



Federal Tax Accounting I

ACCT 4305 – 110 (CRN 10012)

Spring 2019

INSTRUCTOR AND CONTACT INFORMATION

Instructor: Richard Gavin, MBT, CPA

Email: For communication, please use the Canvas “Inbox” messages. Should you write me an email, please mention your name and course title in the Subject line.

Office Hours:

I am available before class and after class on Tuesday and Thursdays.

Mode of instruction and course access:

This course meets face-to-face on Tuesdays and Thursdays.

This course uses the A&M-Central Texas Canvas Learning Management System [<https://tamuct.instructure.com>].

Student-instructor interaction:

I am available before class and after class on Tuesday and Thursdays to provide. In addition, I will be checking Canvas “Inbox” and replying to student messages frequently.

911 Cellular:

Emergency Warning System for Texas A&M University – Central Texas
911Cellular is an emergency notification service that gives Texas A&M University-Central Texas the ability to communicate health and safety emergency information quickly via email, text message, and social media. All students are automatically enrolled in 911 Cellular through their myCT email account.

Connect at [911Cellular](https://portal.publicsafetycloud.net/Texas-AM-Central/alert-management) [<https://portal.publicsafetycloud.net/Texas-AM-Central/alert-management>] to change where you receive your alerts or to opt out. By staying enrolled in 911Cellular, university officials can quickly pass on safety-related information, regardless of your location.

COURSE INFORMATION

Course Overview and description:

This course covers current income tax law and regulations with special emphasis on income tax legislation, treasury and court decisions, departmental rulings, income tax problems and returns, social security, and self-employment taxes for the individual taxpayer.

Course Objective:

The purpose of this course is to prepare the student to interpret and apply the U.S. Internal Revenue Code provisions, acquire the basic knowledge necessary to prepare tax forms, and acquire the ability to research a tax question and use the information gained to answer client questions and tax plan. Additionally, the student completes the course with an appropriate level of knowledge to successfully pass related sections of the CPA Exam.

Student Learning Outcomes:

This course covers Chapters 1-12 with the learning objectives for each chapter as follows:

Part I: Introduction and Basic Tax Model**Chapter 1 – Introduction to Taxation and Understanding the Federal Tax Law**

- LO.1 Explain the importance of taxation.
- LO.2 Describe some of the history and trends of the Federal income tax.
- LO.3 Describe and apply principles and terminology relevant to the tax system.
- LO.4 Identify the different taxes imposed at the Federal, state, and local levels.
- LO.5 Explain the administration of tax law, including the IRS audit process.
- LO.6 Evaluate some of the ethical guidelines involved in tax practice.
- LO.7 Recognize the economic, social, equity, and political considerations that justify various aspects of the tax law.
- LO.8 Describe the role played by the IRS courts in the Federal tax system evolution.

Chapter 2 – Working with the Tax Law

- LO.1 Distinguish between the statutory, administrative, and judicial sources of the tax law and understand the purpose of each source.
- LO.2 Locate and work with the appropriate tax law sources.
- LO.3 Develop an awareness of tax research tools.
- LO.4 Describe the tax research process.
- LO.5 Communicate tax research results in a client letter and a tax file memorandum.
- LO.6 Apply tax research techniques and planning procedures.
- LO.7 Be aware of taxation on the CPA examination.

Chapter 3 – Computing the Tax

- LO.1 Recognize and apply the components of the Federal income tax formula.
- LO.2 Explain the use of the standard deduction in computing taxable income.
- LO.3 Apply the rules for arriving at personal exemptions.
- LO.4 Apply the rules for determining dependency exemptions.
- LO.5 Choose the proper filing status and identify the related filing requirements.
- LO.6 Use the proper method for determining the tax liability.
- LO.7 Identify and work with kiddie tax situations.
- LO.8 Describe the tax treatment of property transactions.
- LO.9 Identify tax planning opportunities associated with the individual tax formula.

Part II: Gross Income**Chapter 4 – Concepts and Inclusions**

- LO.1 Explain the concepts of gross income and realization and distinguish between the economic, accounting, and tax concepts of gross income.
- LO.2 Describe taxable year choice and cash, accrual, and hybrid methods of accounting.

- LO.3 Identify the taxpayer on a particular item of income in various situations.
- LO.4 Apply the Internal Revenue Code provisions to alimony, loans made at below- market interest rates, annuities, prizes and awards, group term life insurance, unemployment compensation, and Social Security benefits.
- LO.5 Identify tax planning strategies for minimizing gross income.

