**COURSE DESCRIPTION**

**ACCT 580T Tax Accounting Methods**

This course covers concepts governing timing of recognition of income and deductions for income tax purposes as well as differences between GAAP and income tax accounting for all taxpayers. *Recommended Preparation:* Introductory tax course.

This online course is divided into modules. Module activities may include reading assignments, weekly lessons, interactive exercises, homework assignments, Blackboard discussion forums and MarshallTALK live video discussion forums.

**Students are required to participate in “real time” online sessions every Monday from 6:30 – 7:30 pm PT, in addition to completing other online content. Only register for this class if you can log on for these sessions.**

Blackboard

Blackboard is the primary learning management system currently used at USC. From the Blackboard Course Home Page, students can access their course syllabus, identify readings, participate in discussion forums, submit assignments, and review grades at any time (asynchronously). They can also access links to the other platforms used in this course.

Virtual Classroom

The Virtual Classroom enables students to asynchronously view faculty lessons and other integrated course content. Students also use the Virtual Classroom to engage in self-assessment activities designed to help them understand and apply key course concepts. The Virtual Classroom is organized into weekly modules that correspond to the course syllabus and are designed to be taken in the order they appear. The interactive exercises within this Virtual Classroom are not graded but contain information that would otherwise be delivered in traditional class lectures and that may be included in the midterm and final exams.

MarshallTALK

Students and faculty will meet online on a regular basis at a pre-determined date and time (synchronously) in MarshallTALK, a live video discussion forum. MarshallTALK allows students to discuss course content and to ask questions in real time and may also be used as a forum for individual or group presentations.

SYSTEM REQUIREMENTS

The following equipment is required to successfully participate in this online course:

* Computer
* Headset or built-in speakers & microphone (Recommended microphone/headset: <http://www.amazon.com/Logitech-ClearChat-Comfort-Headset-Black/dp/B000UXZQ42/ref=pd_sim_e_2>)
* Webcam (Recommended webcam: <http://www.logitech.com/en-us/product/hd-webcam-c525?crid=34>)
* High speed Internet connection (Wireless or Cabled)

Browser Requirements:

* Internet Explorer 9.x and above on PCs
* FireFox 3.6 and above on PCs
* Safari 3.6 and higher on Mac (only)
* Firefox 3.x and higher on Mac
* Google Chrome

TECHNICAL SUPPORT

* USC Information Technology Services (for Blackboard support):

Call (213) 740-5555 or email [consult@usc.edu](mailto:consult@usc.edu). For more information, visit their website at: <http://www.usc.edu/its/>

* USC Marshall (for Virtual Classroom support):

Call (213) 740-3000 Monday through Friday, 7:00am to 6:00pm PST or visit their website at: <http://msbhelp.usc.edu>

* MarshallTALK empowered by WebEx Support: [marshall.talk@marshall.usc.edu](mailto:marshall.talk@marshall.usc.edu)

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**ACCT 580T – Tax Accounting Methods**

**Summer 2014 / June 2 – August 11**

**Online Course Syllabus**

This course covers concepts governing timing of recognition of income and deductions for income tax purposes as well as differences between GAAP and income tax accounting for all taxpayers.

PREREQUISITES: None. Recommended Preparation: Introductory Tax Course

INSTRUCTOR: Robert A. Scharlach, CPA

Adjunct Professor of Accounting

University of Southern California

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CONTACT: Email: scharlac@marshall.usc.edu

Phone: 213-593-6749

Office Hours: By appointment and as posted on Blackboard

EMERGENCY NUMBERS: USC Emergency Info Line: 213-740-9233

USC Emergencies: 213-740-4321

USC Information Line: 213-740-2311or KUSC Radio (91.5 FM)

REQUIRED TEXT: **Federal Tax Accounting,** 2013 Student Ed.

Stephen Gertzman

ISBN # 978-0-7913-8192-2

**Ethics in Motion**

Justin Paperny

<http://etikallc.com/books/ethics-in-motion>

PROGRAM LEARNING OUTCOMES:

The following are the five Student Learning Outcomes developed for this program by the USC Leventhal faculty and administration and filed with the AACSB, the accrediting body for accounting and business schools.

