

USC Leventhal

School of Accounting

ACCT 583 – Income Tax Accounting and Auditing

This course provides a foundation preparing and analyzing the financial statement accrual of income taxes considering the applicable accounting standards, tax laws and financial auditing principles.

Syllabus Fall 2019 / August 26 – December 18

Section 14291R ONLINE MEETING – Mondays 5:30 – 7:00 p.m. PST via ZOOM
Section 14290R – Acct 312 Mondays 7:30 – 9:00 p.m. PST

COURSE STRUCTURE:

Both sections of this course are taught in a flipped classroom format using videos and self-assessment exercises that are available on Blackboard. In the flipped classroom format, students do the assigned readings, view the assigned videos, and complete the self-assessment exercises PRIOR to attending the class session.

Students who register for Section 14291R will attend their class session through a weekly Zoom meeting at the time and date indicated on the syllabus. These online class sessions allow students to discuss the topics covered in the reading, videos, and assessments, ask questions, and cover homework with faculty and peers. Attendance is required each week.

Students who register for Section 14290R will attend their class session on campus once a week at the time and place indicated on the syllabus. These on-campus class sessions allow students to discuss the topics covered in the reading, videos, and assessments, ask questions, and cover homework with faculty and peers. Attendance is required each week.

Students are asked not to switch sections once the semester has started so that each section may function as a cohesive unit, allowing for team projects and study groups. All materials and recordings, however, will be available on the same Blackboard course pages.

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Office Hours: by appointment

**EMERGENCY:
NUMBERS:** USC Emergencies: 213-740-4321
USC Public Safety- Non Emergencies: 213-740-6000
USC Emergency Information Line: 213-740-9233
USC Information Line 213-740-2311
KUSC Radio 91.5

TEXTS: **See Blackboard for instructions to access these materials online
(no cost to the student):**

1. Accounting Standards Codification (ASC) 740
2. PWC Income Taxes (partially updated April 2019). This is the primary text for the course
3. PWC Financial Presentation (updated October 2018) Chapter 16
4. *South-Western's Essentials of Taxation (South-Western) 2019 Edition, Chapter 3*

PowerPoint slides will be posted weekly on the Friday before the week you will be studying a particular module (i.e. the PowerPoint slides for Module 4 will be posted by Friday September 13).

Additional reading material will be posted to Blackboard during the semester

PREREQUISITE: ACCT 561T or Acct 585

COURSE LEARNING OUTCOMES:

Upon successfully completing this course, the student will be able to:

1. Prepare and explain the income tax footnotes to financial statements by preparing sample footnotes;
2. Determine the tax adjustments required to be recorded in connection with a business combination by analyzing fact patterns and solving problems;
3. Explain financial statement reporting of the tax consequences of issuing stock-based compensation by analyzing footnotes of public companies and solving problems;
4. Calculate and audit the amount of tax liability that should be recorded on the financial statements for uncertain tax positions;
5. Analyze the need to determine the amount of any valuation allowance needed for deferred tax assets by preparing a report and solving problems; and
6. Exhibit an understanding of the conceptual framework and guiding principles that the accounting for income tax standards rely upon by preparing comprehensive tax accounting entries for complex financial statement fact patterns which include international operations, tax law changes and intraperiod tax allocations.

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. This course will deal primarily with learning outcomes #1, #2 and #3, and to a lesser extent with learning outcomes #4 and #5.

1. Technical, Conceptual, Problem-Solving

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 and taxation in business organizations and society.

- MBT specific—Apply critical thinking and problem-solving skills related to taxation of individuals, flow-through entities, and corporations. Recognize potential opportunities for tax savings and tax planning.

2. Professional Development

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

- MBT specific—Convert complex and technical tax terminology into language that translates to non-technical audiences. Demonstrate strong interpersonal communication skills that build relationships with clients over time. Document exchanges with careful attention to word choice, tone, and accuracy.

3. Research/Life-Long Learning

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

- MBT specific—Use computer-based and paper-based systems to thoroughly research tax codes, tax law, rulings and interpretations. Use knowledge to be able to adjust to changes in tax law over time.

4. Ethical Principles and Professional Standards

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

- MBT specific—Demonstrate understanding of and apply consistently the ethical principles and professional standards related to the profession. Show the ability to express and follow rules of independence and the highest sense of professional ethics.

5. Globalization and Diversity

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

- MBT specific—Explain key differences in taxing policies related to expatriates and the countries they live and work in. Reflect on cultural and ethnic differences in approaches to business and taxation policies.

