 hrs.</td>
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<tr>
<td>Responsibilities in tax practice (ethics)</td>
<td>2 hrs.</td>
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<tr>
<td>Examinations</td>
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<td><strong>Total</strong></td>
<td><strong>45 hrs.</strong></td>
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<thead>
<tr>
<th>Week</th>
<th>Chapter</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>An Introduction to Tax</td>
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<tr>
<td>2</td>
<td>2</td>
<td>Tax Compliance, the IRS and Tax Authorities</td>
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<tr>
<td>3</td>
<td>4</td>
<td>Individual Income Tax Overview</td>
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<td>4</td>
<td>5</td>
<td>Gross Income and Exclusions</td>
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<tr>
<td>5</td>
<td><strong>Test, 6</strong></td>
<td>Test I (Ch. 1, 2, 4 &amp; 5), Individual Deductions</td>
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<tr>
<td>6</td>
<td>6,7</td>
<td>Individual Income Tax Computation &amp; Tax Credits</td>
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<tr>
<td>7</td>
<td>7,14</td>
<td>Tax Consequences of Home Ownership</td>
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<tr>
<td>8</td>
<td>14, 8</td>
<td>Business Income, Deductions, and Accounting Methods</td>
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<tr>
<td>9</td>
<td><strong>8, Test</strong></td>
<td>Test II (Ch. 6,7,8,14); 1040 due: midnight, November 15th</td>
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<tr>
<td>10</td>
<td>9</td>
<td>Property Acquisition and Cost Recovery</td>
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<tr>
<td>11</td>
<td>10</td>
<td>Property Dispositions</td>
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<tr>
<td>12</td>
<td>11</td>
<td>Investments</td>
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<td>13</td>
<td>12</td>
<td>Compensation</td>
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<td>14</td>
<td>13</td>
<td>Retirement Savings and Deferred Compensation</td>
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<tr>
<td>15</td>
<td><strong>Review</strong></td>
<td>Final Exam (Ch. 9 – 13), as scheduled in SAIL</td>
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