



## Accounting 374 Introduction to Tax Issues



### Syllabus – Fall 2015

**Section 14060 (8 –9:50 MW; ACCT 310)**

**Section 14061 (10 –11:50 MW; ACCT 310)**

**Section 14062 (12 –1:50 MW; HOH 421)**

**Professor: Dr. Charles Swenson**

**Office: Acct 107**

**Office Phone: 213.740.4854**

**Office Hours: 3-4:30 MW and by appointment**

**E-mail: [cswenson@marshall.usc.edu](mailto:cswenson@marshall.usc.edu)**

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### Course description

This course is the first tax course offered in a number of seven and one-half week courses for accounting majors. Together, these courses cover financial accounting, auditing, internal control, systems, and taxation. The focus of this course is basic tax issues for taxpayers including individuals and businesses. The topics include basic income tax computation, income definition, property transactions, taxes and investment and financing decisions, etc. The purpose is to provide a basic understanding of the role of taxes in decision-making and to prepare students for advanced topics in the second tax course.

The materials used in this course include the tax law (the Internal Revenue Code), authoritative governmental regulations, and Internal Revenue Service rulings. We will learn to do basic research of tax issues using the sources. In addition, we will discuss several case studies which put the tax rules into specific business context.

### Course Learning Objectives and relationship with Marshall's Undergraduate Business Administration Program Objectives

**OBJECTIVE 1 (Technical Knowledge):** Students will demonstrate technical proficiency in, and understanding of, what is taxable and deductible under US tax laws (individual taxpayers).

**OBJECTIVE 2 (Research, Analysis and Critical Thinking):** Students will demonstrate the ability to critically analyze, synthesize, and evaluate tax information for decision making in the local, regional and global business environment.

**OBJECTIVE 3 (Ethical Decision Making):** Students will demonstrate an understanding of ethics, ethical behavior and ethical decision making with respect to taxation issues.

**OBJECTIVE 4 (Communication):** Students will demonstrate the ability to communicate ideas on exams and in the tax return project in a clear, organized and persuasive manner.

### Required Materials

Hoffman, Smith, and Willis, *West's Federal Taxation: Individual Income Taxes* (West), 2016 edition. Note: you may also use the 2015 version. *Versions earlier than 2015 will be severely outdated and should not be used.*

Internal Revenue Service Website: <http://www.irs.gov> (reference only)

### Prerequisites and/or Recommended Preparation:

ACCT 370a is the prerequisite and BUAD 302t is the co-requisite for ACCT 374. Also see School of Accounting Grading and Academic Standards for further information.

### Grading policy

A total of 500 points can be earned in this course. A student's grade will be based on the total points earned. The 500 points are assigned as follows:

First mid-term	20%	100
Second mid-term	20%	100
Final exam	30%	150
Research problems	24%	120
Class participation (including attendance)	<u>6%</u>	<u>30</u>
	<u>100%</u>	<u>500</u>

### Assignments and Grading Detail

1. NO MAKE UP EXAMS WILL BE GIVEN.
2. All assignments, exams, and class participation will be evaluated on effectiveness of your communication. This includes grammar, spelling, organization, format and the other essentials of strong and effective communication.
3. All assignments are due on the dates indicated on the course syllabus. Late assignment will receive a grade of ZERO.
4. Class attendance is very important in developing a coherent view of the materials covered in the course. This is particularly true as there is no single text which ties all of the materials together. It is expected that each student will be prepared for each class and will participate through volunteering or by being called on to add to the discussion.
5. The grade point average for this class is roughly 3.3.
6. This course is subject to the Honor Code of Leventhal School of Accounting.
7. According to the *Guidelines on Documents Retention*, University policy requires that "Final exams and all other grade work which affected the course grade" be kept for one year. Other papers or work that instructors hand back but that students fail to pick up can be held for one month, as long as this policy is specified in the syllabus.
8. 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 accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to TA) 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.

### Add/Drop Policy

1. Sep. 1 - Last day to drop without a "W"
2. Sep. 30 - Last day to drop with a "W"

### Statement for 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 accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to your TA) 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 visit [www.usc.edu/disability](http://www.usc.edu/disability).

