Texas A & M University-Commerce
College of Business
Department of Accounting
Accounting 440
INCOME TAX ACCOUNTING
Spring 2013
Wednesdays 6:15pm – 8:55pm
McDowell Administration 106

Professor: M. J. Trusty, Esq., CTFA
Office: 123 McDowell Bldg. (Adjunct Professor in ACCT Dept.)
Telephone: (903) 886-5657
Email: mtrusty@gnty.com (work)

Office Hours, by appointment only: Please email to schedule an appointment during regular University office hours only. Since I am an adjunct professor, I do not keep regular office hours and must work by scheduled appointments.

Course Description:
Income Tax Accounting is a study of federal income tax laws. Emphasis is given to the impact of the federal income tax on the individual taxpayer. The Texas State Board of Public Accountancy (TSBPA) approved this course and counts towards the 30 hour requirement necessary to sit for the CPA exam. The prerequisite for this class is a grade of C or better in ACCT 221 & 222 and 55 semester credit hours.

Course Embedded Assessment Objectives:
Your grade will be determined by your ability to perform the following tasks:

1. Understanding the various tax structures and legislative considerations and processes for tax laws in the United States;
2. Distinguishing and understanding the differences between tax accounting and financial accounting;
3. Calculating gross income, taxable income, taxes owed and alternative minimum tax;
4. Calculating ordinary and necessary business expenses plus employee related expenses for business deductions;
5. Calculating depreciation, depletion and amortization;
6. Understanding business property transactions in respect to realized and recognized gains and losses along with the character of said gains and losses;
7. Calculating tax liabilities and taxes owed;
8. Understanding and working with tax credits;
9. Understanding corporate formations and distributions for C corporations and controlled corporations;
10. Understanding sole proprietorships and their impact on individual income tax returns;
11. Understanding flow through entities – partnerships, LLPs, LLCs, and S corporations; and,
12. Understanding of taxations regarding international business transactions.
Textbook and Materials:
   Coordinating Editor Linda M. Johnson, Ph.D., CPA
b. Electronic Equipment: Laptops or iPads for note taking in class are acceptable as
   long as all “sounds” are turned off. Note: Cell phones are not allowed to be used (for
   any reason including calculating) OR to be turned on in class. Access to a high speed
   internet connection is suggested and recommended. From time to time, students should
   be searching various databases to gather information. Some databases or sources may charge
   access fees. You are required to gain familiarity with and download information from the
   Internal Revenue Service website (http://www.irs.gov/), our library
   (http://www.tamuc.edu/library/), and other sources (i.e. AICPA, TSCPA’s, etc.)

Student Responsibilities:
Learning is every student’s responsibility. My role as your professor is to facilitate your
learning process. Each student is required to:
1. Read assigned material on schedule
2. Accomplish all homework on time
3. Prepare diligently for class, examinations, and quizzes
4. Take examinations/quizzes as scheduled
5. Respect the learning environment by being prepared and observe classroom
   etiquette (i.e. be on time for class, talk when appropriate not visiting or chatting
   with your neighbor(s), not be disruptive to others, be respectful, etc.)

Evaluation:
a. Grades are based upon total points received from:
   Homework and Participation- 15%
   Exam I – 10%
   Exam II – 10%
   Exam III – 10%
   Exam IV – 10%
   Exam V – 10%
   Exam VI – 10%
   Final Exam – 10%
   Project/Paper: 15% (as of this writing, depends on what changes Congress
   may make to the IRC during the semester)

b. There is no curve. Students will strive for mastery of the objectives rather
   than compete against each other. The levels of mastery are:
   90 - 100% = A
   80 – 89% = B
   70 – 79% = C
   60 – 69% = D
   < 60% = F

Assignments:
All reading assignments are to be completed before the class meeting for which they are
assigned (discussed). All written assignments must be completed before the start of class
on the due date. Handouts will be distributed at least one week in advance. Late work is
not accepted. Students are required to take all examinations as required. There are no make up exams. In the event a student does not take an examination when scheduled, weighting of the previous or subsequent exam will be doubled. Information regarding the project(s) will be provided. Examinations are in class. You must bring a scantron and pencil for each exam. The instructor will not provide any supplies.