GRADES:

Preparation and Participation	15%
Homework Problems and case study (see syllabus)	15%
Midterm Exam Modules 1 – 7	30%
Final Exam (cumulative)	40%
Total	100%

COURSE FORMAT:

All of the course materials can be found in Blackboard (<https://blackboard.usc.edu>). This course is divided into modules, and each module is intended to cover one week. Module activities may include reading assignments, video recordings, interactive exercises, homework assignments, Blackboard discussion forums, attending class sessions, and quizzes or exams. **It is expected that students will have completed all required activities and assignments before attending their class session each week.**

Students should ensure that they can access all of the online tools via Blackboard prior to the start of classes.

OVERVIEW OF TOOLSETS:

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

Zoom. Zoom is the platform used for all online sessions and online office hours. A link and instructions to join the Zoom sessions will be posted in the Bb Course Home Page under the “MarshallTALK” tab. For more information about Zoom, go to: [Zoom Support Tutorials](#)

COURSE POLICIES:

1. Your preparation and participation grade involves the timely (i.e., before class that week) completion of the pre-recorded videos and self-assessment exercises for the Module, as well as general participation in the class sessions.
 - a. Self-assessment exercises are graded for completion only – not for correctness. You can try these exercises as often as necessary to learn the material although only one attempt is necessary for full preparation credit.
 - b. Discussion problems (posted with Course Materials) are for your practice and learning and are not submitted for a grade. However, these discussion problems will be covered in the class sessions. Each student is expected to present the solution to at least one discussion problem during the semester in the class session as part of your participation grade.
 - c. Students are expected to attend all weekly class sessions with the session for which they registered (campus or online MarshallTALK Zoom meeting). **Students who miss these synchronous class sessions consistently or frequently will not be allowed to pass the course.** Class sessions and Zoom sessions will be recorded

and posted for student viewing. These recordings are intended for review purposes only.

2. Certain problems and one case study will be assigned as individual homework problems, and must be submitted as an Excel file under the "Assignments" tab in Blackboard by the noted due date. Cooperation with other students is **not** allowed on these individual homework problems and the case study. Due dates are indicated in the syllabus.
3. Exams will be given online and are open book. Instructions will be posted on Blackboard and the due dates are indicated in the syllabus. Exams will be timed but students have a flexible window in which to take the exam. Make up examinations will generally not be given, except in the case of a well-documented emergency, and arranged for in advance with the instructor. Extra credit assignments will not be available.
4. Please feel free to contact me for individual office hours (live or Zoom) if you have questions or need assistance with the material. I will generally reply to emails within 24 hours. Graded assessments will be returned with feedback prior to the due date of the next graded assessment.

GRADING POLICY

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) from all your courses in order to graduate from USC. The graded elements of this course are listed in this syllabus along with information about how they will be evaluated.

ACADEMIC CONDUCT

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. Also see the links posted in Blackboard.

STUDENTS WITH DISABILITIES

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs (www.usc.edu/disability). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. **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 as early in the semester as possible.** DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m. – 5:00 p.m. Monday through Friday. The phone number for DSP is (213) 740-076. Email: ability@usc.edu.

PLAGIARISM

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in [SCampus in Section 11, Behavior Violating University Standards](#). Other forms of academic dishonesty are equally unacceptable. See additional information in [SCampus and university policies on scientific misconduct](#).

SUPPORT SYSTEMS

Student Counseling Services (SCS) - (213) 740-7711 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. <https://engemannshc.usc.edu/counseling/>

National Suicide Prevention Lifeline - 1-800-273-8255

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week. <http://www.suicidepreventionlifeline.org>

Relationship & Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender-based harm. <https://engemannshc.usc.edu/rsvp/>

Sexual Assault Resource Center

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

Office of Equity and Diversity (OED)/Title IX compliance – (213) 740-5086

Works with faculty, staff, visitors, applicants, and students around issues of protected class. <https://equity.usc.edu/>

Bias Assessment Response and Support

Incidents of bias, hate crimes and microaggressions need to be reported allowing for appropriate investigation and response. <https://studentaffairs.usc.edu/bias-assessment-response-support/>

Student Support & Advocacy – (213) 821-4710

Assists students and families in resolving complex issues adversely affecting their success as a student EX: personal, financial, and academic. <https://studentaffairs.usc.edu/ssa/>

