

LAST REVIEW: 2008-2009

NEXT REVIEW: 2013-2014

STATUS: A

COURSE TITLE: Income Tax II

COMMON COURSE NUMBER: TAX 2010

CREDIT HOURS: 48

CONTACT HOUR BREAKDOWN

(per 16 week term)

CLOCK HOURS:

(Voc. Course ONLY)

Lecture: **48**

Lab:

Clinic:

Other:

PREREQUISITE(S): TAX 2000

COREQUISITE(S): None

PRE/COREQUISITE(S): None

COURSE DESCRIPTION *(750 characters, maximum):*

This course is a continuation of TAX 2000 with emphasis on income tax laws applicable to partnerships and corporations. A brief survey of estate and gift taxes will be undertaken. Sample tax returns will be prepared.

General Education Requirements – Associate of Arts Degree (AA), meets Area(s): Area

General Education Requirements – Associate in Science Degree (AS), meets Area(s): Area

General Education Requirements – Associate in Applied Science Degree (AAS), meets Area(s): Area

UNIT TITLES

1. Working with the Federal Tax Law
2. Corporations: Introduction and Operating Rules
3. Corporations: Organization and Capital Structure
4. Corporations: Distributions Not in Complete Liquidation
5. Corporations: Distributions in Complete Liquidation
6. Corporations: Reorganizations
7. Corporate Accumulation
8. Partnerships: Formation and Operation
9. Partnerships: Transfer of Partnership Interests
10. S Corporations
11. Federal Gift and Estate Taxes
12. Valuation and Liquidity Problems
13. Income Taxation of Trusts and Estates
14. Tax Administration Practice

EVALUATION:

Please provide a brief description (250 characters maximum) that details how students will be evaluated on the course outcomes.

Evaluation may include but is not limited to the following:

Exams, Quizzes, Presentations, Portfolios, Discussions, Class Participation, Attendance, Projects, Co-ops, Practicum, Internships, Externships, and Research Reports.

**** Complete the following only if course is seeking general education status ****

GENERAL EDUCATION Competencies and Skills *:

Please highlight in green font all Competencies/Skills from the list below that apply to this course. In the box to the right of the Competency/Skill, enter all specific learning outcome numbers (i.e. 1.1, 2.7, 5.12) that apply.

1. Read with critical comprehension	
2. Speak and listen effectively	
3. Write clearly and coherently	
4. Think creatively, logically, critically, and reflectively (analyze, synthesize, apply, and evaluate)	
5. Demonstrate and apply literacy in its various forms: (highlight in green ALL that apply) (1. technological, 2. informational, 3. mathematical, 4. scientific, 5. cultural, 6. historical, 7. aesthetic and/or 8. environmental)	
6. Apply problem solving techniques to real-world experiences	
7. Apply methods of scientific inquiry	
8. Demonstrate an understanding of the physical and biological environment and how it is impacted by human beings	
9. Demonstrate an understanding of and appreciation for human diversities and commonalities	
10. Collaborate with others to achieve common goals.	
11. Research, synthesize and produce original work	
12. Practice ethical behavior	
13. Demonstrate self-direction and self motivation	
14. Assume responsibility for and understand the impact of personal behaviors on self and society	
15. Contribute to the welfare of the community	

* General Education Competencies and Skills endorsed by '05-'06 General Education Task Force

UNITS

Unit 1 - Working with the Federal Tax Law

General Outcome:

- 1.0** The students should be able to explain why tax laws exist and describe the effects of tax planning.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 1.1 Describe the influences of economic, social, and political events on the evolution of the federal tax law.
- 1.2 Discuss how the IRS (Internal Revenue Service) and the courts have influenced tax law.
- 1.3 Identify the tax law sources.
- 1.4 Identify and resolve tax "problems."
- 1.5 **Discuss** ~~Compare and contrast~~ the importance of tax planning.

Unit 2 - Corporations: Introduction and Operating Rules

General Outcome:

- 2.0** The students should be able to evaluate the corporate forms and means of conducting a trade or business and determine tax liabilities for a corporation.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 2.1 Compare and contrast the income tax treatment of various forms of business ownership.
- 2.2 Determine when an entity will be treated as a corporation for federal income tax purposes.
- 2.3 Illustrate the computation of the corporate income tax.
- 2.4 Explain the alternative minimum tax.
- 2.5 Describe the procedural aspects of filing and reporting for corporate taxpayers.