Accounting in general, and this class in particular is a cumulative process by nature and requires extensive out of class reading and analysis of the material as set forth herein.

**Attendance:**
Punctual class attendance and participation is mandatory. Missing class or assignments is detrimental to mastering the material. If you miss more than 15% of the class you will be dropped from the course in line with all University standards and requirements.

**Ethics:**
Integrity is the hallmark of the accounting profession and will be stressed throughout the course. Any type of student breach of ethics, including but not limited to: illegal activity, dishonest conduct, cheating, plagiarism, or collusion, will result in failure of assignment or exam (F) and/or further academic sanction (i.e. failure of course (F), dismissal from class and/or referral to Dean of the College of Business).

“All students enrolled at the University shall follow the tenets of common decency and acceptable behavior conducive to a positive learning environment.” (See Student’s Guide Handbook, Policies and Procedures, Conduct).

**Students with Disabilities:**
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 have a disability requiring an accommodation, please contact:

**Office of Student Disability Resources and Services**
Texas A&M University-Commerce
Gee Library, Room 132
Phone (903) 886-5150 or (903) 886-5835
Fax (903) 468-8148
StudentDisabilityServices@tamuc.edu

**Email & Contact:**
Emails are normally the best way to contact me, or visit with me before class to schedule an appointment. Since I am an adjunct professor, I rarely check my email account with the University. So, my bank office email account (which has been provided) is the most effective way to reach me. If you send an e-mail to me give me at least 24 hours to respond. If you do not get a response then send again AND call me. I am not going to ignore you. INCLUDE THE COUSE NUMBER IN THE SUBJECT LINE.
University policy will be followed in regards to withdrawals during the semester. It is the student’s responsibility to conform with the university rules relating to dropping or withdrawing from the course.

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Refer to the GRADING RUBRIC below for Accounting 440 – Income Tax Accounting (Principles of Business Taxation)

<table>
<thead>
<tr>
<th>Quality Macro Criteria</th>
<th>No/Limited Proficiency (Grades D &amp; F)</th>
<th>Some Proficiency (Grade C)</th>
<th>Proficiency (Grade B)</th>
<th>High Proficiency (Grade A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifies &amp; Explains Federal Income Tax Issues For Various Taxpayer Entities (Research is an important part of this process)</td>
<td>Fails to identify &amp; explain income tax issues for the various taxpayer entities (unable to research income tax issues involving the various entity taxpayers)</td>
<td>Identifies &amp; explains the broad main income tax issues for the various taxpayer entities but does not summarize or explain them clearly or sufficiently (research is not on point or applicable to jurisdiction)</td>
<td>Successfully identifies &amp; explains the broad main income tax issues for the various taxpayer entities but does not explain the how/why of the problems or create questions (research is on point or applicable to jurisdiction)</td>
<td>Clearly identifies &amp; explains the broad main income tax issues for the various taxpayer entities &amp; successfully explains the how/why of the problems or create questions (research is on point &amp; applicable to jurisdiction)</td>
</tr>
<tr>
<td>Understands Forms &amp; Completions Of Various Taxpayer Entities Covered In This Course</td>
<td>Fails to understand &amp; complete forms of the various taxpayer entities covered in this course</td>
<td>Successfully understands &amp; completes some, but not all, of the various taxpayer entities covered in this course</td>
<td>Successfully understands &amp; completes all of the various taxpayer entities covered in this course</td>
<td>Clearly &amp; accurately completes &amp; understands all of the various taxpayer entities covered in this course</td>
</tr>
<tr>
<td>Understand, Recognize &amp; Consider Alternative Courses Of Action For Taxpayer Entities In Tax Planning</td>
<td>Fails to understand, recognize &amp; consider alternative courses of tax planning actions for the various taxpayer entities covered in this course</td>
<td>Shows some general understanding, recognition &amp; consideration of alternative courses of tax planning actions for the various taxpayer entities covered in this course</td>
<td>Shows a good general understanding, recognition &amp; consideration of alternative courses of tax planning actions for the various taxpayer entities covered in this course</td>
<td>Shows a detailed understanding, recognition &amp; consideration of alternative courses of tax planning actions for the various taxpayer entities covered in this course</td>
</tr>
<tr>
<td>Considers Methodology In Determining Courses of Action for Tax Return Preparation &amp; Tax Planning for Taxpayer Entities</td>
<td>Fails to explain the issues/research/analysis/conclusions (IRAC) as to why certain courses of action were elected for tax return preparation &amp; tax planning for the various taxpayer entities</td>
<td>Explains some but not all of the issues/research/analysis/conclusions (IRAC) as to why certain courses of action were elected for tax return preparation &amp; tax planning for the various taxpayer entities</td>
<td>Successfully explains the issues/research/analysis/conclusions (IRAC) as to why certain courses of action were elected for tax return preparation &amp; tax planning PLUS addresses the how/why alternative courses of action were not taken in tax return preparation &amp; tax planning</td>
<td>Successfully explains the issues/research/analysis/conclusions (IRAC) as to why certain courses of action were elected for tax return preparation &amp; tax planning PLUS addresses the how/why alternative courses of action were not taken in tax return preparation &amp; tax planning</td>
</tr>
</tbody>
</table>
NOTE: The syllabus below is subject to change as needed to meet the objectives or administration of the course at the discretion of the Professor. It is not anticipated that there will be any substantive changes.

