Syllabus: ACCTNG 3441, INCOME TAXES  
Monday & Wednesday: SSB Room #335 5:30 to 6:45;  
SSB Room #218 9:30 to 10:45 am  

Fall 2016  

Professor: Greg Geisler, PhD, CPA  
Phone: (314) 516-6122  
email: geisler@umsl.edu  

Office and Hours:  
T1208 (12th Floor) Tower (next to the Social Sciences and Business Building)  
My office hours are: 11:05 to 11:35 on Monday and Wednesday; and 4:40 to 5:10 on Monday and Wednesday.  
I am available to meet other times only by appointment.  
Except before a test, I answer emails once per day, Monday through Friday.  
Accounting Dept.’s Administrative Assistant, Diane Mongillo, is in T1207, (314) 516-6114, Hours: M–F, 8:00-4:00  

Grading: - In the last 14 years (i.e., all of my years at UMSL), on average, 1 out of 8 students that took the 1st exam did not successfully complete the course because they did not spend enough time learning how to properly apply the federal income tax laws. These students wasted their money. I hope that you work hard and do not waste your money.  

- Your final grade will be based on your total points in the course from the following components:  
  
  First exam (Overview & Concepts) 70  
  Second exam (Property transactions) 180  
  Third exam (Businesses) 175  
  Fourth exam (Individuals) 240  
  Homework Problems 145  
  Tax Returns with software 125  
  Attendance & Professionalism 65  
  Total 1000  

- NO extra credit work will be given to any student for any reason.  

  850 points will be the lowest A−. In other words, 849 points is a grade of B+.  
  750 points will be the lowest B−. In other words, 749 points is a grade of C+.  
  650 points will be the lowest C−. In other words, 649 points is a grade of D  
  600 points is the lowest D. In other words, 599 points is a grade of F.  

- PASSING is a grade of “C−” or better. (“D” is not a passing grade.)  
- Your final grade will be one of the following: A, A−, B+, B, B−, C+, C, C−, D, or F.  

At any point in the semester, to translate the number of points you have earned on graded work into the grade range you are in, go to the column titled “Grade to Date.” It provides your total Points earned to date in the semester divided by the total points to date in the course (which is all of the points for work that has been graded by the instructor). Compare the percentage to the following: 85.0% is the bottom of the A− range; 75.0% is the bottom of the B− range; 65.0% is the bottom of the C− range; from 60.0% up to below 65.0% is a D grade. Below 60.0% is an F grade.  

Course Withdrawal Policy (Note: Withdrawal forms are available in SSB #487 or it can be done in MyView):  
This course may be dropped in MyView, without faculty approval and without receiving a grade, through the fourth week of classes. Courses dropped during this period will not appear on transcripts. Students with specific academic holds may be required to obtain approval from their advisor to change their schedule. Semester and session calendars posted on the registrar’s website include specific deadline dates for dropping courses. Students who officially drop any of their classes may have fees reassessed and/or refunded based on the current fee reassessment schedule posted on the cashier’s website.  

From the 5th week to the end of the 8th week, students may continue to drop courses in MyView without instructor approval. A grade of “EX” (excused) will be issued on the transcript. Refer to the calendar posted on the registrar’s website for summer or winter session withdrawal deadlines.  

From the 9th week to the end of the 12th week dropping courses will require instructor approval. Students receiving approval to drop during this period will be issued either an EX, or “EX-F” (excused but failing) if the student was failing
at the time of dropping. The EX and EX-F grades will be posted to transcripts, but neither one will be used in calculating the GPA.

Students who wish to withdraw after the end of the 12th week must provide documentation of exigent circumstance and receive both the instructor’s permission and approval of the dean.

- Dropping or withdrawing from a course may adversely impact scholarships, financial aid, and progress toward graduation. Students are strongly urged to discuss these possibilities with the financial aid office and their academic advisors before dropping or withdrawing.

- Students registered in a course in which they fail to meet a minimal level of participation as deemed by the instructor will be issued a grade of “FN” (Failure, Non-participation). The FN grade indicates that the student is not regularly attending class or is making little or no attempts on assignments or activities and may be violating the terms of financial assistance. This grade is equivalent to an F for GPA calculations.

All of the following Prerequisites must be completed BEFORE taking this course:
- 57 semester credit hours.
- Successful completion of ACCT 2410 (Managerial Accounting) (or its equivalent) and either ACCTNG 3401 (Financial Accounting & Reporting I) or FINANCE 3560 (Practice of Personal Financial Planning).
- Either a grade of C+ or better in ACCTNG 3401 or a Grade Point Average (GPA) of at least 2.3 in 3401 (Financial Reporting I) & 3421 (Accounting Info. Systems)
- GPA of at least 2.3 in ALL of your upper-level accounting courses (ACCT 3401-3499 & 4401-4499) combined.
- If you are unsure about whether you have met the prerequisites then see a College of Business advisor (in SSB #487) immediately.
- If you have not met the prerequisites, you will be dropped from the course by the Dean's office. However, by the time this happens it is typically two weeks into the semester and too late to register for another class. So, if you want the opportunity to take another class, see an adviser about whether or not you meet the prerequisites for this course (ACCT 3441).

Course Description and Objectives
Welcome to my class! This course responds to the Accounting Education Change Commission’s charge that the first tax course for accounting majors should be both conceptual and legalistic (instead of only being legalistic). This course presents a broad spectrum of income taxpayers and provides a foundation for learning. This course has four objectives:
1. (Conceptual) Apply tools learned in Finance to settings impacted by tax laws.
2. (Conceptual) Understand the role of income taxes in evaluating decisions typically confronted by individual taxpayers and businesses.
3. (Legalistic) Proper application of federal income tax laws.
4. (Integrative) Differentiate tax accounting under the federal income tax law from financial accounting standards.

Required Course Materials
1) Textbook and CONNECT: Principles of Taxation for Business and Investment Planning by Jones, Rhoades-Catanach, and Callaghan (2017 edition) (Publisher: Irwin/McGraw-Hill). You must buy the 2017 edition. The University’s Bookstore (in the Millenium Student Center) stocks it and has the loose-leaf version which costs $296. (I did not choose the hard-back book because it costs close to $400 and is difficult to resell.) Put it into a 3 ring binder. Always bring text (or chapter we are working on) to class. Be careful if you don’t buy it from UMSL Bookstore because it can take too long to ship it to you and you have an exam on August 31st. CONNECT is the publisher’s (McGraw-Hill) product that enables you to do the homework problems online and have them automatically graded after the next class meeting. The product available in the UMSL bookstore combines the loose-leaf textbook with CONNECT.

2) Software handed out by instructor: Every student must have their own copy of 2011 Corporations and Partnership income tax return software (i.e., Corporation = Form 1120, Partnership = Form 1065, and S Corporation = Form 1120S). It is NOT in any UMSL computer lab. The software is Windows-based. Return the CD to the instructor after loading it on a PC. (It does not work on a MAC.) It is your responsibility to get access to a PC to complete these assignments. Download the “Preparer” (not the Enterprise) version of 1120, 1120S, and 1065. It will be handed out by instructor.

