ACCT 341- FEDERAL TAXATION  
SECTION 01  
COLLEGE OF CHARLESTON  
SUMMER I 2018

Instructor: Thomas M. Spade, M. S. Accountancy ('07), CPA (CPA licenses active: South Carolina #7426, Virginia #28142)

Class Time and Location: MTWRF 10:15 – 12:15, Beatty 214

Telephone: 843.991.5181 (cell)   
843.953.6075 (office)

Email: spadetm@cofc.edu

Office Hours: My office is in Beatty 215, but I generally don’t hold scheduled office hours during the summer. But contact me anytime via cell, text, e-mail, or after class to set up an appointment, and I’ll be glad to help.


Other items: Your own basic four-function calculator is required. I recommend the Texas Instruments TI-503SV which is available at the campus bookstore (it’s the best cheap calculator available). In addition, ALL EXAMS MUST BE COMPLETED IN PENCIL. BRING EXTRA PENCILS TO EXAMS.

Also, from time to time, you will be required to obtain tax forms and instructions from the IRS website to bring with you to class. On some occasions, there will be handouts. I strongly suggest bringing all tax forms and handouts which you receive or obtain throughout the semester with you to each class.

Finally, I strongly recommend using a three ring binder and looseleaf instead of a spiral notebook. Using a spiral notebook can be cumbersome to use in this class.

Prerequisites: ACCT 203, ACCT 204, ACCT 316, Junior standing

Course Description: A study of federal income taxation as applied to individuals and sole proprietorships.

This course is designed to be a comprehensive introduction to the basic principles and concepts of the federal income tax system. Primary emphasis will be on those provisions that affect the individual taxpayer.

Student Objectives: It is hoped that you will gain from this course (concepts of lasting value, in addition to fun tax facts):

1. An understanding of the basic income tax provisions that affect different classes of taxpayers (employees, self-employed, investors, homeowners, marriage/divorce and other family issues).
2. An appreciation of the legislative, administrative, and judicial development of important tax provisions.
3. A framework for thinking about tax problems, and tools for evaluating tax policy issues. The tax law changes almost daily as it is amended to address unique transactions, and to meet economic and social needs.
4. An awareness of the impact of taxation on the economy and financial planning, and taxation issues regarding the timing of income and expense items.
5. How to research a basic tax question and a familiarity with the means by which tax information is transferred.
6. Recognition of the important ethical issues and possible penalties facing CPA tax professionals.
7. A basic understanding of certain differences (such as revenue recognition for sole proprietorships, depreciation, inventory and bad debt) between Accounting Principles Generally Accepted in the United States of America and the Internal Revenue Code.
The goal of this course is to provide tax education, not tax training. It’s theory first, and reporting second. The study of taxes blends concepts of accounting, economics, law and public finance. This is your official excuse to get out of doing tax returns for relatives and friends.

In addition, this course involves the assessment and collection of income tax by the taxing authorities. Whatever legislatures at any level decide to do with tax revenues is more of a political question. Examples highlighting various ideologies may be raised during lectures to illustrate this point. But our main concern is how tax revenue is assessed and collected, not how it is used.

School of Business Learning Objectives:

Emphasizing Effective Communication (Communication Skills)

- How to research a basic tax question and familiarity with the means by which tax information is transferred and tax issues are evaluated and communicated.
- Fluency with preparation of tax research memorandums as well as tax returns on prescribed forms.

Conveying Discipline Specific Knowledge (Quantitative Fluency)

- An understanding of the basic income tax provisions that affect different classes of taxpayers and different forms of business entities.
- Appreciation of the legislative, administrative, and judicial development of important tax provisions.
- Analysis of holding period, tax basis, loss carryforwards gross proceeds and special rules (such as IRC Section 1231) to determine the amount of gain or loss as well as how it should be taxed.

Promoting Ethical Awareness and Understanding of Social Responsibility (Global and Civic Responsibility)

- A framework for thinking about tax problems, and tools for evaluating tax policy issues. The tax law changes almost daily as it is amended to address unique transactions, and to meet economic and social needs, as well as those of special interests.
- A recognition of the important ethical issues and possible penalties facing CPA tax professionals.
- An awareness of the impact of taxation on the economy and financial planning, and taxation issues regarding the timing of income and expense items.
- Application of primary sources of tax law including practitioner responsibilities under IRS and AICPA rules and regulations.
- Assessment of whether a tax is equitably and fairly assessed and applied.

Intellectual Innovation and Creativity

- Familiarity with how to research and apply laws, rules and regulations related to Federal Tax to determine whether or not amounts are included in, excluded from, or exempt from taxable income or tax credits for preparation and planning purposes.

