

ACCT A111: INDIVIDUAL INCOME TAX

Item	Value
Curriculum Committee Approval Date	02/11/2015
Top Code	050210 - Tax Studies
Units	3 Total Units
Hours	54 Total Hours (Lecture Hours 54)
Total Outside of Class Hours	0
Course Credit Status	Credit: Degree Applicable (D)
Material Fee	No
Basic Skills	Not Basic Skills (N)
Repeatable	No
Grading Policy	Standard Letter (S), • Pass/No Pass (B)

Course Description

Introduction to federal income taxation theory and practice as applied to individuals. Covers gross income, business and personal deductions, exemptions, tax credits, property transactions, and tax computation. Includes individual and group problem-solving and tax return preparation. Transfer Credit: CSU.

Course Level Student Learning Outcome(s)

1. Identify, define, and apply the major components of the formula used to determine federal individual income tax.
2. Prepare representative U.S. individual income tax returns using Forms 1040EZ, 1040A, and 1040 with supporting Schedules A, B, C, D, and E and other appropriate forms as needed.

Course Objectives

- 1. Define basic income tax terms, such as gross income, adjusted gross income, taxable income, deductions, exemptions, credits.
- 2. Discuss marginal tax rates for individuals.
- 3. Compute taxable income and the tax due for various individual taxpayers.
- 4. Analyze and evaluate whether an individual taxpayer should itemize or take the standard deduction.
- 5. Recognize the difference between taxable and nontaxable items of gross income.
- 6. Differentiate between deductions "for" and "from" AGI.
- 7. Evaluate legality of taking a deduction for a particular expenditure.
- 8. Apply principles learned to solving problems involving the components of the individual income tax formula.
- 9. Prepare simple and medium-difficulty individual income tax returns.
- 10. Perform basic tax planning to reduce an individual's income tax liability.

Lecture Content

Course Overview and Introduction to Individual Tax Returns History objectives of taxation in the United States Formula for individual income

tax Filing status tax computation Exemptions standard deductions Limits on itemized deductions overview of capital gains/losses Internet e-filing Student discussion questions and problems Gross Income – Inclusions Exclusions Nature of Gross Income Elements of gross income including interest, dividends, alimony, prizes awards, annuities unemployment compensation, insurance benefits, social security benefits and unemployment compensation. Exclusions from gross income including insurance benefits, gifts inheritances, scholarships, meals lodging, municipal bond interest and employee fringe benefits. Student problems and tax return preparation problems Business Expenses and Retirement Plans Rental income expenses Passive loss limitations Bad Debts Inventories and cost of goods sold Net Operating Losses Retirement Contributions (IRA, Keogh, SEP, 401(k), defined contribution, profit sharing defined benefit plans SIMPLE plans Rollovers Questions problems group assignment Self Employed Employee Business Expenses Classification of deductions – for AGI vs. from AGI In depth discussion of specific types of deductions (travel, transportation, office in home, entertainment, educational expenses, dues, subscriptions, publications special clothing, uniforms and business gifts). Schedule C Student problems, tax return preparation problem and completion of forms on IRS website Itemized Deductions and Other Incentives Itemized deductions medical expenses, taxes, interest, contributions, casualty theft losses and miscellaneous deductions Basis considerations (property acquired by purchase, gift, inheritance) Moving expenses Hobby losses Educational incentives Student problems, tax return preparation problem group problem Credits Special Taxes Credits child tax credit, earned income tax credit, child dependent care credit, education tax credits, foreign tax credit Adoption expenses The individual AMT Affordable Care Act Unearned income of minor children Community property Student questions problems Accounting Methods and Depreciation Accounting methods cash, accrual hybrid and how to change methods Depreciation MACRS; straight-line and accelerated methods compared to MACRS Election to expense capital acquisitions Listed Property Limitation on depreciation of Luxury Automobiles Amortization of intangibles Related parties – definition and effect on certain deductions Student questions, problems group assignment Capital Gains and Losses Definition of capital assets holding periods for long term vs. short term capital gains/losses Calculation of capital gains losses, net gains/losses and section 1231 gains losses Depreciation recapture Casualty gains losses Installment sales, like-kind exchanges involuntary conversions Sale of a personal residence Student problems and tax return preparation problem Withholding, Payroll Taxes and Estimated Tax Payments Withholding methods Estimated tax payments Moving expenses FICA FUTA taxes and the Federal tax deposit system (including employer reporting requirements) Self-employment taxes The Nanny tax Student Problems and comprehensive tax return preparation problem Tax Administration and Tax Planning Organization of IRS IRS audit and appeals process Interest penalties Statute of limitations Taxpayers bill of rights Tax planning Student problems and exercises

Method(s) of Instruction

- Lecture (02)
- DE Live Online Lecture (02S)
- DE Online Lecture (02X)

Instructional Techniques

Lecture, power point slides, demonstration of concepts on white board, discussion, application of concepts to problems, overhead transparencies, newspaper and magazine articles, individual and group exercises, individual preparation of tax returns.

Reading Assignments

Assigned readings from the text or internet.

Writing Assignments

To demonstrate their understanding of the course material, near the end of the course students are required to prepare a tax return of medium difficulty from facts contained in narrative and tabular form.

Out-of-class Assignments

Assigned readings, exercises and problems from the text or internet.

Demonstration of Critical Thinking

Four examinations testing recall, comprehension, analysis, and problem-solving skills
Comprehensive tax return practice problem
Written assignment – completing tax forms on the IRS web site
Oral Presentations may be included

Required Writing, Problem Solving, Skills Demonstration

To demonstrate their understanding of the course material, near the end of the course students are required to prepare a tax return of medium difficulty from facts contained in narrative and tabular form.

Textbooks Resources

1. Required Whittenburg, Gerald and Martha Altus-Buller. Income Tax Fundamentals, ed. Mason: Cengage, 2013

Other Resources

1. Current Internal Revenue Service publications