

ACCT 4703/5703
INCOME TAX ACCOUNTING II
Spring 2008

Instructor:	Andrew D. Cuccia, CPA, Ph.D.	Office:	202A Adams Hall
Time:	TR 9:00-10:15 AM	Location	Caroline and Guy Patton Classroom 3020 Price Hall
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The complexity of our tax law in the main is not there because of some mischief. Most of it is there in the effort to do more perfect justice.

Russell B. Long, Chairman, Senate Finance Committee, 1965-1981.

Objective: This course is designed to extend the accounting students' understanding of taxation to include the issues related to the determination and taxation of income unique to specific business entities (i.e., corporations and partnerships). The ultimate tax burden falling on income earned in these legal forms is heavily influenced by the tax consequences of transactions and transfers between these entities and their owners. As such, the tax consequences of such transactions, for both the entity and its owners, will be highlighted. Upon completion of this course students should be familiar with the rules, concepts, background, and planning opportunities related to the more common of these transactions. The basic tax issues related to operating in multiple taxing jurisdictions will also be covered. Familiarity with the tax consequences and planning opportunities surrounding many of these transactions is considered part of the core competencies of all those entering the accounting profession regardless of the area of their eventual specialization (e.g., assurance services or tax). Therefore, many of the topics covered in this class are also covered on the Uniform CPA Examination.

Required Materials:

West's Federal Taxation: Corporations, Partnerships, Estates and Trusts (2008 edition). Hoffman, Raabe, Smith, and Maloney. [West]

Optional Materials:

Study Guide to accompany West text.

Class note outlines available on class web site

Class format: Classes will be a combination of lecture, discussion, and group problem solving. Because our time is limited it is imperative that you be prepared for class meetings. I will assume all readings (see below) have been done IN ADVANCE, and daily activities will be structured accordingly. I reserve the right to give unannounced in-class quizzes should the class demonstrate lack of preparation. These quizzes will be factored into your exam grades at the end of the semester. The success of this class depends not only on the instructor, but the student as well. Inadequate preparation by either will severely decrease the value of our time together.

Assignments: Daily assignments (see schedule below) consist of readings and homework problems. Doing the readings in advance will allow you to better participate in, and benefit from, classroom activities. Homework problems have been identified to illustrate the concepts covered in each session. While no grade is given for homework problems, timely completion should strengthen your performance on exams as exams are largely problem oriented. I encourage you not to attempt the homework problems until you believe you can answer them without looking back at the text. Only then can they provide a meaningful test of your knowledge and understanding of the material. Solutions to the homework problems are available from the class web page (see below). Use the solutions to check your work; simply reading the answers to problems will not prepare you for the exams.

Two out-of-class projects will also be assigned throughout the semester. Both projects will be collected and graded. Projects will be completed in groups of three to five students. I encourage groups to discuss expectations **before** work on each project commences. Project grades will initially be shared equally by all group members. Members will have the opportunity to evaluate the relative contributions of others in their group at the end of the semester.

Examinations: Three mid-term exams and a comprehensive final will be given on the dates indicated on the attached schedule. The exams are primarily problem oriented, with some objective-style questions. Note that the homework problems are generally intended to convey a particular point about a specific idea. Exam questions will be more in-depth, containing multiple issues and requiring you to integrate and work with the ideas you have learned. Mastery of the homework problems is a minimum for success on the exams.

You are responsible for all material covered in class as well as readings, homework, and cases assigned to date. It is not possible to discuss every topic in-depth in class. Therefore, it is YOUR responsibility to inquire, either in class, during office hours, or via the web site, about any questions you may have on material not discussed in class.

I will attempt to return graded mid-term exams in the week following the test date. The exam answer key will be available in my office; I encourage you to "check" the grading of your exam with particular emphasis on flow-through type errors. As a general rule, I will consider grade appeals for two weeks after exams are returned.

Mid-term exams will be approximately two hours in length and will be given from **8:00 -10:00 AM** on the dates noted. If you have a *class* conflict with a scheduled exam, advance notice should be given during the first week of the semester. See the Notice of Exam Conflicts at the end of this syllabus. If you have a Provost-approved university-sponsored event or legally required activity that conflicts with a scheduled exam, notice should be given within a reasonable time after the conflict arises. In these cases, alternative arrangements for the exam will be made. Otherwise, NO make-up exams will be given. If a student misses an exam and gives *prior* notice, the comprehensive portion of the final exam will be re-weighted accordingly.