1. *Technical, Conceptual, Problem-Solving Requirement*

Students will be competent in and be able to apply discipline-specific knowledge and skills in the fields of accounting or taxation. This learning outcome includes the development of critical thinking and problem solving skills, as well as an understanding of the strategic role of accounting in business organizations and society.

2. *Professional Development Requirement*

Students will be able to communicate clearly, and strategically, after considering the relevant audience, situation, and purpose of the communication. Students will develop the ability to work productively with others to accomplish established goals.

3. *Research/Life-Long Learning Requirement*

Students will be able to use relevant research databases and academic/professional literature to gain new knowledge and analyze business situations.

4. *Ethical Principles and Professional Standards Requirement*

Students will be able to apply ethical principles and professional standards in analyzing situations and making informed decisions.

5. *Globalization Requirement*

Students will be able to demonstrate an international perspective and appreciation for diversity and cultural differences, along with their significance in global business.

COURSE LEARNING OUTCOMES:

By the end of this course, students will be able to:

1. Define the key principles related to tax accounting methods;
2. Identify the tax rules applicable to specific accounting problems;
3. Discuss current developments and planning techniques in the tax accounting area;
4. Examine cases and rulings illustrating the issues that arise from the statutes and regulations; and
5. Analyze statutory materials before their peers.

GRADES:

Participation 50 points

Case Study 100 points

Briefs of Cases 50 points

Midterm Exam 400 points

Final Exam 400 points

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Total Points 1,000 points

GRADING POLICIES:

This course adheres to the USC Leventhal School of Accounting and Marshall School of Business grading Standards for graduate programs. In general, final course grades at the graduate level in a core course average approximately B+ (3.3) but may vary based on class performance. For elective courses, the class average is usually higher (approximately 3.5), which is between a B+ and an A-. You must receive a C or better to pass a required class, and you must have an overall B average (3.0 minimum) in order to graduate from USC.

1. Participation in the MarshallTALK live video discussion forum is MANDATORY, and students should be present and prepared to engage with the class at the date and time indicated each week in order to earn participation credit for this activity.
2. Case Study will be distributed in Module 7 and must be uploaded in Blackboard Assignments by the due date stated in Module 11.
3. Mid-term and final exams will be OPEN BOOK and will be given at a time to be determined. NO MAKE UP EXAMS WILL BE GIVEN.
4. All assignments, exams and discussion forums will be evaluated on effectiveness of communication. This includes grammar, spelling, organization, format and other essentials of strong and effective communication.

RETENTION OF GRADED PAPERS:

Final exams and other graded work that affected the course grade will be kept for one year. Other papers or work that is returned but that students fail to pick up will be held for one month. Discussion forums and other online work will be deleted at the end of the course.

ONLINE LEARNING:

This course is divided into eleven modules and will be covered in eleven weeks. Students are also encouraged to participate in the Orientation Module in order to learn how to use the online tools available to them before the official start of class in Module 1. Module activities may include reading assignments, weekly lessons, interactive exercises, homework assignments, Blackboard discussion forums and MarshallTALK live video discussion forums. This course utilizes a “flipped” classroom approach, wherein students are expected to finish all readings and activities on their own, at their own pace prior to the “real time” video discussion MarshallTALK forums.

STUDENT CONDUCT CODE:

Students are subject to the Leventhal School of Accounting student honor code and to the USC student conduct code, which states: *General principles of academic integrity include and incorporate the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one’s own academic work from misuse by others as well as to avoid using another’s work as one’s own. All students are expected to understand and abide by these principles.* For more information, go to: <http://scampus.usc.edu/university-student-conduct-code>

Or visit: <http://www.marshall.usc.edu/faculty/leventhal/honor>.

STUDENTS WITH DISABILITIES:

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodation can be obtained from DSP. Please be sure the letter is delivered to me as early in the semester as possible. DSP is located in STU 301 and is open 8:30 a.m. – 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. For more information, go to: <http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html>.