3) Software student must buy: Every student must have their own copy of 2016 Individual tax return software (i.e., Form 1040). It costs around $30. (You can prepare your own Form 1040 for 2016 with it). Buy it in the latter half of November.
4) Required i>Clicker2: Every student must buy and bring to every class (after the first class) their own iClicker2. Buy it at the UMSL bookstore. It costs $56. Below is more info about iClicker2. (If you already have one, use it.) Below, I provide instructions on activating your clicker for this course. There is no additional activation charge.

5) A “basic” calculator: Needed to perform “after-tax cash flow” computations for problems in class, on the homework, and on the exams. Bring your calculator to class every day. (A “financial” calculator for computing present value of future cash flows is recommended but is not required because a Present Value of $1 table is in text.)

Above is a picture of i>clicker2, required for in-class participation and attendance in this course. Purchase it through the UMSL bookstore. Instructions for using i>clicker2 are on the back of the remote.

Student Instructions for Registering iCLICKER2 thru MyGateway (course management system) and Using it in Class:

(NOTE: “Blackboard” is called MyGateway at UMSL)
To enroll your i>Clicker2 pad through MyGateway, follow these directions:
1. Log on to your MyGateway account. Do NOT use Internet Explorer. Use Firefox or Chrome as your web browser
2. Click the Courses tab at the top of the screen.
3. Click the name of the course you want to enroll your response pad in (i.e., ACCTNG 3441)
4. On the left-hand side of the screen Click Tools. Scroll down to the bottom.
5. Click on i>clicker Remote Registration
6. Enter the 8-character remote clicker ID (on the back of your iClicker2) into the Remote ID box and click on Submit.

Using the iClicker’s Buttons during class

| Turn response pad on or off by pressing and holding the orange/red power button |
|---|---|
| Key | Action |
| 0-9 | If instructor chooses a numeric question, “123” will be beneath battery power indicator. Tap Up and Down buttons to select numbers and the Left and Right buttons to move between character positions. For example, if you think 34 is the correct answer press the Up bar to get to the “3”; press the Right bar to get to the next position; press the Up bar to get to the “4”; press Send button |
| A, B, C, D, E | Tap the button and press Send for multiple choice questions when instructor chooses “ABC.” F, G, H are options only when instructor chooses ABC123. |
| Blue button | Refresh. Push to clear your screen or begin a new question. |
| Right, Left, Up, Down bar buttons | In the middle of the top of the iClicker (below the LCD screen), these look like a plus sign missing its middle. Right and Left change the placement of the cursor on the LCD screen. Up and Down scroll through different letters or numbers |
Decimal Point (.) If first number you want is zero and then you Press the Right bar 0. will appear. Other than the first number, a decimal is found after tapping higher than 9 or lower than 0. Ignore “E” and “\^”, we will never use them.

Negative (-) A negative is only available for the first character. It is found after tapping higher than 9 or lower than 0.

IMPORTANT INFORMATION BEFORE PURCHASING YOUR i>CLICKER2 somewhere other than UMSL bookstore:
• It must be the i>clicker2—NOT the original i>clicker. The correct ISBN is 1429280476.
• If you have a technical question, please contact the technical support team at support@iclicker.com from 8AM-10PM CT, M-F or call 866-209-5698.

Course Requirements
Homework
- All homework Application Problems and Tax Planning Cases must be completed in CONNECT before the following class begins.

To activate CONNECT through MyGateway, follow these directions:
NOTE: “Blackboard” (course management software) is called MyGateway at UMSL.
1. Log on to your MyGateway account.
2. Click the Courses tab at the top of the screen.
3. Click the name of this course (i.e., ACCTNG 3441)
4. On the left-hand side of the screen, Click on “Tools,”
  5. Click on the "McGraw-Hill Education" link.
  7. Follow the on-screen instructions to register. You will have to enter your CONNECT Plus Registration Code that came with the book you purchased at the bookstore.

Preparing Assignments through CONNECT: Follow steps 1 through 3 above.

Then Click on Assignments & Solutions, then click on CONNECT Problems, then click on the appropriate assignment.

- All homework Questions will be collected at the beginning of the following class during the semester.
- Always write or type your NAME in the UPPER LEFT HAND CORNER of the first page
- If you do not turn your homework in, your grade is automatically ZERO. NO EXCEPTIONS will be made FOR ANY REASON to this policy. (Your grade is still ZERO even if you did the homework but forgot it, or did the wrong homework, etc.)
- If you will not be at class, the only way to avoid a ZERO grade for a Question is to email or slide it under my office door BEFORE class is scheduled to begin (email address, and office address above). Or, have a classmate turn it in.
  • If you email it, make sure your name is typed in the upper left-hand corner of your answers.
  - It is your responsibility to make sure I get the homework on time. (Emails that don’t go through, forgetting to bring it from home or forgetting to turn it in before class begins, etc., still result in a grade of ZERO).
- Keep a copy of all of your homework answers to compare to solutions posted on MyGateway that night at 7 pm.

The total points on all Application problems and Tax Planning Cases from the text total 145 points.

The 19 Questions assigned throughout the semester, and Class #18 (3 points) Participation in Groups and Class #21 (3 points maximum) Problems on MyGateway” assigned in the schedule total 25 replacement points and they are indicated by a plus sign (+) in front of the points. The maximum number of homework points any student can receive is 145 so the replacement points can only replace missed homework points during the semester.

The reasons for having some replacement points for missed homework points are the following: homework problems are a learning experience and I don’t expect students to get all of them correct; also, if a student forgets to turn their homework in on time (and the grade is “zero”), or they are sick (and the grade is “zero”), or they are unable to prepare the homework on time (and the grade is zero”), replacement points provide an opportunity to improve your total points.
- The rationale for homework collections is that good habits are a key to career success. Keeping up with material throughout the semester (instead of “cramming” before an exam) gets you into a good learning habit. Grading homework provides an incentive to keep up with the material.

**Business Tax Returns to be prepared using 2011 software:**
The first tax return you will prepare this semester is for a corporation (Form 1120). The facts are at Comprehensive Problem 1) c) (on p. 419-420 of 2017 ed. of textbook) ((This tax return is worth 25 points). This is the easiest tax return. After you open the software, Click on the "File" tab. Then Click on "Add Client Return." Then Choose "1120 Client" and Click "OK."
The facts for the other two business tax returns will be handed out by me and are for “Safe Co.” You will prepare two separate tax returns with identical facts—an S corporation (Form 1120S) and a partnership (Form 1065). (These two tax returns are worth 35 total points). It is very challenging. This is the only tax return assignment where you can work with 1 other student. Both of you must separately email me by one week after exam #3 stating who you are working with. Turn in only one set of tax returns with both of your names on them. If I do not hear from you by one week after exam #3 you are responsible for turning in both the 1120S and 1065 on its due date.

