Texas A&M University – Corpus Christi
College of Business
Course Syllabus
Spring 2015

Course Number: ACCT 3321
Course Name: Federal Income Tax 1
Meeting: T R 12:30-1:45pm, OCNR 132
T R 5:30pm-6:45pm, OCNR 130
Instructor: John R. Brashear MBA, CPA
Office: OCNR 351
Phone: (361) 825-2203
Fax: (361) 825-5609
E-mail: jbrashear@tamucc.edu
Office Hours: T OCNR 351 2:30-3:30pm
R OCNR 351 2:30-3:30pm
Prerequisites: ACCT 2301, ACCT 2302, and Junior standing or above.
Required Materials: Taxation of Individuals
Spilker, Ayers, Barrick, Outslay, Robinson, Weaver, Worsham
Instructor advises you to purchase the combined tax test if you plan on taking Tax 2 to save money. Texts may be purchased by chapter on-line. The Connect Plus modules may also be purchased on-line, and are required

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 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 Connect prebuilt problems and LearnSmart problems. There will be a minimum of three (3) exams. In addition, students will apply their knowledge in preparing a Comprehensive Tax Return Problem using site licensed ProSeries or CCH or RIA software in the Business Computer Lab. The comprehensive Tax Return Problem is worth 10 points on the Final Exam. 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>Percentage</th>
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<tbody>
<tr>
<td>Test 1</td>
<td>25%</td>
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<tr>
<td>Test 2</td>
<td>25%</td>
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<tr>
<td>Final Exam</td>
<td>25%</td>
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<td>On-line problems &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.
**Attendance Policy:**

Students are held responsible for class attendance and are advised that excessive absences may adversely affect their grades.

**Cell Phone/Electronic Device Usage and Classroom/Professional Behavior:**

Be respectful. Be discreet.

**Dropping This Class:**

I hope that you never find it necessary to drop this or any other class. However, events can sometimes occur that make dropping a course necessary or wise. Please consult with me before you decide to drop to be sure it is the best thing to do. Should dropping the course be the best course of action, you 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 your being dropped from the class. April 10, 2015 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.

**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. Comprehensive Tax Return Problem will 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 will be called upon to present oral presentations on a tax research case.

**Technology Applications:**

Students will use professional tax preparation software and electronic research application 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 Regulation, selected Committee Report, 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 student 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. Lectures, Course, & Demos in Financial Accounting are available in utubersity, iTunesU, Kahn Academy, YouTube (cliff notes/crash course), Open Yale, MITOpen, Udacity, UoPeople, Coursera, EdX, and Iversity.org.

Global Perspectives:

International issues are addressed in a broad way, through an overview of comparative ways of determining income and or 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, an 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 a tax research case discussions and the comprehensive tax return problem. 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, of 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 bore 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 Integrity/Plagiarism:

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, falsification, forgery, complicity or plagiarism. (Plagiarism is the presentation of the work of another as one’s own work.) In this class, academic misconduct or complicity in an act of academic misconduct on an assignment or test will result in a grade of “F”. For all projects and exams each student must sign the following statement: “I have abided by the TAMU-CC Academic Honor Policy on this assignment or examination.”

Disabilities Accommodations:

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.

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>TOPIC</th>
<th>HOURS</th>
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<tbody>
<tr>
<td>Introduction: policy consideration, taxing authorities, types of taxpayers, other types of taxes</td>
<td>4</td>
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<tr>
<td>The development of tax law, application of tax authorities in tax compliance &amp; research</td>
<td>1</td>
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<tr>
<td>Accounting periods and methods</td>
<td>2</td>
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<tr>
<td>Determining gross income and exclusions</td>
<td>6</td>
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<tr>
<td>Business deductions and losses</td>
<td>11</td>
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</tbody>
</table>
Property transactions 7
Business entities-Corporations, Partnerships and S Corporations 1
Tax Credits 3
Investor Losses 2
Computation of tax 3
Responsibilities in tax practice (ethics) 2
Examinations 3
Total 45