Grading: Grades are necessary for both motivation and feedback. In this class, grades will be determined based on a cumulative score from the following:

<u>Assignment</u>	<u>Points</u>
Case Assignments (100 each)	200
Exams (200 each)	<u>800</u>
Total Available	<u>1,000</u>

Note that, according to the 2006-08 OU General Catalog (P. 46), a grade of A is reserved for work of “exceptional quality.”

Administrative: The prerequisite for this course is ACCT 3603; if you do not meet the prerequisites you should drop now. ACCT 5703 requires graduate standing. Credit is not available for both ACCT 4703 and 5703. Therefore, graduate students, or those who anticipate pursuing graduate studies, should not enroll in ACCT 4703.

Academic misconduct is defined as any act which improperly affects the evaluation of a student's academic performance or achievement. It specifically includes cheating, plagiarism, fabrication, fraud, destruction of property, and bribery or intimidation, as well as assisting others or attempting to engage in such acts. It is the responsibility of each student to be familiar with the definitions, policies and procedures concerning academic misconduct; unfamiliarity with the code alters none of a student's rights or responsibilities thereunder. The Academic Misconduct Code is printed with the Student Code (2006-2008 University of Oklahoma General Catalog, p. 348]. The Student Code is also available in its entirety on the Internet at <http://www.ou.edu/studentcode/OUStudentCode.pdf>. The Academic Misconduct Code is available at <http://www.ou.edu/provost/integrity/> .

The University of Oklahoma is committed to providing reasonable accommodation for all students with disabilities. Students with disabilities who require accommodations in this course are requested to speak with the professor as early in the semester as possible. Students with disabilities must be registered with the Office of Disability Services prior to receiving accommodations in this course. The Office of Disability Services is located in Goddard Health Center, Suite 166, phone 405/325-3852 or TDD only 405/325-4173.

Please note that food and drink are prohibited in classrooms. The Price College has invested significant resources in new facilities. Please help us maintain them.

A restricted-access internet site (i.e., enrollment in class, OUNetID, and password required) is maintained for this class at <http://learn.ou.edu>. The site contains all of the information included in this syllabus. Any revisions made to the class schedule will be posted to the site as soon as they are available, and will supersede the information included in this syllabus. You may also use the site to check your grades, its e-mail capabilities to contact the instructor, its chat area to raise questions with other students about homework, readings, lectures, etc., and its group function to coordinate projects with group members. While you are not required to use the site, you will be held responsible for all material and course changes disseminated through it.

TENTATIVE WEEKLY CLASS SCHEDULE

Class Dates	Topic
1/15	<p>Introduction and Overview</p> <p>Readings: Chapter 1 (pp. 1-16)</p> <p>Assignments: None</p>
1/17	<p>Comparative Forms of Conducting Business</p> <p>Readings: Chapter 2 (pp. 1-8); Ch. 13 (pp. 1-15)</p> <p>Assignments: Ch.2 - Prob 30-35; Ch. 13 - Prob 32, 35-40, 43-47</p>
1/22	<p>Corporations: Identifying the Corporation</p> <p>Readings: Review Ch 2 (pp. 1-8); Chapter 2 (pp. 19-21, 32-37); Chapter 8 - 1-12</p> <p>Assignments: None</p>
1/24, 29	<p>Corporations: Accounting for Income Taxes</p> <p>Readings: Taxes on the Financial Statements, from 2007 or 2008 Tax I text; also available on D2L (skip Earnings of Foreign Subsidiaries)</p> <p>Assignments: 1-3, 7-22, 27-28, 30</p>
1/28- Final day to drop a course without receiving an automatic grade of "W"	
1/31, 2/5	<p>Corporations: Organization and Capital Contributions</p> <p>Readings: Chapter 4</p> <p>Assignments: Prob 26-50; LKE Problem on D2L (due 1/31); Project 1 distributed (1/31)</p>
2/7, 12	<p>Corporations: Operations</p> <p>Readings: Chapter 2 (pp. 8-19, 21-32)</p> <p>Assignments: Prob 29, 34, 36-45, 47-51, 53-58</p>
2/14	<p>Corporations: Operations - Manufacturers' Deduction</p> <p>Readings: Chapter 3 (pp. 1-14)</p> <p>Assignments: Ch. 3 - Prob 29-40; Ch. 2 - 46</p>
2/19	<p>Corporations: Compensation</p> <p>Readings: Reading on Deferred Compensation (focus on Stock Bonus Plans, Restricted Property Plans, and Stock Options) available on D2L</p> <p>Assignments: Prob 2, 10, 11, 29-34, Bridge Problems 1 and 2</p>
2/21	<p>***Midterm Exam 1***</p> <p>Coverage: Chapters 1, 2, 3, 4, and reading on Accounting for Income Taxes (i.e., all material covered from 1/15-2/14)</p>
2/22 - Final day to drop a course with an automatic grade of "W"	