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| **DATE** | **TOPICS** | **READINGS** |
| Module 1 | Method of Accounting & Cash Method | Chapters 1, 2, and 3, par. 3.01-3.04 |
| Module 2 | Accrual Method -- Income | Chapter 4, par 4.01- 4.03 |
| Module 3 | Accrual Method -- Expense | Chapter 4, par 4.04 |
| Module 4 | Inventories  Inventory Write-Downs and LIFO | Chapter 6, par 6.04 – 6.07  Chapter 6, 6.08 – 6.09; Chapter 7, 7.02-7.05 |
| Module 5 | Uniform Capitalization | Regs. 1.263A-1, 1.263A-2; 1.263A-3 |
| Module 6 | Midterm Exam | Review readings to date |
| Module 7 | Change in Method of Accounting | Chapter 8, par. 8.01 – 8.03, Rev. Proc.  97-27 and Rev. Proc. 2011-14 |
| Module 8 | Tangible Asset Regulations  Installment Sales | Reg. 1.263(a)-3  Chapter 5, par. 5.05 – 5.07 |
| Module 9 | Qualified Production Activities Deduction; Research and Development Credits | Section 199, Form 8903 & instructions |
| Module 10 | Accounting Periods & Ethics | Chapter 10 & *Ethics in Motion* |
| Module 11 | **FINAL EXAM** |  |
| **FINAL EXAM:** Will be given via Blackboard on **Monday, August 11th from 6:30 pm-8:30 pm PT**. | | |

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| **Orientation Module**  **May 19-Jun 1** | **Introduction to Online Coursework** |
| **Learning Outcomes** | 1. Access Blackboard (Bb) Course Materials 2. Navigate the Virtual Classroom 3. Introduce yourself in the Bb Discussion Forum 4. Submit an Assignment in Bb 5. Attend a MarshallTALK session |
| **Readings** | **Course Syllabus** |
| **Activities** | **Virtual Classroom**  Preview course content in the Virtual Classroom.  **Blackboard Discussion Forum**  Post your bio or introduction in the Blackboard Discussion Board. In approximately 100 words, describe:   * who you are * what you do for a living * where you are located * what tax experience you have   **Student Pre-Course Survey**  Students are asked to complete the pre-course survey found in Bb prior to the 1st week of class.  **MarshallTALK** training sessions will take place throughout this week. It is STRONGLY RECOMMENDED that new students attend at least one of these training sessions to familiarize themselves with the online learning platform we use and to test their computers, webcams, and speakers. Training session dates and times will be posted in this week’s announcements. |
| **Assignments** | **Blackboard Assignment**  Based on the syllabus for this course, which module are you most interested in and why? Write approximately 100 words and upload into Blackboard. |

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| **Module 1:**  **Mon-Sun**  **Jun 2-Jun 8** | **Methods of Accounting and Cash Method** |
| **Learning Outcomes** | * Define the scope of *timing*, *consistency*, and *certainty and predictability* in defining methods of accounting * List the key requirements of Book Conformity (§ 446(a)) and Clear Reflections of Income (§ 446(b)) * Describe the Allowable Overall Methods (§446(c)) and the Use of More Than One Method (§ 446(d)) * Describe the common users of the Cash Method of accounting * Discuss the advantages of the Cash Method of accounting |
| **Readings** | **Chapters 1 and 2**  **Chapter 3, par. 3.01-3.04** |
| **Activities** | **Virtual Classroom Lesson 1**  Review Content and Self-Assessment Exercises  **MarshallTALK** will take place on Monday, June 2nd from 6:30pm to 7:30pm Pacific Time (PT). |
| **Assignments** | Brief the following two cases:  COWDEN CASE  THOR POWER TOOL CASE  UPLOAD ALL Bb ASSIGNMENTS BY SUNDAY, JUNE 1st at 11:59PM |

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| **Module 2:**  **Mon-Sun**  **Jun 9 - Jun 15** | **Accrual Method - Income** |
| **Learning Outcomes** | * List the two criteria for recognizing accrual basis income * Describe the primary goal of financial accounting * Describe the primary goal of tax accounting * Discuss the tax treatment of prepaid income |
| **Readings** | **Chapter 4, par. 4.01-4.03; Revenue Procedure 2004-34** |
| **Activities** | **Virtual Classroom Lesson 2**  Review Content and Self-Assessment Exercises  **MarshallTALK** will take place on Monday, June 9th from 6:30pm to 7:30pm PT.  We will review last week’s lesson *Definition of Methods of Accounting and Cash Method* and preview this week’s lesson *Accrual Method – Income* |
| **Assignments** | Brief the following case:  SCHLUDE CASE  UPLOAD ALL Bb ASSIGNMENTS BY SUNDAY, JUNE 8th at 11:59PM |