ACCOUNTING 440 / SPRING 2013
INCOME TAX ACCOUNTING – PRINCIPLES OF BUSINESS TAXATION
Class Schedule & Assignments

<table>
<thead>
<tr>
<th>Chapter Or Module</th>
<th>Topic</th>
<th>Read chapter before the below date:</th>
<th>Assignment Due: Assigned in class on a chapter by chapter basis</th>
</tr>
</thead>
</table>
| 1/16 1 & 2        | Introduction to Taxation & Understanding the Federal Tax Law  
**NOTE:** I will be out of town for a tax conference. Professor Taggart will cover class |
| 1/23 3            | Tax Accounting + Overview of Chapters 1 & 2 |
| 1/30 4            | Federal Income Taxation & Gross Income  
Exam I (Ch 1 – 3) |
| 2/6 5 & 6         | Business Deductions |
| 2/13 7            | Depreciation, Depletion & Amortization  
Exam II (Ch 4 – 6) |
| 2/20 8            | Property Transactions Realized & Recognized Gains/Losses |
| 2/27 9            | Property Transactions Character Gain/Loss |
| 3/6 10            | NOLs, AMT & Other Business Taxes  
Exam III (Ch 7 – 9) |
| 3/13 11           | Tax Credits |
| 3/27 12           | Corporate Formation, Distributions & Other Corporation-Related Tax Issues  
Exam IV (Ch 10 – 11) |
| 4/3 13            | Sole Proprietorship & Individual Tax Return |
| 4/10 14           | Flow-Through Entities – Partnerships, LLPs & LLCs  
Exam V (Ch 12 – 13) |
| 4/17 15           | Flow-Through Entities – S Corporations |
| 4/24 16           | Taxation of International Transactions  
Exam VI (Ch 14 – 15) |
| 5/1 & 5/8         | **NOTE:** Possible catch up class lecture day on 5/1 if needed – if so, Research Paper still due on 5/1 BUT Final Exam will be scheduled for 5/8 during regularly scheduled Finals Week  
Research Paper Due  
Final Exam (Ch 16 & Comprehensive) |

SPRING BREAK

Research Paper Due
Final Exam (Ch 16 & Comprehensive)