Chapter 5 – Exclusions

- LO.1 Be aware of required statutory authority to exclude an item from gross income.
- LO.2 Identify circumstances when various items are excludible from gross income.
- LO.3 Determine the extent receipts can be excluded under the tax benefit rule.
- LO.4 Describe when income must be reported from the discharge of indebtedness.
- LO.5 Identify tax planning strategies to maximize the benefit from allowable exclusions.

Part III: Deductions and Credits

Chapter 6 – Deductions and Losses in General

- LO.1 Differentiate between deductions for and from adjusted gross income and describe the relevance of the differentiation.
- LO.2 Describe the cash and accrual methods of accounting related to deductions.
- LO.3 Apply the Internal Revenue Code deduction disallowance provisions associated with the following: public policy limitations, political activities, excessive executive compensation, investigation of business opportunities, hobby losses, vacation home rentals, payment of others' expenses, personal expenditures, capital expenditures, related-party transactions, and expenses related to tax-exempt income.
- LO.4 Identify tax planning opportunities for maximizing deductions and minimizing the disallowance of deductions.

Chapter 7 – Deductions and Losses: Certain Business Expenses and Losses

- LO.1 Determine the amount, classification, and timing of the bad debt deduction.
- LO.2 Understand the tax treatment of worthless securities, including § 1244 stock.
- LO.3 Distinguish between deductible and nondeductible losses of individuals.
- LO.4 Identify a casualty and determine the amount, classification, and timing of casualty and theft losses.
- LO.5 Apply alternative tax treatments for research and experimental expenditures.
- LO.6 Calculate the domestic production activities deduction.
- LO.7 Describe the tax impact of a net operating loss and review the effect of the carryback and carryover provisions on previous and subsequent years' taxable income.
- LO.8 Identify tax planning opportunities in deducting certain business expenses, business losses, and personal losses.

Chapter 8 – Depreciation, Cost Recovery, Amortization, and Depletion

- LO.1 State the rationale for the cost consumption concept and identify the relevant time periods for depreciation, ACRS, and MACRS.
- LO.2 Determine the amount of cost recovery under MACRS.
- LO.3 Recognize when and how to make the § 179 expensing election and use additional first-year depreciation, calculate the amount of the deductions, and apply the effect of the elections in making the MACRS calculation.
- LO.4 Apply the deduction limitations on listed property and on luxury automobiles.
- LO.5 Determine when and how to use the alternative depreciation system (ADS).

- LO.6 Report cost recovery deductions appropriately.
- LO.7 Identify intangible assets eligible for amortization and calculate the deduction.
- LO.8 Determine the amount of depletion expense, including being able to apply the alternative tax treatments for intangible drilling and development costs.
- LO.9 Identify tax planning opportunities for cost recovery, amortization, and depletion.

Chapter 9 – Deductions: Employee and Self-Employed Related Expenses

- LO.1 Distinguish between employee and self-employed (independent contractor) status.
- LO.2 Recognize deductible transportation expenses.
- LO.3 Describe how travel expenses are treated.
- LO.4 Determine the moving expense deduction.
- LO.5 Differentiate between deductible and nondeductible education expenses.
- LO.6 Explain how entertainment and meal expenses are treated.
- LO.7 Identify other employee expenses.
- LO.8 Compare various deductions for contributions to retirement accounts.
- LO.9 Identify differences between accountable and nonaccountable employee plans.
- LO.10 Apply the limitations on miscellaneous itemized deductions.
- LO.11 List and evaluate tax planning ideas related to employee business expenses.

Chapter 10 – Certain Itemized Deductions

- LO.1 Distinguish between deductible and nondeductible personal expenses.
- LO.2 Define medical expenses and compute the medical expense deduction.
- LO.3 Contrast deductible taxes with nondeductible fees, licenses, and other charges.
- LO.4 Explain the Federal tax treatment of state and local income taxes and sales taxes.
- LO.5 Distinguish between deductible and nondeductible interest and apply the appropriate limitations to deductible interest.
- LO.6 Recognize charitable contributions and identify their related measurement problems and percentage limitations.
- LO.7 List the business and personal expenditures that are deductible either as miscellaneous itemized deductions or as other itemized deductions.
- LO.8 Recognize limitations on itemized deductions applicable to high-income taxpayers.
- LO.9 Identify tax planning strategies to maximize the benefit of itemized deductions.

