

Common Course Outline

ACCT 241

Tax Accounting I

3 Credits

The Community College of Baltimore County

Description

ACCT 241 – 3 Credits – Tax Accounting I examines fundamental federal, state, and local tax concepts related to individuals. The course includes a comprehensive overview of the legislative process; basic tax structure; essential aspects of tax research; gross income; business, employee, and itemized deductions; and property transactions. The course provides experience in the use of various federal forms and schedules, including Schedule C for the calculation of profit/loss for sole proprietorships. A consideration of the ethical obligations of tax preparers is included. The course uses computer technology and problem-solving techniques to supplement classroom work.

3 credits

Prerequisite: ACCT 102

Overall Course Objectives

Upon completion of this course students will be able to:

1. describe the history of taxation;
2. identify the legislative process, and the uses of tax policy;
3. calculate and report gross income, adjustments to income, itemized deductions, and losses;
4. describe the calculations for capital gain and loss determination;
5. calculate depreciation with and without cost recovery considerations;
6. determine and explain accounting periods and methods;
7. account for property transactions involving nontaxable exchanges;
8. calculate and apply tax credits;
9. complete a basic individual tax return using a standard Form 1040 and the appropriate schedules;
10. conduct proper tax research and communicate research results that involve statutory and administrative sources of law, including the Internal Revenue Code, income tax regulations, federal court tax cases, and IRS pronouncements; and
11. interpret and apply professional and ethical standards to roles and responsibilities in tax practice.

Major Topics

- I. An Introduction to Tax
 - A. History of Income Tax
 - B. Measuring Tax Rates

- C. Tax Rate Structures
- D. Federal, State, Local, and Implicit Taxes
- E. Evaluating Tax Systems
- II. Tax Compliance, the IRS, and Tax Authorities
 - A. Filing Requirements, Due Dates, and Extensions
 - B. Statute of Limitations
 - C. IRS Audits
 - D. Tax Law Sources and Tax Research
 - E. Tax Professional Responsibilities and Practitioner Penalties
- III. Tax Planning Strategies and Related Limitations
 - A. Timing Strategies
 - B. Income-Shifting Strategies
 - C. Conversion Strategies
 - D. Limitations to Tax Planning Strategies
 - E. Tax Avoidance versus Tax Evasion
- IV. Individual Income Tax Overview, Exemptions, and Filing Status
 - A. Individual Income Tax Formula, including Gross Income, Deductions, Tax Credits, and Tax Repayments
 - B. Personal and Dependency Exemptions
 - C. Filing Status
- V. Gross Income and Exclusions
 - A. Realization and Recognition of Income
 - B. Types and Sources of Income
 - C. Exclusion Provisions, including Education-Related, Mitigate Double Taxation, and Sickness and Injury-Related Exclusions
- VI. Individual Deductions
 - A. Deductions for Adjusted Gross Income, including Trade or Business Expenses, Rental and Royalty Expenses, Losses, and Flow-through Entity Deductions
 - B. Deductions Indirectly Related to Business Activities
 - C. Itemized Deductions such as Medical Expenses, Taxes, Interest, Charitable Contributions, and Miscellaneous Itemized Deductions
 - D. Standard Deduction
 - E. Personal and Dependency Exemptions
- VII. Individual Income Tax Computation and Tax Credits
 - A. Tax Rate Schedules
 - B. Preferential Tax Rates, Medicare Contribution Tax, and Kiddie Tax
 - C. Alternative Minimum Tax
 - D. Employment and Self-Employment Taxes
 - E. Tax Credits, including Refundable and Non-refundable Credits
 - F. Taxpayer Prepayments and Filing Requirements
- VIII. Business Income and Deductions
 - A. Business Gross Income
 - B. Business Deductions, including concepts related to Ordinary, Necessary, and Reasonable
 - C. Limitations on Business Deductions, including Political Contributions, Capital Expenditures, Personal Expenditures, and Mixed-Motive Expenditures

- D. Specific Business Deductions for Start-Up Costs and Organizational Expenditures, Bad Debt Expense, Domestic Production Activities Deduction, Losses on Dispositions, and Business Casualty Losses
- E. Accounting Periods and Methods, including the Cash, Accrual, and Inventory Methods
- IX. Property Acquisition and Cost Recovery
 - A. Cost Basis
 - B. Depreciation Methods, Periods, and Conventions for Real Property and Tangible Personal Property
 - C. Amortization
 - D. Depletion
- X. Property Dispositions
 - A. Realized and Recognized Gains/Losses on Disposition
 - B. Character of Gain or Loss, including Ordinary, Capital, and Section 1231 Assets
 - C. Depreciation Recapture
 - D. Non-recognition Transactions, including Like-Kind Exchanges
- XI. Investments
 - A. Portfolio Income, including Interest and Dividends
 - B. Capital Gains and Losses
 - C. Tax-Exempt Income, including Municipal Bonds, Life Insurance, and Educational Savings Plans
 - D. Portfolio Investment Expenses
 - E. Passive Activity Income and Losses
- XII. Compensation
 - A. Salary and Wages
 - B. Equity-Based Compensation, including Stock Options and Restricted Stock
 - C. Fringe Benefits
- XIII. Retirement Savings and Deferred Compensation
 - A. Defined Benefit Plans
 - B. Defined Contribution Plans
 - C. Nonqualified Deferred Compensation
 - D. Individual Retirement Accounts
 - E. Self-Employed Retirement Accounts
- XIV. Tax Consequences of Home Ownership
 - A. Personal Use of the Home, including Exclusion of Gain on Sale of Personal Residence
 - B. Rental Use of the Home
 - C. Business Use of the Home

Course Requirements

Grading/exams: Grading procedures will be determined by the individual faculty member but will include the following:

- Weekly Conference Participation (for online sections)
- A minimum of 10 Weekly Homework Problems

- Tax Research Assignments
- Comprehensive Tax Problem
- Periodic Quizzes
- Comprehensive Final Exam

Written Assignments: Students are required to utilize appropriate academic resources. Evaluation of student performance will include some formal and/or informal writing assignments that contribute to the mastery of writing within the discipline of accounting. The individual faculty member will determine the specific writing assignments that demonstrate one or more of the following abilities as appropriate to the course content: apply procedures, explain concepts, analyze financial data, or summarize current business events.

Other Course Information

This course is a required course for the Accounting degree and an elective in the Accounting certificate program.

This course is recommended or required for the CPA exam in most states. Tax Accounting II (ACCT 242) is recommended as a future elective, to benefit from a more detailed consideration of topics as they relate to corporations, partnerships, estates, and trusts. ACCT 241, however, concerns some of the tax concepts found in the second course and serves as the foundation of tax knowledge.

This course is taught in a computerized environment.

Individual faculty members may add course objectives, major topics, and other course requirements to the minimum expectations stated in the Common Course Outline.