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| **Module 3:**  **Mon-Sun**  **Jun 16 – Jun 22** | **Accrual Method – Expense** |
| **Learning Outcomes** | * List the three criteria for accruing a liability for tax purposes * Describe the tax treatment of a contested liability * Discuss the general rules for when economic performance occurs * Discuss the three and one-half month rule for economic performance * Discuss the recurring item exception for economic performance |
| **Readings** | **Chapter 4, par. 4.04; Code section 461(h); Treas. Reg. section 1.461-4** |
| **Activities** | **Virtual Classroom Lesson 3**  Review Content and Self-Assessment Exercises  **MarshallTALK** will take place on Monday, June 16th from 6:30pm to 7:30pm PT.  We will review last week’s lesson *Accrual Method - Income* and preview this week’s lesson *Accrual Method - Expense* |
| **Assignments** | No assignments this week |

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| **Module 4:**  **Mon-Sun**  **Jun 23 – Jun 29** | **Inventories**  **Inventory Write Downs and LIFO** |
| **Learning Outcomes** | * Understand when inventories are required * Understand that real estate is never inventory from a tax standpoint * Discuss what constitutes the “best accounting practice” * Discuss the “most clearly reflecting income” requirement * Discuss the tax treatment of supplies * Understand how to value inventories for tax purposes * Describe the cost flow assumption of LIFO * Describe the difference between FIFO and LIFO * Discuss the two main advantages of using LIFO * Discuss the disadvantages of using LIFO |
| **Readings** | **Ch. 6, par. 6.04-6.07**  **Chapter 6, par. 6.08-6.09**  **Chapter 7, par. 7.02-7.05** |
| **Activities** | **Virtual Classroom Lesson 4**  Review Content and Self-Assessment Exercises  Guest Expert: Kurt Hanway, KPMG  **MarshallTALK** will take place on Monday, June 23rd from 6:30pm to 7:30pm PT.  We will review last week’s lesson *Accrual Method - Expense* and preview this week’s lesson *Inventories, Inventory Write Downs and LIFO* |
| **Assignments** | No assignments this week |

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| **Module 5:**  **Mon-Sun**  **Jun 30 – Jul 6** | **Uniform Capitalization** |
| **Learning Outcomes** | * Understand the difference between §263(a) and §263A * Discuss when interest has to be capitalized * Discuss what §263A applies to * Discuss the steps in determining what costs must be capitalized under the Unicap rules * Discuss the simplified service cost method * Discuss the simplified production method * Discuss the simplified resale method |
| **Readings** | **Treas. Reg. §1.263A-1**  **Treas. Reg. §1.263A-2**  **Treas. Reg. §1.263A-3** |
| **Activities** | **Virtual Classroom Lesson 5**  Review Content and Self-Assessment Exercises  **MarshallTALK** will take place on Monday, June 30th from 6:30pm to 7:30pm PT.  We will review last week’s lesson *Inventories, Inventory Write Downs and LIFO* and preview this week’s lesson *Uniform Capitalization* |
| **Assignments** | Brief the following two cases:  `  SUZY’S ZOO CASE  ROBINSON KNIFE CASE  UPLOAD ALL Bb ASSIGNMENTS BY SUNDAY, JUNE 29th at 11:59PM |

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| **Module 6:**  **Mon-Sun**  **Jul 7 – Jul 13** | **Mid-Term Exam** |
| **Learning Outcomes** | * Review Modules 1 through 5 |
| **Readings** | **Review Readings** |
| **Activities** | **Review Lectures and Exercises** |
| **Assignments** | **Mid-term exam**  The mid-term exam will be given via Blackboard on **Monday, July 7th from 6:30 pm-8:30 pm PT**. Once started, students will have 2 hours to take the exam before being timed out. |