Chapter 11 – Investor Losses

- LO.1 Explain the tax shelter and reasons for at-risk and passive activity loss limitations.
- LO.2 Discuss the at-risk limitation.
- LO.3 Describe how the passive activity loss rules limit deductions for losses and identify the taxpayers subject to these restrictions.
- LO.4 Explore the elements required for an activity to be treated as passive and review the rules for identifying an activity.
- LO.5 Identify the tests for material participation.
- LO.6 Describe the nature of rental activities under the passive activity loss rules.
- LO.7 Determine the relationship between at-risk and passive activity loss limitations.
- LO.8 Recognize the special treatment available to real estate activities.
- LO.9 Determine the proper tax treatment on the disposition of a passive activity.
- LO.10 Identify restrictions placed on the deductibility of other investor losses and deductions, including those that apply to investment interest.
- LO.11 Suggest tax planning strategies to minimize the effect of the passive activity loss and

investment interest limitations and recognize the general impact of the additional tax on net investment income.

Chapter 12 – Tax Credits and Payments

LO.1 Explain how tax credits are used as a tool of Federal tax policy.

LO.2 Distinguish between refundable and nonrefundable credits and understand the order in which they can be used by taxpayers.

LO.3 Identify various business-related tax credits.

LO.4 Determine various tax credits that are available primarily to individual taxpayers.

LO.5 Apply the tax withholding and payment procedures used by employers.

LO.6 Execute the tax payment procedures used by self-employed persons.

LO.7 Identify tax planning opportunities related to tax credits and payments.

Required Reading and Textbook(s):

South-Western Federal Taxation 2019: Comprehensive, 42nd Edition

Authors: David M. Maloney, William A. Raabe, William H. Hoffman, Jr., James C. Young

Copyright 2019. Publisher: Cengage

ISBN-13: 9781337703017

COURSE REQUIREMENTS

This course is made up of a series of assignments and assessments to assist you in achieving the course and learning objectives/outcomes. Each week you will work on various combinations of assignments, activities, discussions, readings, research, etc.

Homework (11) – 25 points each (275 total points): Students will be assigned homework Questions and Problems from the end of most chapters. The homework must be done in either Excel or Word and uploaded to Canvas. Alternatively, some homework questions will be answered in Canvas. The details, including due date and time, will be listed in Canvas.

Discussion Questions (10) – 15 points each (150 total points): Tax professionals need to be able to write well in order to be effective. In order to hone this skill, discussion questions will be assigned for most chapters. The details, including due date and time, will be listed in Canvas.

Quizzes (10) -- 20 points each (200 total points): Quizzes will be given for most chapters. This will gauge how much you learned in a given chapter and also prepare for you for the exams. The details, including due date and time, will be listed in Canvas and discussed in class.

Exams (3) – 100 points each (300 total points): Three exams will be given during the semester. The details, including due date and time, will be listed in Canvas and discussed in class.

Grading Criteria Rubric and Conversion

Course Element	Number Given	Points	Total Points	Percent of Course Grade
Exams	3	100	300	30.0%
Quizzes	10	20	200	20.0%
Homework	11	25	275	27.5%
Discussion Questions	10	15	150	15.0%
Class Participation		75	75	7.5%
Total		235	1,000	100.0%
Grade Equivalents:				
900 to 1,000 points = A				
800 to 899 points = B				
700 to 799 points = C				
600 to 699 points = D				
0 to 599 points = F				

Posting of Grades

Upon receipt of the class assignments, quizzes, and exams, turn-around time for grades will be no more than two weeks. Grades to be posted on the Canvas Grade book where students can monitor their status.