**Individual Tax Returns to be prepared using 2016 software:**
Either 2 or 3 federal income tax returns (Form 1040) for individuals are due on Monday Dec. 5th. Total points=65. - One tax return will be from me handing out the facts to you for a sole proprietor (worth 40 points). -The other (or two other) tax return(s) will be from your choosing either Comprehensive Problems 1) AND 2) or Comprehensive Problem 3) (on p. 580-581 of 2017 ed. of textbook) (worth total of 25 points).
Since no social security numbers given, make up different ones for the husband, wife, oldest child, 2nd oldest child, etc.

Hints on 1: On Mr. Blake Meyer’s W-2 form, gross salary was $70,000 BUT he had $6,300 withheld from that salary and contributed to his 401(k). Assume the Meyers had family health insurance coverage all year through Blake’s employer. Since there’s no information about it, assume federal and state tax withholdings are both $0 for both Blake and Valerie. Assume that the Meyers had no gambling losses for the year.
Assume Valerie “actively participates” in the rental real estate activity.

Hints and Notes on 2: Assume hospital uniforms and shoes “are not suitable for everyday use” under the federal tax law. The FICA withheld is listed as 2,938. It should be $2,937.60. Specifically, $556.80 of medicare tax was withheld and $2,380.80 of social security tax was withheld. Assume Mrs. Yank and her son had family health insurance coverage all year through her employer.

Hints on 3: The Keogh plan is a qualified defined contribution retirement account. The tax deduction belongs on the individual's income tax return. Assume Benson family had health insurance coverage all year through Tom’s employer.

Notes about Alternative Minimum Tax (AMT) on every problem:
In Problems 1 and 2, the taxpayers do NOT end up paying (AMT) so you can ignore it when preparing the tax returns.
In contrast, Problem 3 does include AMT so be sure that Form 6251 “Alt. Min. Tax” is included with the Form 1040.
If you choose to prepare Comprehensive Problem 3, you can turn in this tax return only on the last day of class (before the 4th exam), Wednesday Dec 7th. The tax return handed out by me is still due on Monday Dec. 5th.

**You must use 2016 federal individual (1040) tax software,** I recommend that you purchase and download H&R Block's 2016 BASIC version. It costs around $25. It generally becomes available the 3rd full week of November. You can print every form and schedule that you need. They will say "Draft Form--Do not file" but that is okay. Print out and turn in the entire tax returns (i.e., all required forms and schedules) in class.
If your 1040s are not prepared using software then you automatically lose all 65 points.

Turn in a print out of the individual tax returns **including all required forms and schedules on Monday December 5** (except the Benson return, #3 in the textbook, is due Wednesday Dec. 7).

Remember, the 1040 assignments are due the week before the final exam and no extension of time is given for any reason.

Only the forms, schedules, and attachments required to be filed with the I.R.S. must be attached and in proper order (see Attachment Sequence number in upper right-hand corner) after the Form 1040. If taxpayer Owes (instead of a Refund), also include Form 1040-V. On the problem that I pass out in class, if taxpayer should make estimated tax payments for 2017, include the 4 1040-ES forms. Do not include any Forms 1040-ES for textbook problem(s).

Every **missing** form, schedule, and attachment results missing all of the points assigned to it.

One more comment: If you are certain that an amount belongs in a particular cell on a Form (but the software wants you to enter the relevant information somewhere else and you are not able to do so), “override” that cell (with a PC it is a Right Click then Click on “Override”), then type the amount. (I’m not sure how to “override” with a MAC.)

**Class Participation & Professionalism:**

Examples of Unprofessional Behavior:
- Texting or reading texts or reading anything else on your cell phone.
- Side conversations with classmates (these make it difficult for your classmates to actively listen) during class
- Getting up and leaving class temporarily during the 75 minute class. Go to the rest room and get a drink of water before or after class. There is no reason to leave class temporarily unless it is an emergency.
- Continuing to talk after the Professor signals that class will begin.
- Leaving class while class is going on unless it is an emergency or you have told Professor before class begins.
- Preparing to leave class before class is dismissed.
- Inattention during class.
- Putting your head down on your desk or shutting your eyes in class. (Get a good night’s rest. If necessary, get a reasonable amount of caffeine in your system.)
- Your cell phone ringing during class.

There’s many other examples of unprofessionalism not mentioned above that will also negatively affect your grade. The instructor realizes that most students do not need to be told that the behaviors in the list above are inappropriate. However, my experience has been that it is necessary to be explicit for a few students.

**Any unprofessional behavior can wipe out all 65 class participation and attendance points for the entire semester.**

Professional behavior also involves listening attentively to both me and to other students asking me questions. It also includes actively working on solving all in-class exercises.

Professionalism also involves participating in class. Absences, late arrivals, and early departures will have a negative effect on Professionalism. (If you have to depart early or will arrive late, it is professional to let me know beforehand).

Participation is specifically graded by successfully using your iClicker in class. Other than the 1st class of the semester & exams, you will receive **2 points if you successfully use your iClicker in class, participate, and act professionally.** If you are in class BUT do not successfully use your iClicker you receive **0 points.** Class participation is automatically posted to the Grade Center at the end of class. Do not tell me or send me an email stating you were in class and asking if you can get 2 points. Professionalism will be posted to the Grade Center in MyGateway after the semester.

Any student who is ill with symptoms of influenza is discouraged from attending class.

Do not return to class until you are well. If homework is not turned in, those points are lost.

Graded work (other than homework) will be rescheduled only if a Doctor's signed note is received when the work’s due.

The rationale for grading professionalism and participation is to make you aware of what both professional and
unprofessional behavior is (since you will begin your professional career very soon). It is also to make you aware of how your actions can either positively or negatively impact the learning experience for the entire class.

**EXAMS:** There will be four examinations during the semester. All exams are “closed book.” No electronic devices may be used. Other than a pencil, an eraser, and a basic or financial calculator (but not a programmable calculator), no materials may be used. Calculators cannot be shared. Cell-phones cannot be used as calculators. The rationale for the exams is to see if you both know and can apply the tax laws and concepts in the course. Scantron answer sheets will be provided by the instructor. Students must bring pencils and clean erasers. The exams will cover both material in the text and material discussed in class. There will be questions on every exam that are from the textbook which we never discussed in class because of the limited amount of in-class time we have available. A topic list (to help guide your studying) will be passed out to students in class during the class before the exam. No other additional material will be provided by the instructor.

Your exam grade will be posted on MyGateway as soon as I receive the Scantron results—typically by 8:00 pm the day after taking the exam. Your exam, answer sheet, and an answer key will be returned at the end of the following class. **WARNING:** Your exam, your scantron answer sheet, and the answer key must all be returned to me before you leave class or else you will lose 1/3 of your points for each item not returned. If you don’t turn in any of these items before you leave class you will lose all of your exam points!