2/26 **Corporations: Alternative Minimum Tax**
 Readings: Chapter 3 (pp. 14-22);
 Reading on Depletion in Ch 4 of *Taxation of Business Entities* text
 from Tax I
 Assignments: Ch. 3 - Prob 15, 16, 20, 21, 42-47;
 Ch. 13 - Prob 41(a) and ©)

2/28, 3/4 **Corporations: Distributions, Earnings and Profits, and the Accumulated Earnings Tax**
 Readings: Chapter 5;
 Chapter 3 (pp. 22-24)
 Assignments: Ch, 5 - Prob 2-4, 7-10, 24-25, 27-52;
 Ch. 3 - 48

3/6 **Corporations: Redemptions**
 Readings: Ch. 6 (pp. 1-13)
 Assignments: Prob 35-44, 46-49

3/11 **Corporations: Contractions and Liquidations**
 Readings: Ch. 6 (pp. 16-31)
 Assignments: Prob 52-62;
 Project 1 due (3/11)

3/13 **Partnerships: Overview**
 Readings: Ch. 10 (pp. 1-9)
 Assignments: None

3/25 *****Midterm Exam 2*****
 Coverage: Chapters 3, 5, 6 and reading on Deferred Compensation
 (i.e., all material covered 2/19-3/11)

3/27 **Partnerships: Operations**
 Readings: Ch. 10 (pp. 15-26, 37-40);
 Ch. 15 (pp. 27-28)
 Assignments: Ch. 10 - Prob 22, 24, 39-41;
 Project 2 distributed

3/31 - Final day to drop a course with a grade of "W" or "F"

4/1, 3 **Partnerships: Formations, Contributions, and Basis**

Readings: Ch. 10 (pp. 9-15, 26-37, 40-43)

Assignments: Prob 14-40;

4/8, 10 **Partnerships: Distributions, Transfers of Interests, and Terminations**

Readings: Ch. 11 (skip Property Distributions with Special Tax Treatment, pp. 11-15)

Assignments: Prob 15-28, 31-40

4/15, 17 **Taxation of International Activities**

Readings: Ch. 9 (pp. 1-11, 14-32, 39-43);
Taxes on the Financial Statements, from 2007 or 2008 Tax I text; also
available on D2L (Earnings of Foreign Subsidiaries, pp. 17-20)

Assignments: Ch. 9 - 16-19, 27-31, 33-40;
Supplemental Reading - 23-25;
Project 2 due (4/15)

4/22 **Taxation of Multistate Activities**

Readings: Ch. 15 (pp. 1-25, 28-39)

Assignments: Prob 28-47

4/24

*****Midterm Exam 3*****

Coverage: Chapters 9, 10, 11, 15 (covered 3/13-4/22)

4/29, 5/1 **Subchapter S Corporations**

Readings: Ch. 12;
Ch. 13 (pp. 16-33);
Ch. 15 (25-27)

Assignments: Ch. 12 - Prob 24-55;
Ch. 13 - Prob 50, 52-55, 57-59

*****FINAL EXAM*****

M 5/5 8:00-10:00 AM
Chapter 12, 13, cumulative