Diversity at USC – <https://diversity.usc.edu/>

Tab for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students

USC Emergency Information

Provides safety and other updates, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible. <https://Emergency.usc.edu>

USC Department of Public Safety – UPC: (213) 740-4321; HSC: (323) 442-1000 – 24-hour emergency or to report a crime. Provides overall safety to USC community. <https://dps.usc.edu>

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the Office of Equity and Diversity <http://equity.usc.edu> or to the Department of Public Safety, <http://capsnet.usc.edu/department/department-public-safety/online-firms/contact-us>

This is important for the safety of the whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report or can initiate the report on behalf of another person. The Center for Women and Men <http://www.usc.edu/student-affairs/cwm> provides 24/7 confidential support, and the sexual assault

recourse center webpage <https://sarc.usc.edu/reporting-options/> describes reporting options and other resources.

STATEMENT ON RETENTION OF PAPERS FROM THE CURRICULUM OFFICE

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.

EQUIPMENT AND SYSTEM REQUIREMENTS

The following equipment and system requirements are required to successfully participate in the online section of this course:

- Computer with webcam (i.e. [Logitech webcam](#))
- Headset (i.e. [Logitech headset](#))
- High speed Internet connection
- Current operating system for Windows or Mac
- Current browser
 - Google Chrome
 - Firefox
 - Internet Explorer (not recommended)
 - Safari (Mac)

TECHNICAL SUPPORT

- **USC Systems** (Blackboard, USC Login, MyUSC, USC Gmail, GoogleApps)
For assistance with your USC login or other USC systems, please call +1 (213) 740-5555 or email Consult@usc.edu. They are open Mon – Fri 9:30am – 5pm and weekends from 8am - 5pm (all Pacific time).
- **Zoom Video Web Conferencing System** (MarshallTALK)
For assistance using Zoom, go to [Zoom Support Page](#). You may also call +1 (888) 799-9666 ext. 2 or +1 (650) 397-6096 ext. 2. They are available 24/7.
- **Marshall Systems** (MyMarshall, Marshall Outlook email)
For assistance with Marshall systems you can call +1 (213) 740-3000 Mon-Fri 8am-6pm (Pacific), email HelpDesk@marshall.usc.edu, or use our self-help service portal as shown below. The portal allows you to get immediate assistance by searching for the information you need. You can also use it to chat with a technician or input a request. To access the service portal follow these steps:
 - On a computer or mobile device, go to [MyMarshall Home Page](#) and click the “**Help**” link on the upper right.
 - Log in using your Marshall username and password.
(If you don’t know your Marshall login please follow the onscreen instructions pertaining to login issues)

SCHEDULE – ACCT 583 – Fall 2019

	MODULE 1: History/Scope of ASC 740 and Basic Principles
Readings	<p>PWC: Chapters 1 and 2 ASC 740: 740-10-10 through -15 SWFT: Chapter 3 (skim) PowerPoint slides for Module 1</p> <p>NY Times article: “\$0 Corporate Tax Bills Kindle Voter Resentment” (April 30, 2019) Amazon’s 2018 Form 10K: Income tax footnotes</p>
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 1
Assignments	Complete Module 1 discussion problems to be discussed in the class session
Attend Class Monday August 26	<p>Section 14291R: ZOOM Meeting 5:30 – 7:00 p.m. PST</p> <p>Section 14290R: Acct 312 7:30 – 9:00 p.m. PST</p>

NO Class on Monday September 2, 2019.....LABOR DAY

	MODULE 2: Temporary and Permanent Differences
Readings	PWC: Chapter 3 ASC 740: 740-10-05 PowerPoint slides for Module 2
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 2
Assignments	Complete Module 2 discussion problem to be discussed in the class session
Attend Class Monday September 9	Section 14291R: ZOOM Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m. PST

	MODULE 3: Recognition and Measurement
Readings	PWC: Chapter 4 ASC 740: 740-10-25-27 through -29; 740-10-30-3 through -9 PowerPoint slides for Module 3
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 3
Assignments	Complete Module 3 discussion problem to be discussed in the class session
Attend Class Monday September 16	Section 14291R: ZOOM Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m. PST

	MODULE 4: Enacted Tax Rates/Accounting for TCJA of 2017
Readings	PWC: Chapter 7 PWC: Frequently Asked Questions: Accounting considerations of US tax reform (pages 1-6) PowerPoint slides for Module 4
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 4
Assignments	Complete Module 4 discussion problems to be discussed in the class session
Attend Class Monday September 23	Section 14291R: ZOOM Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m. PST