A tax professional is allowed, and expected, to be innovative and creative when applying the tax law to any particular situation. Innovation and creativity is allowed within the boundaries of Circular 230, IRC Section 6694 (the “more likely than not” rule) as well as the Statements on Standards for Tax Services promulgated by the American Institute of Certified Public Accountants. A tax professional should advise clients based on their knowledge of primary sources to minimize their tax liability to the extent permissible by law.
Synthesis:

- Familiarity with book/tax differences separating net income from taxable income, and identification of which income and expense amounts are required under GAAP and which are required by the taxing authorities.

The study of individual and business taxation involves an understanding of accounting, management, economics, law and finance. Tax should never be the only factor involved with making a business or investment decision.

Course Format:

The material in this course is presented in a discussion format. The basis of discussion will be the assigned problems. Handouts will be used to clarify or supplement text materials. Comments and questions are welcomed, both in class and outside of class, but specific advice is subject to limitations as outlined in #8 under Other Information, presented later in this syllabus.

Course Requirements:

Your final grade will be determined from your performance on three exams, a tax return, a research project, a final exam, and your class participation. The points allocated to each of these requirements are as follows:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Points</th>
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<tbody>
<tr>
<td>The First Exam</td>
<td>100</td>
</tr>
<tr>
<td>(Chapters 1-5)</td>
<td></td>
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<tr>
<td>The Second Exam</td>
<td>100</td>
</tr>
<tr>
<td>(Chapters 6, 7, 8 and part of 14)</td>
<td></td>
</tr>
<tr>
<td>The Third Exam</td>
<td>100</td>
</tr>
<tr>
<td>(Chapters 9, 10, 11 and the rest of 14)</td>
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</tr>
<tr>
<td>The Final Exam</td>
<td>100</td>
</tr>
<tr>
<td>(Cumulative, including Chapters 12 and 13)</td>
<td></td>
</tr>
<tr>
<td>Individual Tax Return</td>
<td>100</td>
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<tr>
<td>Project</td>
<td></td>
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<tr>
<td>Tax Research project</td>
<td>100</td>
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<tr>
<td>Other Assignments</td>
<td>TBD</td>
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<tr>
<td>Homework and Participation</td>
<td>5% of final grade</td>
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</table>

Your final course grade will be determined by dividing the total points earned by total points possible with the following grading scale applied:

- A = 92%
- A- = 90%
- B+ = 87%
- B = 82%
- B- = 80%
- C+ = 77%
- C = 72%
- C- = 70%
- D+ = 67%
- D = 62%
- D- = 60%
- F = Below 60%

All students must take the final exam on the date and at the time scheduled by the Registrar. You can find this date and time by checking the Academic Calendar available at http://registrar.cofc.edu/pdf/ac-2018summer.pdf

At the beginning of some classes, there will be a Quiz. The quiz will be ridiculously easy as long as you did the homework and read the assigned chapter. On days when this quiz is administered, it will be used to take roll for that day, so if you miss the quiz, you will be counted as absent. In other words, if you come in late, you will be marked as absent for the day.
**Attendance Policy:**

Attendance in this course is mandatory. Examinations and assigned materials will require attendance of all classroom lectures. In this class especially, each lecture builds upon the one before it, so missing a lecture will likely result in your not understanding subsequent lectures. Make-up examinations are not given. Late assignments are not accepted under any circumstance. If the student is to be absent, assignments must be submitted prior to the due date.

On days when a quiz is administered, it will be used to take roll for that day, so if you miss the quiz, you will be counted as absent. On days when a quiz is not administered, a roll attendance sheet will be passed around the class. Late arrivals who miss the attendance sheet will be counted as absent for that day. Any student who misses more than three classes may receive a failing grade for the course (either a WA or F at the discretion of the Instructor) and/or will be administratively dropped from the roll.

In extreme cases exceptions to the absence policy may be made on an individual (case-by-case) basis. These exceptions will only be considered with appropriate documentation requested by the professor and a communication from the Absence Memo Office. For any absence to be considered under this policy, the absence must be indicated by the Absence Memo Office as a Documented absence. Simply going to the Absence Memo Office and having them send me a message does not count, it must be Documented!

Exams will be given throughout the semester, the dates of which are to be determined. I will not give a make up exam under any circumstance. An undocumented absence on an exam day will result in a zero for the exam. If a student misses an exam with documentation that is deemed extreme (serious illness, death, hospitalization, etc) then the grade of the lowest test score for the semester will be substituted for the missed exam. This exception will only be made in extreme circumstances with proper documentation as noted above and approval of the professor. This is why it is important that you maximize your performance on each exam.

**Academic Integrity:**

This course covers the principles of taxation, which is closely related to the discipline of Accounting. Chances are, you are taking this course to fulfill a major requirement. Accountants everywhere are engaged to prepare tax returns. As you will learn in other classes, the hallmarks of the profession include Independence, Integrity and Objectivity. You can’t have Independence or Objectivity without Integrity. Furthermore, IRS Circular 230 sets very clear standards for tax practitioners, as do the standards promulgated by the American Institute of Certified Public Accountants, which many of you will someday be a member.