COURSE OUTLINE AND CALENDAR

Week	Week of	Topic
Week 1	January 13, 2019	Course Introduction
Week 2	January 20, 2019	Chapter 1 - Intro to Taxation and Understanding Federal Tax Law
Week 3	January 27, 2019	Chapter 2 - Working with the Tax Law
Week 4	February 3, 2019	Chapter 3 - Computing the Tax
Week 5	February 10, 2019	Exam #1
Week 6	February 17, 2019	Chapter 4 - Gross Income: Concepts and Inclusions
Week 7	February 24, 2019	Chapter 5 - Gross Income: Exclusions
Week 8	March 3, 2019	Chapter 6 - Deductions and Losses: In General
Week 9	March 10, 2019	Spring Break - No Class
Week 10	March 17, 2019	Chapter 7 - Deductions & Losses: Certain Business Expenses & Losses
Week 11	March 24, 2019	Exam #2
Week 12	March 31, 2019	Chapter 8 - Depreciation, Cost Recovery, Amortization, & Depletion
Week 13	April 7, 2019	Chapter 9 - Deductions: Employee & Self-Employed-Related Expenses
Week 14	April 14, 2019	Chapter 10 - Deductions and Losses: Certain Itemized Deductions
Week 15	April 21, 2019	Chapter 11 - Investor Losses
Week 16	April 28, 2019	Chapter 12 - Tax Credits and Payments
Week 17	May 5, 2019	Exam #3

TECHNOLOGY REQUIREMENTS AND SUPPORT

Technology Requirements.

This course will use the A&M-Central Texas Instructure Canvas learning management system.

Logon to A&M-Central Texas Canvas [<https://tamuct.instructure.com>].

Username: Your MyCT username (xx123 or everything before the "@" in your MyCT e-mail address)

Password: Your MyCT password

Technology Support.

For log-in problems, students should contact Help Desk Central. 24 hours a day, 7 days a week:

Email: helpdesk@tamu.edu Phone: (254) 519-5466

[Web Chat](http://hdc.tamu.edu): [<http://hdc.tamu.edu>]

Please let the support technician know you are an A&M-Central Texas student.

For issues with **Canvas**, select "chat with Canvas support," submit a support request to Canvas Tier 1, or call the Canvas support line: 1-844-757-0953, links to all are found inside of Canvas using the "Help" link.

For issues related to course content and requirements, contact your instructor.

UNIVERSITY RESOURCES, PROCEDURES, AND GUIDELINES

Drop Policy.

If you discover that you need to drop this class, you must complete a [Drop Request Form](https://www.tamuct.edu/registrar/docs/Drop_Request_Form.pdf) [https://www.tamuct.edu/registrar/docs/Drop_Request_Form.pdf].

Professors cannot drop students; this is always the responsibility of the student. The Registrar's Office will provide a deadline on the University Calendar for which the form must be completed, signed and returned. Once you return the signed form to the Registrar's Office, you must go into Warrior Web and confirm that you are no longer enrolled. If you still show as enrolled, FOLLOW-UP with the Registrar's Office immediately. You are to attend class until the procedure is complete to avoid penalty for absence. Should you miss the drop deadline or fail to follow the procedure, you will receive an F in the course, which may affect your financial aid and/or VA educational benefits.

Academic Integrity.

Texas A&M University-Central Texas values the integrity of the academic enterprise and strives for the highest standards of academic conduct. A&M-Central Texas expects its students, faculty, and staff to support the adherence to high standards of personal and scholarly conduct to preserve the honor and integrity of the creative community.

Academic integrity is defined as a commitment to honesty, trust, fairness, respect, and responsibility. Any deviation by students from this expectation may result in a failing grade for the assignment and potentially a failing grade for the course. Academic misconduct is any act that improperly affects a true and honest evaluation of a student's academic performance and includes, but is not limited to, cheating on an examination or other academic work, plagiarism and improper citation of sources, using another student's work, collusion, and the abuse of resource materials. All academic misconduct concerns will be

reported to the university's Office of Student Conduct. Ignorance of the university's standards and expectations is never an excuse to act with a lack of integrity. When in doubt on collaboration, citation, or any issue, please contact your instructor before taking a course of action.

Academic Accommodations.

At Texas A&M University-Central Texas, we value an inclusive learning environment where every student has an equal chance to succeed and has the right to a barrier free education. The Department of Access and Inclusion is responsible for ensuring that students with a disability receive equal access to the University's programs, services and activities. If you believe you have a disability requiring reasonable accommodations please contact the Department of Access and Inclusion at (254) 501-5831. Any information you provide is private and confidential and will be treated as such.

For more information please visit our [Access & Inclusion](https://www.tamuct.edu/departments/access-inclusion) webpage [https://www.tamuct.edu/departments/access-inclusion].