After returning the exams, I will not discuss adjusting the number of points. If you would like to have the grading reconsidered for a specific question, you must give a written explanation to me by the end of the class period. I will respond in writing. If you are not satisfied, you may schedule an appointment with me to discuss the grade.

**Do not let your score on the 1st exam cause you to become complacent. It is a small part of the total points. All of the rest of the exams are very challenging. The average score on exams 2, 3, & 4 is less than exam 1. Exams 2, 3, and 4 are all equally challenging!** None of the exams are cumulative.

All students must take exams as scheduled. If a student has an acceptable reason for missing an exam (e.g., death in the family, provable personal illness), BEFORE the exam takes place the student is responsible for both contacting the instructor AND obtaining permission from the instructor to miss the exam. The student is also responsible for providing the instructor with written documentation from a third party (e.g., from a Doctor) with the specific reason. Failure to obtain the necessary advance permission is equivalent to an unexcused absence and a grade of zero will be assigned for the student on that exam. If the student receives advance permission to miss an exam, the time and date of the make-up exam will be decided solely at the instructor’s discretion.

**Daily Preparation**
As a teacher, I have the following responsibilities:  - Be prepared for every class.
  - Create a mutually respectful classroom environment and treat you as responsible adults.
  - Help you understand the material after you’ve put in a good effort on your own towards that goal.
My responsibility is to provide a process and environment that assists you in acquiring new knowledge.
Thus, the class format will be me providing lectures on new material, and you working on applications of the lecture material in class.
As a student, you have the following responsibilities:
  - Behave in a professional manner in class.
  - Complete all assigned work on time and with proper thought and effort.
  - Professionally and conscientiously contribute to any group activities/assignments.
I recommend that you read the material and attempt to answer the assigned homework problems BEFORE I discuss the material in class. (This approach is recommended because it simulates the real world work experience. As a tax professional, you will constantly be looking into new areas of the tax law that you have no experience with.) Then, after you have learned from our in-class experience, you may want to revise your answers to certain homework problems and then turn in your homework at the beginning of the next class. I understand that some students prefer to read the material and answer the homework problems AFTER I discuss the material. This is also okay. But if you do not consistently give your best effort to answer the assigned homework problems, it is very doubtful that you will get good scores on the exams. “Hands-on” participation is the richest source of learning. Each individual’s participation is important in a class such as this one. Everyone is expected to participate fully in solving in-class problems and in answering
questions in class. Consistent with the importance of your effort and participation in each class, part of your course grade is determined on the basis of your participation in each day’s activities.

Returning Your Graded Work (other than Exams): Graded work will be returned approximately one week after it is turned in. After returning any graded work, I will not discuss adjusting the number of points. If you would like to have the grading reconsidered for a specific item or question, you must give a written explanation to me by the following class period. I will respond in writing. If you are not satisfied, you may schedule an appointment with me to discuss the grade.

**How you can earn the GRADE YOU WANT at the end of the course:**

1) Save the homework answers you turn in. After the evening class, I will post the solutions to that homework. Go over every solution, compare it to your answers, and make sure you understand every answer. If you don’t, email me.

2) Next, before next class, give yourself adequate time (typically 1½ to 3 hours per 75 minute class), to review all of the notes from last class, read the assigned pages in the text while highlighting the most important parts, and try your best to answer the assigned problems from the text. If you have any questions, email me and include your phone number. If your question relates to understanding an assigned problem, consider calling me (516-6122) or stopping by my office (Tower #1208) because that might result in a much quicker response from me. Remember, I will not tell you whether your solution is correct or not nor will I tell you whether your approach to solving the problem is “on the right track” or not, but I will assist you in understanding both the facts and what the problem is asking you to do.

Steps 1&2) Don’t believe that you will “figure out” what you don’t understand later when you are studying for a test. Instead, after every class, work with the goal of understanding & being able to properly apply the laws studied.

3) Studying for the 4 tests. Chronologically, read the parts of the text you have highlighted and your notes from class. When you see examples/illustrations/problems, DON’T read them! Instead, cover the answer and read only the facts, then properly apply the law(s) you’ve read to those facts, then see if your answer agrees with the text solution or the answer in the notes or the text. This approach simulates exactly what you will be doing when taking the exam! Follow the same approach on the homework problems that you had been assigned; Read the facts, write you an answer on “scratch paper,” then compare your answer to the solutions on MyGateway.

Following the above approach before an exam is the most important time you will spend outside of class during the semester. Notice that the approach above takes a lot of time so budget plenty of time in your schedule. If you are working full-time and taking one or two courses, or if you are working part-time and taking a full course schedule, study steadily each of the 4 days before the 2nd, 3rd, and 4th exams and also the day of the exam. If you are only taking courses (i.e., not employed) this semester, study a lot two days before, one day before, and the day of the exam. But if you have other significant work to do for other classes, start studying more than two days before the exam.

Email me, call me, or stop by to see me when you are studying for an exam and you don’t understand something. Following the steps above is how you will earn the best grade that you can in the course. You should be proud of your consistent effort during the semester if you follow the steps above.

**Course Web Site:** Under “PreClass Notes” on MyGateway will be a file that contains both Notes and Overheads with no answers. Print the file(s) and bring to class. You’ll take notes and fill in the answers on the overheads during class.

Preparing Homework Applications and Tax Planning through CONNECT:
After activating CONNECT (see top of page 4 of syllabus), 1. Log on to MyGateway.
2. Click the Courses tab at the top of the screen. 3. Click the name of this course (i.e., ACCTNG 3441).
4. Click on Assignments & Solutions, then click on Assessments, then click on McGraw-Hill Assignment.

In MyGateway, when you click on Assignments and Solutions, then click on Solutions folder, will be Solutions to each homework—posted at 7pm the evening you turn homework in.

Posting of Grades: MyGateway’s Grade Book is always used. Homework points are updated approximately once a week.
Effect of Your Grade in this Course on your opportunity to continue toward a Bachelor of Accounting from UMSL

- The entire faculty of the Accounting Area and the College of Business Administration have adopted the following prerequisites for accounting courses:
  In order to take ACCTNG 3402 (Financial Accounting and Reporting II), ACCTNG 3411 (Cost Accounting), ACCTNG 3441 (Income Tax), ACCTNG 3451 (Accounting for Governmental and Not-for-profit Entities), or any 4000-level accounting course, you must have a grade point average (GPA) of at least 2.30 in your upper-level (3000- and above) accounting courses. If your upper-level accounting GPA is not greater than 2.30 then the prerequisites to take any other accounting course in the future are not met so there is no longer an opportunity to earn a Bachelor’s degree in Accounting from UMSL.