Common Course Number: TAX 2010

Unit 3 - Corporations: Organization and Capital Structure

General Outcome:

- 3.0** The students should be able to determine the tax consequences to the shareholder and the corporation.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 3.1 Describe the tax consequences of incorporating.
- 3.2 Explain how to deal with property transfers to a ~~controlled~~ corporation.
- 3.3 Describe the capital structure of a corporation and explain, for tax purposes, what it means.
- 3.4 Compare and contrast the advantages and disadvantages of debt versus equity investment.
- 3.5 Describe the nature and treatment of shareholder debt and stock losses.
- ~~3.6 Illustrate the tax rules unique to multiple corporations that are controlled by the same shareholders.~~

Common Course Number: TAX 2010

Unit 4 - Corporations: Distributions Not in Complete Liquidation

General Outcome:

- 4.0** The students should be able to apply the tax rules pertaining to corporate distributions.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 4.1 Distinguish between corporate distribution not in complete liquidation of the corporation and those in complete liquidation of the corporation.
- 4.2 Explain the concept of earnings and profit and its importance in measuring dividend income.
- 4.3 Discuss the tax consequences of a property dividend.
- 4.4 Compare and contrast taxable and non-taxable stock dividends.
- 4.5 Recognize the tax rules governing the distribution of stock and securities of a controlled corporation.

Common Course Number: TAX 2010

Unit 5 - Corporations: Distributions in Complete Liquidation

General Outcome:

- 5.0** The students should be able to determine the tax consequences for the shareholders and corporation when a corporation is being liquidated.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 5.1 Contrast property dividends and stock redemption with distributions in complete liquidation of a corporation.
- 5.2 Recognize the tax affect on the shareholders of a corporation being liquidated.
- 5.3 Identify the tax planning opportunities available to minimize the income tax result in the complete liquidation of a corporation.

Unit 6 - Corporations: Reorganizations

General Outcome:

- 6.0** The students should be able to explain the advantages and disadvantages of a corporate reorganization.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 6.1 Explain the tax consequences of a corporate reorganization.
- 6.2 Describe the statutory requirements for the different types of reorganizations.
- 6.3 Recognize the tax rules applicable to the carry-over of corporate attributes.

Unit 7 - Corporate Accumulation

General Outcome:

- 7.0** The students should be able to explain how the accumulation of earnings can be employed without leading to adverse tax consequences.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 7.1 Explain the purpose of the accumulated earnings tax and the personal holding company tax.
- 7.2 Define the reasonable needs of the business and its role in avoiding the accumulated earnings tax.
- 7.3 Distinguish the mechanics of the accumulated earnings tax.
- 7.4 Define the requirements for the personal holding company tax.
- 7.5 Compare the accumulated earnings tax with the personal holding company tax.

Common Course Number: TAX 2010

Unit 8 - Partnerships: Formation and Operation

General Outcome:

- 8.0** The students should be able to determine the basic elements of partnership formations, operations, and non-liquidating distributions.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 8.1 Define a partnership.
- 8.2 Discuss the tax consequences of forming and operating a partnership.
- 8.3 Identify when the partnership form of doing business is advisable.
- 8.4 Categorize income, deductions, and credit items on Form 1065.

Common Course Number: TAX 2010

Unit 9 - Partnerships: Transfer of Partnership Interests

General Outcome:

9.0 The students should be able to discuss the disposition of partnership interests.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 9.1 Discuss the tax effect of a sale or exchange of a partnership interest.
- 9.2 Explain how the liquidation of a partnership is treated.
- 9.3 Describe the special contracts that exist in a family partnership and in a limited partnership.

Common Course Number: TAX 2010

Unit 10 - S Corporations

General Outcome:

- 10.0** The students should be able to determine when it is advantageous to elect the subchapter S status.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 10.1 Identify the tax rules governing an S corporation status.
- 10.2 Explain the effect of the S election on the corporation and its shareholders.
- 10.3 Distinguish among the tax advantages of a partnership, S corporations, and C corporations.

Unit 11 - Federal Gift and Estate Taxes

General Outcome:

- 11.0** The students should be able to display their competency skills in preparing tax returns for gifts and estates.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 11.1 Define and describe estates.
- 11.2 Identify the persons and transfers subject to federal gift and estate taxes.
- 11.3 Describe the exclusions and the deductions available in arriving at a taxable gift or estate.
- 11.4 Determine the computation of the federal gift or estate tax.
- 11.5 Discuss how gift and estate taxes can be reduced.

Common Course Number: TAX 2010

Unit 12 - Valuation and Liquidity Problems

General Outcome:

- 12.0** The students should be able to determine the tax rules of valuation in the estate and gift tax areas.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 12.1 Discuss the tax rules governing the valuation of various assets.
- 12.2 Determine the income tax basis for property acquired as a gift or an inheritance.
- 12.3 Recognize and plan for estate liquidity.

Common Course Number: TAX 2010

Unit 13 - Income Taxation of Trusts and Estates

General Outcome:

13.0 The students should be able to display their competency skills in preparing tax returns for trusts and estates.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 13.1 Define "trust", "estate", and "beneficiary".
- 13.2 Determine the taxable income of the trust, estate, or other beneficiaries.
- 13.3 Discuss tax planning for trusts and estates.

Common Course Number: TAX 2010

Unit 14 - Tax Administration Practice

General Outcome:

14.0 The students should be able to describe the IRS organization and its administrative appeal procedure.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 14.1 Identify the administrative pronouncements issued by the IRS and evaluate how they can be used in tax practice.
- 14.2 Discuss the audit process and the various penalties that can be employed.