### **GRADING STANDARDS**

The following grades are used: A - excellent; B - good; C - fair; D - minimum passing; F - failure. The grade of F is awarded for failing work at the end of the semester. The assignment of minuses and pluses when earned is required. The grade of W (Withdraw) is assigned if the student officially withdraws after the third week but before the end of the twelfth week of the semester. No withdrawals will be permitted after the end of the twelfth week except by student petition to the University's Committee on Academic Policies and Procedures. Students may elect to audit courses during the first three weeks of the semester. A course taken for audit (V) will be assessed at the current tuition rate. A course taken for audit (V) will not receive credit and will not appear on the USC transcript or grade report. Under no circumstances will the University allow a change in the registration status of a course from letter grade or credit to audit (V) or vice versa after the third week of a given semester. Incomplete (IN) grade may be assigned due to an "emergency" that occurs after the 6<sup>th</sup> week of classes for half semester courses or the 12<sup>th</sup> week for full-semester courses.. An "emergency" is defined as a serious documented illness, or an unforeseen situation that is beyond the student's control, that prevents a student from completing the semester. Prior to the 6<sup>th</sup> or 12<sup>th</sup> week, the student still has the option of dropping the class. Arrangements for completing an IN course should be initiated by the student, and negotiated with the instructor. Class work to complete the course should be completed within one calendar year from the date the IN was assigned. The IN mark will be converted to an F grade should the course not be completed.

### Statement on Academic Integrity

Students enrolled in any class offered by the Leventhal School of Accounting are expected to uphold and adhere to the standards of academic integrity established by the Leventhal School of Accounting Student Honor Code. Students are responsible for obtaining, reading, and understanding the Honor Code System handbook. Students who are found to have violated the Code will be subject to disciplinary action as described in the handbook. For more specific information, please refer to the Student Honor Code System handbook, available in class or from the receptionist in ACC 101.

### Class Notes Policy

Notes or recordings made by students based on a university class or lecture may only be made for purposes of individual or group study, or for other non-commercial purposes that reasonably arise from the student's membership in the class or attendance at the university. This restriction also applies to any information distributed, disseminated or in any way displayed for use in relationship to the class, whether obtained in class, via email or otherwise on the Internet, or via any other medium. Actions in violation of this policy constitute a violation of the Student Conduct Code, and may subject an individual or entity to university discipline and/or legal proceedings.

No student may record any lecture, class discussion or meeting with me without my prior express written permission. The word "record" or the act of recording includes, but is not limited to, any and all means by which sound or visual images can be stored, duplicated or retransmitted whether by an electro-mechanical, analog, digital, wire, electronic or other device or any other means of signal encoding. I reserve all rights, including copyright, to my lectures, course syllabi and related materials, including summaries, PowerPoints, prior exams, answer keys, and all supplementary course materials available to the students enrolled in my class whether posted on Blackboard or otherwise. They may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all course note-sharing websites. Exceptions are made for students who have made prior arrangements with DSP and me.

### Emergency Preparedness/Course Continuity

Explanation - This section is a syllabus requirement. Instructors should be prepared to assign students a "Plan B" project that can be completed at a distance. For additional information about maintaining your classes in an emergency please access: [cst.usc.edu/services/emergencyprep.html](http://cst.usc.edu/services/emergencyprep.html).

In case of a declared emergency if travel to campus is not feasible, USC executive leadership will announce an electronic way for instructors to teach students in their residence halls or homes using a combination of Blackboard, teleconferencing, and other technologies.

Please activate your course in Blackboard with access to the course syllabus. Whether or not you use Blackboard regularly, these preparations will be crucial in an emergency. USC's Blackboard learning management system and support information is available at [blackboard.usc.edu](http://blackboard.usc.edu).