Honor Code and Academic Dishonesty

- Students are expected to demonstrate ethical behavior. Students who raise their GPA by cheating place honest students at a competitive disadvantage in the job market. Unethical individuals are a cost and an embarrassment to the companies that hire them, to their families, and to the university from which they graduate. It is reasonable to assume that individuals who are unethical business students are more likely to become unethical business practitioners. So, I believe our university has an obligation to react swiftly and decisively toward academic dishonesty.

  Academic dishonesty is defined in the University Bulletin as “a serious offense which may lead to probation, suspension, or expulsion. One form of academic dishonesty is plagiarism—the use of an author's ideas, statements, or approaches without crediting the source. Academic dishonesty also includes such acts as cheating by copying information from another student’s examination or take-home test (or take-home projects).” The Student Conduct Code is at the following address: http://www.umsl.edu/studentlife/dsa/student_planner/policies/conductcode.html

  The minimum penalty the instructor will assess for a student involved in academic dishonesty is a grade of 0 points for the assignment and a grade of 0 points out of 65 for “Participation & Professionalism.” Also, the instructor follows the UMSL Academic Dishonesty Guidelines by making an assessment of the student’s work believed to be academically dishonest, then providing such work, along with his assessment, to the Vice-Chancellor for Academic Affairs who will conduct a Disciplinary Hearing with the student and determines disciplinary action. Further, the Vice-Chancellor now has all of the information on the incident in case any other instructor alleges academic dishonesty by that student in the future.

  Any instance of academic misconduct will result in no Excused Withdrawal from the course because the Professor will not sign the request.

STUDENT ABSENCE POLICY FOR UNIVERSITY-SANCTIONED ACTIVITIES

Participation in extra-curricular activities is an important component of a student’s university education. The faculty of the University of Missouri-St. Louis values and supports participation in activities such as, but not limited to, intercollegiate athletics, music ensembles, performing arts troupes, field trips, student government, and the like. In this spirit, faculty members are asked to provide students participating in university-sanctioned activities with reasonable accommodations for classes, exams, and quizzes that are missed because of these university-sanctioned activities. It is a student’s responsibility to submit a “Student Absence Form” to his/her instructor identifying the scheduled absences as early as possible during each semester. It is also the student’s responsibility to fulfill the requirements of the missed class work in a timely manner. Students are responsible for the material covered in all classes, whether or not they are able to attend. When disagreements regarding this policy occur between a student and a faculty member, the issue will be first referred to the faculty member’s department chair, followed by the dean, and finally the Provost, for review and resolution. (Passed by Faculty Senate, March 17, 2009.)

NOTE: This course syllabus provides a general plan for the course; deviations may be necessary by the Professor.
<table>
<thead>
<tr>
<th>Class # / Day</th>
<th>Date / # of points</th>
<th>In-Class Topics</th>
<th>Reading (Chs. 6-18: Read “Sources of Book/Tax Differences” after Conclusion &amp; before Problems)</th>
<th>Problems—(see points) (DUE NEXT Class)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Mon</td>
<td>Aug 22 (1) + (1)</td>
<td>Introduction Tax Policy Issues</td>
<td>READ: Entire Syllabus; Ch. 1 skip 6-13 (“THE PERVERSIVE NATURE OF TAXATION”); Ch. 2 skip 23-33 (Begin with “Income Tax Preferences”); Ch. 18 READ 595-600 (“CONTESTING…AUDIT”)</td>
<td>Ch. 2 Q15, A4</td>
</tr>
<tr>
<td>2 Wed</td>
<td>Aug 24 (8) + (1)</td>
<td>NPV of Cash Flows</td>
<td>READ Ch. 3 skip 59-60 (STRUCTURING TRANSACTIONS TO REDUCE TAXES” thru “An Important Caveat”) skip 63-64 (“Fictitious Markets…”)</td>
<td>Ch. 3 Q3, A1abc, A11ab, A14, T1acd* (Remember on A14 and T1, Year 0 = today)</td>
</tr>
<tr>
<td>3 Mon</td>
<td>Aug 29 (not due)</td>
<td>-Basic Maxims of Tax Planning -Overview of All Federal Taxes (Note: FMV= Fair Market Value)</td>
<td>READ Ch. 4 skip 81-84 (“THE CHARACTER VARIABLE”). Ch. 1: READ 10-13 (“Federal Taxes” thru “Jurisdictional Competition”). Ch. 16: READ 528-533 (“WEALTH TRANSFER PLANNING” thru “Estate Tax Computation”)</td>
<td>Ch. 4 Q12, A3a, A12 (NOT due)</td>
</tr>
<tr>
<td>4 Wed</td>
<td>Aug 31</td>
<td>Tax Evasion / Tax Compliance EXAM #1</td>
<td>-Ch. 18 READ 589-595 “THE AUDIT PROCESS” (28 questions × 2.5 points each =) 70 points (40 minutes)</td>
<td></td>
</tr>
<tr>
<td>5 Wed</td>
<td>Sep 7 (3) + (1)</td>
<td>Cost Recovery Deductions on Property Acquired</td>
<td>Ch. 7: READ 165-173 (thru INTRO. TO COST…); READ 175-186 (“DEPRECIATION OF TANGIBLE BUSINESS ASSETS”)</td>
<td>Ch. 7: Q9, A4, A17(assume: §179 NOT elected; equipment is “used,” not new, so it’s not eligible for additional 1st year deduction.)</td>
</tr>
<tr>
<td>6 Mon</td>
<td>Sep 12 (10)</td>
<td>“ “ (continued)</td>
<td>No reading. Ch. 7: A20, A21, A22ac(assume all of machinery is new; note the date placed in service; “maximum” = use §179 if eligible.), A26(note date placed in service; compute maximum depreciation deductions), T1 (For both a) &amp; b), compute depreciation deductions on 4 assets placed in service. For b), assume additional equipment is 7 yr. property)</td>
<td></td>
</tr>
<tr>
<td>7 Wed</td>
<td>Sep 14 (3) + (2)</td>
<td>Inventory, Amortization, Wrap Up Ch 7</td>
<td>Ch. 7: READ 173-175 (“INVENTORIES AND COST OF GOODS SOLD”): READ 186-191 (“AMORTIZATION OF INTANGIBLE ASSETS”). Ch. 8: READ 213-215 (“Seller-Financed Sales” thru “Installment Sale Method”)</td>
<td>Ch. 7: Q5, Q7 A1ac, A6, A32a** (See bottom of page)</td>
</tr>
<tr>
<td>8 Mon</td>
<td>Sep 19 (6) + (2)</td>
<td>Property Dispositions: Noncapital assets</td>
<td>Ch. 8: READ 209-213 (COMPUTATION OF GAIN OR LOSS RECOGNIZED); READ 221-231 (DISPOSITIONS OF NONCAPITAL ASSETS) Ch. 16: Read 533 “Inc. Tax Conseq. of Inher. Prop.”</td>
<td>Ch. 8: Q1 (skip f), (Q1: assume assets held &gt; 1 year), A11, A26, A33 (state character for both)</td>
</tr>
<tr>
<td>9 Wed</td>
<td>Sep 21 (12) + (1)</td>
<td>Property Dispositions: Capital assets</td>
<td>-Ch. 4: READ 81-83 (“THE CHARACTER VARIABLE” thru “Constraints on Conversion”). -Ch. 8: READ 217-221 (“TAX CHARACTER OF GAINS &amp; LOSSES”). -Ch. 16: READ 510-519 (“GAINS &amp; LOSSES FROM SECUR. TRANS. and “TAX. CONSEQ. OF CAP G…””).</td>
<td>Ch. 4: A23bc</td>
</tr>
</tbody>
</table>

Q = Questions and Problems for Discussion A = Application Problems T = Tax Planning Cases

* Enter cash outflows with a minus sign. For instance, Firm B’s payment of salary is a cash outflow and should have a minus sign preceding it. The tax savings Firm B receives from paying the salary is a positive number.