Texas A&M University-Central Texas supports students who are pregnant and/or parenting. In accordance with requirements of Title IX and guidance from US Department of Education's Office of Civil Rights, the Dean of Student Affairs' Office can assist students who are pregnant and/or parenting in seeking accommodations related to pregnancy and/or parenting. For more information, please visit <https://www.tamuct.departments/index.php>. Students may also contact the institution's Title IX Coordinator. If you would like to read more about these [requirements and guidelines online](http://www2.ed.gov/about/offices/list/ocr/docs/pregnancy.pdf), please visit the website [http://www2.ed.gov/about/offices/list/ocr/docs/pregnancy.pdf].

Tutoring.

Tutoring is available to all A&M-Central Texas students, both on-campus and online. On-campus subjects tutored include Accounting, Advanced Math, Biology, Finance, Statistics, Mathematics, and Study Skills. Tutors are available at the Tutoring Center in Warrior Hall, Suite 111.

If you have a question regarding tutor schedules, need to schedule a tutoring session, are interested in becoming a tutor, or any other question, contact Academic Support Programs at 254-519-5796, or by emailing Larry Davis at lldavis@tamuct.edu.

Chat live with a tutor 24/7 for almost any subject on your computer! Tutor.com is an online tutoring platform that enables A&M-Central Texas students to log-in and receive FREE online tutoring and writing support. This tool provides tutoring in over forty subject areas. Access Tutor.com through Canvas.

The University Writing Center.

Located in 416 Warrior Hall, the University Writing Center (UWC) at Texas A&M University-Central Texas is a free workspace open to all TAMUCT students from 10am-5pm Monday-Thursday with satellite hours in the University Library on Mondays from 6:00-9:00pm. Students may arrange a one-on-one session with a trained and experienced writing tutor by visiting the UWC during normal operating hours (both half-hour and hour

sessions are available) or by making an appointment via [WCOonline](https://tamuct.mywconline.com/) [https://tamuct.mywconline.com/]. In addition, you can email Dr. Bruce Bowles Jr. at bruce.bowles@tamuct.edu to schedule an online tutoring session. Tutors are prepared to help writers of all levels and abilities at any stage of the writing process.

While tutors will not write, edit, or grade papers, they will assist students in developing more effective composing practices. By providing a practice audience for students' ideas and writing, our tutors highlight the ways in which they read and interpret students' texts, offering guidance and support throughout the various stages of the writing process. In addition, students may work independently in the UWC by checking out a laptop that runs the Microsoft Office suite and connects to WIFI, or by consulting our resources on writing, including all of the relevant style guides. Whether you need help brainstorming ideas, organizing an essay, proofreading, understanding proper citation practices, or just want a quiet place to work, the University Writing Center is here to help!

If you have any questions about the University Writing Center, please do not hesitate to contact Dr. Bruce Bowles Jr. at bruce.bowles@tamuct.edu.

University Library.

The University Library provides many services in support of research across campus and at a distance. We offer over 200 electronic databases containing approximately 250,000 eBooks and 82,000 journals, in addition to the 72,000 items in our print collection, which can be mailed to students who live more than 50 miles from campus. Research guides for each subject taught at A&M-Central Texas are available through our website to help students navigate these resources. On-campus, the library offers technology including cameras, laptops, microphones, webcams, and digital sound recorders.

Research assistance from a librarian is also available twenty-four hours a day through our online chat service, and at the reference desk when the library is open. Research sessions can be scheduled for more comprehensive assistance, and may take place on Skype or in-person at the library. Assistance may cover many topics, including how to find articles in peer-reviewed journals, how to cite resources, and how to piece together research for written assignments.

Our 27,000-square-foot facility on the A&M-Central Texas main campus includes student lounges, private study rooms, group work spaces, computer labs, family areas suitable for all ages, and many other features. Services such as interlibrary loan, TexShare, binding, and laminating are available. The library frequently offers workshops, tours, readings, and other events. For more information, please visit our [Library website](https://tamuct.libguides.com/) [https://tamuct.libguides.com/].

INSTRUCTOR POLICIES

Quality of Work: All work submitted for grading shall be of graduate level quality. Depth of analysis, grammatical structure, etc.

Identifying Submissions: Submissions must clearly identify the student and the title of the assignment.

Late Submissions: Late submissions will be penalized starting at 10% of the grade and up to no more than half credit unless otherwise stipulated.

Copyright Notice: Students should assume that all course material is copyrighted by the respective author(s). Reproduction of course material is prohibited without consent by the author and/or course instructor. Violation of copyright is against the law and Texas A&M University-Central Texas' Code of Academic Honesty. All alleged violations will be reported to the Office of Student Conduct.