### **G.P.A. PREREQUISITES FOR UNDERGRADUATE ACCOUNTING COURSES**

The grade point average prerequisites for any undergraduate student enrolled in any accounting course is: a minimum 2.5 gpa for all completed accounting courses for students entering USC prior to Fall 2013; a minimum 2.7 gpa for all completed accounting courses for students entering USC in Fall 2013 or later. In computing grade point average prerequisites, BUAD 280, 281, 285ab, 286ab, 305 and 302T are considered accounting courses. Grades in accounting courses taken at other institutions will not be included in the computation of the cumulative accounting grade point average. When a student's cumulative accounting grade point average falls below 2.5 or 2.7, the student is placed on probation. If a student on probation does not regain a minimum accounting cumulative GPA of 2.5 or 2.7 after completing the next 12 semester hours in all courses (including accounting courses) attempted within the University, that student will not be permitted to continue as an accounting major in the Leventhal School of Accounting. Exceptions to this policy may be granted only in unusual circumstances by the Academic Standards Committee of the Leventhal School of Accounting. Decisions of the Academic Standards Committee are final. To be removed from probationary status, a student may elect either to take another accounting course or courses for which prerequisites are met or to repeat an accounting course or courses in an attempt to earn a higher grade. Regardless of the course of action taken, all courses completed will be counted in computing the cumulative accounting grade point average. The grade of "W" in an accounting course taken while a student is on probation will not extend probation. The probation period ends at the end of that semester during which the student completes a cumulative total of 12 semester hours of courses in any subject(s) at the university. Under no conditions will the student be permitted more than two successive semesters, including the summer semester, to complete the 12 semester hours of courses. Students must attain a minimum 2.5 or 2.7 cumulative accounting grade point average to graduate with a Bachelor of Science in Accounting degree. See the USC Catalogue for further restrictions on including grades in repeated classes in the overall grade point average computation.

### **OTHER ACADEMIC STANDARDS**

The ability of students to write clearly and concisely is a necessary prerequisite to success in accounting work. Accordingly, students will be required to demonstrate writing capability in all accounting courses. This may be accomplished primarily through the inclusion of essay-type questions on course examinations.

## COURSE CALENDAR/READINGS/CLASS SESSIONS

<u>Dates</u>	<u>Topic</u>	<u>Assignments</u>
8/24	Introduction to Tax Law and Ethics	Read West pp 1-1 to 1-32(skim)
	In Tax Practice	Read West pp 2-1 to 2-39(skim)

Important note: there will be no class this day as I am traveling outside the US. Neither Chapter 1 nor 2 will be on the midterm. Please just skim them for your own interest! See you on the 26<sup>th</sup>. If you are trying to add this class please email me.

8/26	Tax Determination; Personal and Dependency Exemptions	Read West pp 3-1 to 3-36
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8/31	Gross Income	Read West pp 4-1 to 4-33 <b>West problems 2-47* and 2-48* on page 2-42</b>
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9/2	Gross Income	Read West pp 5-1 to 5-27
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9/9	Deductions and Losses – In general <b>First in-class midterm (one hour)</b>	Read West pp 6-1 to 6-30
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9/14	Deductions and Losses – In general	Read West pp 7-1 to 7-25 <b>Research Problem 4 (West p. 5-42)*</b>
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9/16	Depreciation, Amortization, Depletion	Read West pp 8-1 to 8-27
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9/21	Deductions – Other	Read West pp 9-1 to 9-31
	<b>Second in-class midterm (one hour)</b>	
9/23	Deductions - Other	Read West pp 10-1 to 10-31
9/28	Property transactions – Gain or Loss and Basis Determination	Read West pp 14-1 to 14-21
9/30	Property transactions – Nontaxable	Read West pp 15-1 to 15-21
10/5	Property transactions – Capital Gains and Losses	Read West pp 16-1 to 16-35
10/7	Property transactions – Section 1231 and Recapture Provisions	Read West pp 17-1 to 17-20
10/12	Alternative minimum Tax	Read West pp 12-1-12-24 (skim)
		<b>Tax Return Problem Due</b>

FINAL EXAM: Wednesday, October 14, 6:00-8:00pm

**\* Research cases or problems that require a written report**