** Note on (Ch. 7) A32a: Assume Mrs. Y wants to minimize taxable income so consider using the §179 immediate deduction.
<table>
<thead>
<tr>
<th>class# / Day</th>
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</thead>
<tbody>
<tr>
<td>10 Mon</td>
<td>Sep 26 (9) + (2)</td>
<td>Nontaxable Prop. Exchanges</td>
<td>READ Ch. 9: 251-266</td>
<td>Q1, Q11, A1ab, A6, A10, A11, A26, A27, A32ab</td>
</tr>
<tr>
<td>11 Wed</td>
<td>Sep 28</td>
<td>Property Dispositions: In class Tax Research</td>
<td>READ Ch. 5: 97-103; Only blue boxes on 107-113; STEP 6 110-111</td>
<td>(none)</td>
</tr>
<tr>
<td>12 Mon</td>
<td>Oct 3</td>
<td>EXAM #2</td>
<td>180 points (=45 questions × 4 points each)</td>
<td></td>
</tr>
<tr>
<td>13 Wed</td>
<td>Oct 5 (8) + 1</td>
<td>Taxable Income from Businesses</td>
<td>Ch. 6: READ 125-127; skip 127-130 (“THE TAXABLE YEAR”); READ 130 – 139; READ 141-145(Prepaid Income thru Comp. Accruals)</td>
<td>Ch. 6: Q8, A6, A9, A11abe, A14, A26b, A27b</td>
</tr>
<tr>
<td>14 Mon</td>
<td>Oct 10 (6) + 1</td>
<td>Book/Tax differences. C Corporations</td>
<td>Ch. 6: READ 140-141 Tax Exp. vs. Tax Payable Ch. 6: READ 146-147 Business Bad Debts Ch.11 READ 323-324 skip 324-325(Affil Groups) <strong>Start to work on 1st tax return, a corporation</strong></td>
<td>Ch. 6, Q7c (list amount), A28a, A32c, A35 Ch. 11, A10* #1c on pages 419-420</td>
</tr>
<tr>
<td>16 Mon</td>
<td>Oct 17 (5) + 2tax return = 25</td>
<td>Sole Prop’ships &amp; S Corporations</td>
<td>Ch. 10 READ 283-292 (SOLE PROPRIETORSHIPS) READ 304-311 (“SUBCHAPTER S CORPS”)</td>
<td>Ch. 10: Q6, Q9, A4, A6, A7, A8ac - Tax return #1c on pages 419-420****</td>
</tr>
<tr>
<td>17 Wed</td>
<td>Oct 19 (13)</td>
<td>- Partnerships - Compare entities</td>
<td>Ch.10 READ 292-303 (PARTNERSHIPS)</td>
<td>A15, A17******, A19, A21, A23, A27, A28ab, A31</td>
</tr>
<tr>
<td>18 Mon</td>
<td>Oct 24 + 3</td>
<td>Book/Tax diffs.</td>
<td>In-class, in-groups: 3 points for participating</td>
<td>(none due)</td>
</tr>
<tr>
<td>19 Wed</td>
<td>Oct 26</td>
<td>EXAM #3</td>
<td>175 points (=50 questions × 3.5 points each ) <strong>Start to work on 2nd &amp; 3rd business tax returns</strong></td>
<td>tax returns will be handed out by Geisler. 35 points</td>
</tr>
</tbody>
</table>

Q = Questions and Problems for Discussion  A = Application Problems  T = Tax Planning Cases

*Ch. 11, **A9: U.S. corporations and citizens are subject to federal income tax based on their “world-wide” income. Compensation paid to workforces is already included in COGS & Other Expenses. Calculate the Production Activities Deduction in a) and in b) so then you can then compute the corporation’s Taxable Income in a) and in b).
**Ch 11, A15: Taxable Income given is after the U.S. production activity deduction so you don’t need to calculate & deduct it if necessary.
***Note on (Ch. 11) T2: Compute Two After-Tax Cost amounts.
****Notes on (Ch. 6) T2b: Assume entire 2013 NOL carried back and used to offset taxable income in 2011 (i.e., no carryforward to 2014). “...compute the present value of tax savings from 2016 NOL...” means that you are to compute the present value of the tax savings generated by carrying the 2016 NOL back two years then forward until it is fully used.
***** Turn in completed Form 1120 pages 1 through 5 plus schedule required to be attached for line 26) Other Deductions
****** Notes on A17: “Ordinary business income” excludes separately stated items such as §1231 loss on equipment sale.
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<tr>
<td>20 Mon</td>
<td>Oct 31 (3) + (2)</td>
<td>The Individual Tax Formula</td>
<td>-Ch. 14 READ 423-436 (“The Individual Tax Formula” thru “Preferential rates”)</td>
<td>Ch 14 Q6, Q11, A9, A25</td>
</tr>
</tbody>
</table>
| 21 Wed       | Nov 2 (3) + (3)  | Marginal tax rate-Individuals | Ch. 14 READ 437-440 (The Elusive Marginal Tax Rate)  
(Turn in 3 homework problems on MyGateway in class.) | -Ch 14: A2abc, A5ab, A6e, + 3 problems onMyGateway  
- Tax Returns: Partnership and S Corporation  
Ch. 14: A18, A28ab, A33(assume year =2016.) |
| 22 Mon       | Nov 7 (5)        | Tax Credits      | -Ch. 14 READ 440-442, READ 445-446 
- Ch 17 READ 560-561 (Tax Subsidies for Education) 
- Ch. 18 READ 586-589“FILING&PAYMENT.”          | Ch. 17: A6, A16, A35(assume widowed for last eight years), T2*(see bottom of page) |
| 23 Wed       | Nov 9 (9)        | - Exclusions from Income;  
- Itemized Deductions: Medical & Tax | -Ch. 15 READ 466-469 “Foreign Earned Income Exclusion” thru “Deduction of Health Ins. Costs” box  
- Ch. 17 READ 551-559 (thru “Local, state,&foreign tax…) READ 561-562 (“Losses on Sales… of Personal…” ) READ 566-567 (“Exclusion of Gain”) | Ch. 17 A15, A19, A23abcef, A24abcde, T4** (see bottom of pg)  
Ch. 15 A18 (Before-Tax Cost = $1119. Compute After-Tax Cost.), A20 |
| 24 Mon       | Nov 14 (11)      | Itemized Deductions: Interest, Charity, & Miscellaneous | -Ch.17 READ 559-560 “Charitable Contributions,” READ 564-565 (thru “Home Mortgage Interest…” ) 
- Ch. 15 READ 474-475 (“EMPLOYMENT RELATED EXPENSES”)  
- Ch.16 READ 520-522 (INVESTMENT EXPENSES) | Start working on 1040s! |
| Handout      | 1040 tax problem|                        |                                                                                |                                    |
| 25 Wed       | Nov 16 (5) + (1) | Retirement Plans, 401(k)s | Ch. 15 READ 469-470 (“Compensation Planning with Fringe Benefits”)  
READ 475-483 (thru Keogh Plans…)  
- Ch. 15: Q12, A25ab (assume under age 50), A26abc, A27ab, T1 (consider if there is a tax penalty in option 1) |                                    |