	MODULE 5: Valuation Allowances
Readings	PWC: Chapters 5 and 6 ASC: 740-10-30-17 through -19 PowerPoint slides for Module 5
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 5
Assignments	Complete Module 5 discussion problems to be discussed in the class session
Attend Class Monday September 30	Section 14291R: ZOOM Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m. PST
	Submit: Individual Homework Problem for Module 5 ASBAT Pharma Problem Due Midnight Sunday September 29

	MODULE 6: Business Combinations – Basic Concepts
Readings	PWC: Chapter 10.1 through 10.7 Overview of M&A Tax (to be provided) PowerPoint slides for Module 6
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 6
Assignments	Complete Module 6 discussion problems to be discussed in the class session
Attend Class Monday October 7	Section 14291R: Zoom Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m. PST

	MODULE 7: Business Combinations – Advanced Concepts
Readings	No Additional Readings PowerPoint slides for Module 7
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 7
Assignments	Complete Module 7 discussion problems to be discussed in the class session
Attend Class Monday October 14	Section 14291R: ZOOM Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m. PST
	Submit: Individual Homework Problem for Module 7 DUE MIDNIGHT SUNDAY OCTOBER 13

	Module 8: Midterm Prep and Midterm Exam
Readings	PowerPoint slides for Module 8
Activities	Complete the review materials posted to Blackboard to be discussed in the class session
Attend Class Monday October 21	Section 14291R: Zoom Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m. PST
	Midterm Exam available from noon on Tuesday October 22 to midnight on Sunday October 27

	MODULE 9: Financial Statement Disclosures
Readings	PWC: Financial Statement Presentation (updated October 2018) Chapter 16 ASC: 740-10-45-4 through -9; ASC 740-10-50-2 through -17; ASC 740-10-65-4 PowerPoint slides for Module 9
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 9
Assignments	Complete Module 9 discussion problems to be discussed in the class session Aim Inc Case Study is available. Due midnight Sunday November 10
Attend Class Monday October 28	Section 14291R: ZOOM Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m. PST

	MODULE 10: International Aspects/Outside bases differences/APB 23
Readings	PWC: Chapter 11 ASC: 740-10-25-3 PowerPoint slides for Module 10
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 10
Assignments	Complete Module 10 discussion problems to be discussed in the class session
Attend Class Monday November 4	Section 14291R: Zoom Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30-9:00 p.m. PST

	MODULE 11: Intra-period Tax Allocation and Interim Reporting
Readings	PWC: Chapters 12 and 16 PowerPoint slides for Module 11
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 11
Assignments	Complete Module 11 discussion problems to be discussed in the class session
Attend Class Monday November 11	Section 14291R: ZOOM Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m.
	Aim Inc. case study is due midnight Sunday November 10

	MODULE 12: Stock Based Compensation Arrangements
Readings	PWC: Chapter 17 PowerPoint slides for Module 12
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 12
Assignments	Complete Module 12 discussion problems to be discussed in the class session
Attend Class Monday November 18	Section 14291R: Zoom Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m. PST

	MODULE 13: Uncertain Tax Positions
Readings	PWC: Chapter 15 Overview of types of tax opinions (to be provided) PowerPoint slides for Module 13
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 13
Assignments	Complete Module 13 discussion problems to be discussed in the class session
Attend Class Monday November 25	Section 14291R: ZOOM Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m. PST
	Submit: Individual Homework Problem for Module 13 DUE MIDNIGHT SUNDAY NOVEMBER 24

	MODULE 14: Review of Financial Statements and Preparation for Final Exam
Readings	PowerPoint slides for Module 14
Activities	Watch the pre-recorded lectures and complete the self-assessment exercises in Blackboard for Module 14
Assignments	Complete the review material posted to Blackboard to be discussed in the class session
Attend Class Monday December 2	Section 14291R: ZOOM Meeting 5:30 – 7:00 p.m. PST Section 14290R: Acct 312 7:30 – 9:00 p.m. PST

SUMMARY OF DELIVERABLES:

Assignment	Module	Due Date
Individual Homework	Module 5	Sunday Sept 29
Individual Homework	Module 7	Sunday Oct 13
Midterm	Modules 1-7	Sunday Oct 27
Aim Inc. Case Study	Cumulative	Sunday Nov 10
Individual Homework	Module 13	Sunday Nov 24
Final Exam	Cumulative	TBD