List of discussion/lecture topics

<table>
<thead>
<tr>
<th>Date</th>
<th>Chapter</th>
<th>Topic</th>
<th>Date</th>
<th>Chapter</th>
<th>Topic</th>
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<tbody>
<tr>
<td>1/22</td>
<td>1</td>
<td>An introduction to Tax</td>
<td>1/27</td>
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<td>An introduction to Tax</td>
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<tr>
<td>1/29</td>
<td>2</td>
<td>Tax Compliance, the IRS and Tax Authorities</td>
<td>1/29</td>
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<td>2/3</td>
<td>2</td>
<td>Tax Compliance, the IRS and Tax Authorities</td>
<td>2/5</td>
<td>4</td>
<td>Individual Income Tax Overview</td>
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<td>2/10</td>
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<td>Individual Income Tax Overview</td>
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<tr>
<td>2/12</td>
<td>5</td>
<td>Gross Income and Exclusions</td>
<td>2/17</td>
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<td>Gross Income and Exclusions</td>
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<tr>
<td>2/19</td>
<td>6</td>
<td>Test 1 (Ch 1, 2, 4&amp;5)</td>
<td>2/24</td>
<td>6</td>
<td>Individual Deductions</td>
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<td>2/26</td>
<td>7</td>
<td>Individual Income Tax Computation &amp; Tax Credits Class Work 7-86, 87, 88</td>
<td>3/3</td>
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<td>Individual Income Tax Computation &amp; Tax Credits</td>
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<tr>
<td>3/5</td>
<td>14</td>
<td>Tax Consequences of Home Ownership</td>
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<td>3/12</td>
<td>8</td>
<td>Business Income, Deductions, and Accounting Methods Class Work 8-85</td>
<td>3/24</td>
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<td>Business Income, Deductions, and Accounting Methods</td>
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<td>3/26</td>
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<td>Test 2 (Ch 6, 7, 8&amp;14): Go over tax return assignment</td>
<td>3/31</td>
<td>9</td>
<td>Property Acquisition and Cost Recovery Class Work 9-72</td>
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<tr>
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<td>Property Acquisition and Cost Recovery</td>
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<td>4/7</td>
<td>10</td>
<td>Property Dispositions Class Work 10-71</td>
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<td>4/9</td>
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<td>Property Dispositions</td>
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<td>4/14</td>
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<td>Investments; Turn in Tax project Class Work 11-85, 86, 87, 88</td>
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<td>4/16</td>
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<td>Investments</td>
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<td>4/21</td>
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<td>Compensation</td>
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<td>4/23</td>
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<td>Compensation</td>
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<td>4/28</td>
<td>13</td>
<td>Retirement Savings and Deferred Compensation Class Work 13-84, 85, 86</td>
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<td>4/30</td>
<td>13</td>
<td>Retirement Savings and Deferred Compensation</td>
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<td>5/5</td>
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<td>Review for the Final Exam</td>
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<td>5/7</td>
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<td>Final Exam (Ch 9, 10, 11, 12 &amp;13)</td>
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SIGNIFICANT SUPREME COURT TAX CASES

During the semester, you (or you and a team, depending upon class size) will be responsible for preparing and presenting to the class a BRIEF oral presentation concerning your research on the significance of a court case or cases in the area of individual income taxes or other taxes affecting individuals.

Cases to be presented in class and the dates are as follows:

2/26   Eisner v. Macomber, 3 AFTR 3020 (1920)
3/5    U.S. v. Kirby Lumber Co., 10 AFTR 458 (1931)*
       • See Zarin v. Commissioner, 92 T.C. No. 68 (5/22/89) for an interesting, recent development in this area
3/12   Lucas v. Earl, 8 AFTR 10287 (1930)
4/7    Thomas H. Welch v. Helvering, 12 AFTR 1456 (1933)
4/21   Higgins v. Commissioner, 25 AFTR 1160 (1941)

Subject matter of these cases will sometimes, but not always, relate to topics being discussed that day or in a recent class.
ACCT 3321

Federal Income Tax 1

SUGGESTIONS FOR PREPARATION

AND PRESENTATION OF CASES

1) Read the case carefully; read or scan cases cited in your case.

2) Using a case citatory (preferably the RIA Citator found in a standard tax library or the RIA Checkpoint Student Edition online research product), analyze the impact of your case on subsequent cases. (Read some subsequent cases, if necessary.)

3) Using a case table, the subject index in a current income tax reporter service (RIA Federal Taxes 2nd or the RIA Checkpoint Student online research product, etc.), and/or your text, determine your case’s current applicability.

4) Prepare to present an oral synopsis (not a detailed factual framework) of the facts of your case. Summarize the facts, pointing out the key issue involved. State the taxpayer’s position and the IRS position on the key issue. Follow with your understanding of the significance of the case and it’s current applicability.

5) Summarize the court’s decision on the key issue, pointing out its reasoning for deciding as it did. If there is a published dissent, summarize the dissenter’s opinion also.

6) If the case was appealed or reheard, follow its progress through the appeal or rehearing process, repeating step 5) at each level. Only one citation is given for each case. You are responsible for locating the opinions at other levels of the judicial process.

7) Report on the significance of the case and subsequent developments, if any.

8) Most cases to be assigned in this class can be presented adequately in 10-15 minutes. Do not plan to exceed 15 minutes without advance arrangements. Prepare a talk about what you have learned; do not read from detailed notes. Do use notes or an outline for reference during your presentation. Use of the blackboard, a handout, the computer, or overhead projector is highly appropriate. If you prepare a handout, integrate it into your presentation (i.e., don’t provide a handout and then speak from an outline that follows a different order of thought process). Organization and content are the overriding factors, but oral presentation skills will be assessed.