**FALL BREAK Nov. 19 through Nov. 27**

| 26 Mon       | Nov 28 (7) + (1) | IRAs, Stock Options | Ch15 READ 470-473 (EMPLOYEE STOCK OPTIONS; stop at bottom of 1st blue box) READ 483-489 (Individual Retirement Accounts) | Ch. 15: Q10, A11ab, A12ab, A36abc, A39b, A40ab, A41b, A42a. |
| 27 Wed       | Nov 30 (5) + (1) | -Limitations on Passive Activity Losses.  
-3.8% surtax.  
-ACA: Health insurance required for all | Ch. 16 READ 523-528 (“Rental Real Estate” and “…PASSIVE ACTIVITIES” and “UNEARNED INCOME MEDICARE CONTRIBUTION TAX”) | Ch 16: Q6, A35, A36, A37ac, A40.  
All 1040 tax returns (except Benson) (see hints above in syllabus) |


** Ch 17, T4: Change “mutual bond fund” to “mutual fund invested in corporate bonds.” Remember that 6% interest on this investment is ordinary income. Compute increase in After Tax Cash Flow for each of the 3 alternative uses of the $30,000.
<table>
<thead>
<tr>
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<th>Reading</th>
<th>Problems-(see points) (DUE NEXT Class)</th>
</tr>
</thead>
<tbody>
<tr>
<td>29 Wed Dec 7</td>
<td>Overview: State &amp; Local Taxes</td>
<td>Ch. 1 (Read 6-10). <strong>Benson’s tax return is due today</strong></td>
<td></td>
</tr>
<tr>
<td>30 Monday Dec 12</td>
<td>EXAM #4</td>
<td>240 points (= 80 questions × 3 points each)</td>
<td></td>
</tr>
<tr>
<td>30 Wednesday Dec 14</td>
<td></td>
<td>from 5:30 pm to 7:30 pm (for the 5:30 pm class) from 7:45 am to 9:45 am (for the 9:30 am class)</td>
<td></td>
</tr>
</tbody>
</table>

**Class Chapter Topics Covered in Class Learning Objectives in Class**

1 (1, 2) Syllabus N/A
   Tax Law (Source) & Courts Describe 3 main sources of tax law.
   Tax = Base x Rate. Define Tax and understand relationship between base, rate & tax.
   Differentiate progressive, proportional, and regressive tax rate structures.

2 (3) After Tax Cost/Income
   NPV of After-Tax Cash Flows Compute the tax cost<saving> resulting from an income-generating transaction <income tax deduction>.
   Compute after-tax cash flows of alternative investments.

3 (4) Maxims of Tax Planning
   Fed Tax Overview List the 4 variables that interact to determine the tax consequences of a transaction and summarize how these 4 variables are used in tax planning to maximize N.P.V. of After-Tax cash flows.
   Explain why an income or deduction shift from one entity/time period/jurisdiction to another can improve after tax cash flows.
   Describe all the different types of federal taxes.

4 (4) Tax evasion vs avoidance
   Differentiate the concepts of tax avoidance and evasion.