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| **Module 7:**  **Mon-Sun**  **Jul 14 – Jul 20** | **Change in Method of Accounting** |
| **Learning Outcomes** | * Understand the two types of accounting methods changes * Prepare an Application for Change in Accounting Method (Form 3115) * Understand which Revenue Procedures should be followed when filing a Form 3115 * Understand how to calculate the §481(a) adjustment |
| **Readings** | **Chapter 8, par. 8.01-8.03**  **Rev. Proc. 97-27**  **Rev. Proc. 2011-14**  **Chapter 9**  **Instructions for Filing Application for Change in Accounting Method** |
| **Activities** | **Virtual Classroom Lesson 7**  Review Content and Self-Assessment Exercises  **MarshallTALK** will take place on Monday, July 14th from 6:30pm to 7:30pm PT.  We will preview this week’s lesson *Change in Method of Accounting* |
| **Assignments** | Start Work on Case Study (Due in Module 10) |

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| **Module 8:**  **Mon-Sun**  **Jul 21 – Jul 27** | **Tangible Asset Regulations**  **Installment Sales** |
| **Learning Outcomes** | Tangible Asset Regulations:   * Understand when costs must be capitalized * Discuss how to determine the unit of property * Discuss how to determine if there has been an improvement to the unit of property * Discuss the routine maintenance safe harbor * Discuss the de minimis rule * Discuss the tax accounting for materials and supplies   Installment Sales:   * Calculate the gross profit percentage * Determine the payments received each year * Calculate the gain to be recognized each year * Calculate the interest, if any, on the deferred tax |
| **Readings** | **Treas. Reg. §1.263(a)-3**  **Chapter 5, par. 5.05-5.07** |
| **Activities** | **Virtual Classroom Lesson 8**  Review Content and Self-Assessment Exercises  Guest Expert: Conrad Kreutzer, KPMG  **MarshallTALK** will take place on Monday, July 21st from 6:30pm to 7:30pm PT.  We will review last week’s lesson *Changes in Methods of Accounting* and preview this week’s lesson *Tangible Asset Regulations and Installment Sales* |
| **Assignments** | No Assignments this week |

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| **Module 9:**  **Mon-Sun**  **Jul 28 – Aug 3** | **Qualified Production Activities Deduction**  **Research and Development Credits** |
| **Learning Outcomes** | Qualified Production Activities Deduction:   * Understand the rate of the §199 deduction * Understand what the rate is multiplied by * Determine what the limitations to the deduction are   Research and Development Credits:   * Calculate the credit for increased research and development activities * Understand what constitutes research and development activities for the purposes of the credit |
| **Readings** | **Internal Revenue Code Section 199**  **Form 8903 and Instructions** |
| **Activities** | **Virtual Classroom Lesson 9**  Review Content and Self-Assessment Exercises  Guest Expert: Kurt Hanway  Guest Experts: Adam Boyer and Rich Marcos  **MarshallTALK** will take place on Monday, July 28th from 6:30pm to 7:30pm PT.  We will review last week’s lesson *Tangible Asset Regulations and Installment Sales* and preview this week’s lesson *Qualified Production Activities Deduction* and *Research and Development Credits* |
| **Assignments** | No assignments this week |

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| **Module 10:**  **Mon-Sun**  **Aug 4 – Aug 10** | **Accounting Periods**  **Ethics** |
| **Learning Outcomes** | Accounting Periods:   * Understand the allowable accounting periods * Understand the term short period * Discuss the requirements of using a 52-53 week year * Discuss how to change an accounting period * Discuss when an accounting period must be changed   Ethics:  How to stay out of trouble |
| **Readings** | **Chapter 10; Ethics in Motion** |
| **Activities** | **Virtual Classroom Lesson 10**  Review Content and Self-Assessment Exercises  Guest Expert: Justin Paperny  **MarshallTALK** will take place on Monday, Aug. 4th from 6:30pm to 7:30pm PT.  We will review last week’s lesson *Qualified Production Activities Deduction* and *Research and Development Credits* and preview this week’s lesson *Accounting Periods* and *Ethics* |
| **Assignment** | UPLOAD CASE STUDY BY SUNDAY, AUGUST 10th at 11:59PM |

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| **Module 11:**  **Mon-Sun**  **Aug 11** | **Final Exam** |
| **Learning Outcomes** | * Review Modules 7 - 10 |
| **Readings** | **Review Readings** |
| **Activities** | **Review Lectures and Exercises** |
| **Assignments** | **Final** **exam**  The final exam will be given via Blackboard on **Monday, August 11th from 6:30 pm-8:30 pm PT**. Once started, students will have 2 hours to take the exam before being timed out. |