1st Exam on all of the topics above

5&6 (7) Depreciation (MACRS)
   Describe the depreciation method and conventions used in MACRS.
   Compute the depreciation deduction for personal tangible property in its year of acquisition, disposition, and a full year of ownership.
   Explain benefits of & limitations on the limited expensing election.
<table>
<thead>
<tr>
<th>Class</th>
<th>Chapter</th>
<th>Topics Covered in Class</th>
<th>Learning Objectives in Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>(7)</td>
<td>Depreciation (MACRS)</td>
<td>Compute the depreciation deduction for REAL property in its year of acquisition, disposition, and a full year of ownership.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inventory Capitalization Amortization</td>
<td>Awareness of many expenses allocated to inventory &amp; capitalized. Explain how a firm deducts the cost of purchased intangibles.</td>
</tr>
<tr>
<td>8</td>
<td>(8)</td>
<td>Property Dispositions</td>
<td>Define adjusted basis and amount realized in a property disposition. Distinguish between gain/loss realization and gain/loss recognition. Distinguish between capital, ordinary, and Section 1231 assets. Apply the Section 1231 netting process, incorporating the depreciation recapture rules, to characterize gains and losses.</td>
</tr>
<tr>
<td>9</td>
<td>(8&amp;16)</td>
<td>Capital gains/losses</td>
<td>Compute capital gain/loss recognized and apply the netting process. Compute tax on short versus long term capital gains for individuals. Differentiate between carryback and carryforward rules for net capital losses incurred by individuals and corporations.</td>
</tr>
<tr>
<td>10</td>
<td>(9)</td>
<td>Nontaxable Property Dispositions Business Formations Like-Kind Exchanges</td>
<td>Compute basis of property received in a nontaxable exchange. Compute gain recognized if boot received in nontaxable exchange. Explain tax consequences of property transferred in exchange for an equity interest in a corporation or a partnership. Identify property that qualifies for this nontaxable exchange treatment.</td>
</tr>
<tr>
<td>11</td>
<td>(7, 8, 9) all of the above after exam #1 review and reapply Learning Objectives after exam #1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>2nd exam on Property Transactions and Tax Research topics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>(11)</td>
<td>Corporate taxable income</td>
<td>Prepare Sch. M-1 reconciliation to go from net income to taxable income after identifying the corporation’s book/tax differences. Domestic production activities deduction</td>
</tr>
<tr>
<td>15</td>
<td>(6&amp;11)</td>
<td>Corporate tax Dividends-received deduction Corporate tax installments Corp. net operating loss</td>
<td>Compute the regular tax on corporate taxable income. Compute this deduction applicable only to corporations. Describe the corporate installment tax payment requirements. Illustrate effect of electing to carryforward NOL vs. carryback. Apply carryback rules by filling in Form 1139.</td>
</tr>
<tr>
<td>16</td>
<td>(10)</td>
<td>FICA &amp; self-employment tax Sole proprietorships Pass-Thru Entity overview “S” Corporations</td>
<td>Use base &amp; rate to compute FICA/SE tax on employees/proprietor. Explain affect of net income/loss on owner’s taxable income &amp; tax. Differentiate withdrawals/distributions of cash from business versus owner’s share of net income/loss from business. Determine if a corporation is eligible to elect “S” status. Determine how business’s activity gets divided among shareholders. Contrast the ability to deduct losses passed thru for owners of S corporations and Partnerships using basis limitation rules.</td>
</tr>
<tr>
<td>Class</td>
<td>Chapter</td>
<td>Topics Covered in Class</td>
<td>Learning Objectives in Class</td>
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<td>-------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>17</td>
<td>(10)</td>
<td>Partnerships</td>
<td>Explain effect of guaranteed payments on partner/partnership income.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Compute basis of partner’s ownership interest given year’s activity.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compare Pass Thru Entities</td>
<td>Contrast tax law differences between S Corporation &amp; Partnership</td>
</tr>
<tr>
<td>18</td>
<td>(6&amp;11)</td>
<td>Businesses</td>
<td>(In-class team exercise to) identify book/tax differences to compute taxable income</td>
</tr>
<tr>
<td>19</td>
<td></td>
<td>3rd exam on Business Entities topics</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>(14)</td>
<td>Individual’s taxable income</td>
<td>List all of the steps in determining taxable income.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Standard vs. Itemized deductions</td>
<td>Explain the relationship between the St. Ded. and It. Deds.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Above/Below the line deductions</td>
<td>Explain why above&lt;below&gt; always&lt;don’t always&gt; reduce T.I.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Standard deduction</td>
<td>Explain limitation on amount of standard deduction for dependents.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kiddie Tax</td>
<td>Compute tax on children with investment income.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dependent exemption</td>
<td>List requirements to receive a deduction for a dependent.</td>
</tr>
<tr>
<td>21</td>
<td></td>
<td>Filing statuses</td>
<td>Determine filing status for unmarried and married individuals.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Individual’s tax</td>
<td>Compute tax on taxable income using rate schedules &amp; filing status.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tax rate on Dividend Income</td>
<td>Explain lower tax rate that applies to dividend income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Marginal Tax Rate of Individuals</td>
<td>Determine marginal tax rate of an individual taxpayer.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Phaseouts of deductions, exclusions, &amp; credits</td>
<td>Explain why phaseouts of favorable tax laws (e.g., deductions) cause marginal tax rate to exceed the rate in the tax schedule.</td>
</tr>
<tr>
<td>22</td>
<td>(14)</td>
<td>Individual tax payments</td>
<td>Describe estimated tax payments requirements for individuals.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Child &amp; Earned income credits</td>
<td>Describe these credits and explain why phaseouts of credits causes marginal tax rate to exceed the rate in the tax schedule.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Education Credits</td>
<td>Explain who is eligible and maximum allowable amount.</td>
</tr>
<tr>
<td>23</td>
<td>(17)</td>
<td>Exclusions from income</td>
<td>Distinguish receipts that are not included in taxable income.</td>
</tr>
<tr>
<td></td>
<td>(17)</td>
<td>Itemized Deductions:</td>
<td>Determine extent to which deductible and amount of the deduction.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Medical</td>
<td>Determine tax payments that are deductible.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Taxes</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>(17)</td>
<td>- Interest</td>
<td>Determine extent to which home &amp; investment interest deductible.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Charity</td>
<td>Determine extent to which charitable contributions are deductible.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Miscellaneous</td>
<td>Determine extent to which categories of miscellaneous payments are deductible as well as amount of the deduction.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Education</td>
<td>Calculate deduction for unreimbursed employee business expenses.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Determine allowable deductions for education related expenses</td>
</tr>
<tr>
<td>25</td>
<td>(15)</td>
<td>Retirement Plans</td>
<td>Distinguish defined benefit plans from defined contribution plans.</td>
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<td>401(k) plans</td>
<td>Calculate salary included in taxable income for employee in 401(k).</td>
</tr>
<tr>
<td>26</td>
<td>(15)</td>
<td>Flexible spending accounts</td>
<td>Explain how flexible spending accounts work and effect on tax.</td>
</tr>
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<td>IRAs</td>
<td>Describe tax treatment of IRA contributions and withdrawals.</td>
</tr>
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<td>Stock options</td>
<td>Distinguish tax treatment of incentive &amp; nonqualified stock options.</td>
</tr>
</tbody>
</table>
27 (16) Passive Loss Limits Identify a passive activity and apply passive activity loss limits. Began in 2013; on investment income of higher income individuals
3.8% add on tax
(--) Affordable Care Act Requirement that all individuals have health insurance and tax law

28 (14, 17) Individual Alternative Minimum Tax (AMT) Use base and rate to compute AMT
-- Future Tax Law Changes Describe who is most likely to be subject to AMT
  Discuss possible changes being considered by Congress.

29 (1) State and Local Tax overview Identify and describe types of taxes levied by state and local govt.
  Missouri Individual Income Tax and Missouri MO$T 529 plan

30 4th exam on Individual tax topics

Terminology, acronyms, abbreviations, etc., used by Professor Geisler:
Corp.—Corporation (one of 3 possible ways to organize a business under state law)
C corp.—a corp. that has not made the S election and that files Form 1120 (Corporation Income Tax return)
S corp.—a corp. that has made the S election and that files Form 1120S (S Corporation Income Tax return)
SH—shareholder. An owner of an interest in a corporation

LLC—limited liability company
Partner—an owner of an interest in a partnership
Partnership—an organization that has the federal tax status of a partnership and files Form 1065(Partnership Income tax return)

Fed—Federal
FIT—Federal income tax
TI—Taxable income (the base upon which FIT is calculated by using tax rate schedule)

ER—Employer
EE—Employee

FICA—Federal Insurance Contributions Act tax (i.e., “social security” and “medicare” taxes combined are FICA taxes)
How does FICA tax compare with SE (Self-Employment) tax?
FICA taxes—imposed on ERs (employers) and EEs (employees)
SE tax—the equivalent of FICA taxes but it is imposed when there is not an ER and EE relationship.
Specifically, it is imposed on owners of a business that is not a corporation where such owners either can or do provide services to the business.

Ind’l—Individual

Inc—Income
Ded(s)—Deduction(s)

Depr—Depreciation

LT—Long-term
ST—Short-term
CG—Capital gain
G/L—Gain or Loss

FMV—Fair Market Value

DC—Defined Contribution retirement plan. One type is a 401(k)
DB—Defined Benefit retirement plan