Integrity is the honesty and truthfulness of one’s actions. You must have integrity to do what is required of you under the law in the face of external pressure. As a Certified Public Accountant in public practice, I take integrity very seriously. (I have fired clients in the past that tried to pressure me to take clearly incorrect and illegal positions on returns.) Accordingly, for things pertaining to this class, you will be expected to have the highest level of integrity and the penalties for noncompliance will be severe.

Each student must adhere to the College of Charleston Honor Code and Code of Student Conduct (see Student Handbook on these policies). This includes signing the attendance sheet for other students and having any electronic device, other than a basic four function calculator, out or on your lap, during an exam. Lying, cheating, attempted cheating, and plagiarism are violations of our Honor Code that, when identified, are investigated. Each incident will be examined to determine the degree of deception involved.

Incidents where the instructor determines the student’s actions are related more to a misunderstanding will handled by the instructor. A written intervention designed to help prevent the student from repeating the error will be given to the student. The intervention, submitted by form and signed both by the instructor and the student, will be forwarded to the Dean of Students and placed in the student’s file.

Cases of suspected academic dishonesty will be reported directly by the instructor and/or others having knowledge of the incident to the Dean of Students. A student found responsible by the Honor Board for academic dishonesty will receive a grade of XXF in the course, indicating failure of the course due to academic dishonesty. This grade will appear on the student’s transcript for two years after which the student may petition for the XX to be expunged. The student may also be placed on disciplinary probation, suspended (temporary removal) or expelled (permanent removal) from the College by the Honor Board.
Students should be aware that unauthorized collaboration—working together without permission—is a form of cheating. Unless the instructor specifies that students can work together on an assignment, quiz and/or test, no collaboration during the completion of the assignment is permitted. THIS INCLUDES ANY TAKE HOME EXAMS. Other forms of cheating include possessing or using an unauthorized study aid (which could include accessing information via a cell phone or computer), copying from others’ exams, fabricating data, and giving unauthorized assistance.

Research conducted and/or papers written for other classes cannot be used in whole or in part for any assignment in this class without obtaining prior permission from the instructor.

If there are any questions whatsoever regarding whether something is in accordance with the honor code or not, students should contact the instructor immediately. Only written instruction, on departmental letterhead, signed by the instructor, shall constitute determination that a questionable action is not in violation of the honor code.

Students can find the complete Honor Code and all related processes in the Student Handbook at http://studentaffairs.cofc.edu/honor-system/studenthandbook/index.php.

Tax Research Project: The research project should follow the following format:

I. Facts
II. Issue
III. Conclusion
IV. Authority (in descending order of substantiation) and Explanation
V. Alternate conclusion (if any)
VI. Alternate Authority and Explanation

The paper should be a maximum of two pages typewritten. Single or double spaced is acceptable. Please do not right-justify your lines.

Policy on Cell Phones, Laptops/Netbooks and other electronic devices

The use of all electronic devices, including cell phones and laptop/netbook computers are expressly forbidden in the classroom. You don’t need to change your Facebook status to read that you’re sitting in Professor Spade’s Federal Tax class (besides, everyone will be jealous). The only exceptions to this policy are 1) if I instruct the class to bring a computer to the lecture or 2) if you have obtained the textbook via electronic format. However, if you have another program up at any time, you will be considered in violation of this policy.

Texting, receiving or sending messages, cell phone use, or the use of laptop computers will result in immediate dismissal from the lecture with an absence recorded. Also, for each violation of this policy, the penalty will be a reduction of the student’s final grade by one letter grade. (For example if you violate this policy, this means that if you have earned a B for the course, you will be assigned a C for the course. If you earn a C+ for the course, you will be assigned a D+ for the course, etc.) Furthermore, students who violate this policy will automatically lose the benefit of any curve given during the semester and their grade will be reduced by one letter grade after the curve has been taken away. Students must keep these devices turned off and out of sight during class. It is a violation of this policy to keep such devices on your lap. If I see a cell phone on your lap, I’m going to assume that you’re texting, and will invoke this policy. On the first violation, the student will have assigned seating for the rest of the semester. There is no reason why you should need to use any electronic device other than a basic four-function calculator in this class unless I tell you otherwise. So when it comes to electronic devices, the same rules pertaining to commercial air travel before the Captain turns off the Fasten Seat Belt sign apply; the only difference is that the penalty is, instead of facing Federal charges, your grade will suffer no matter how well you’re doing in the class.

The instructor reserves the right to assess an alternative penalty in the case of a first offense of this policy during a lecture. This determination rests solely with the instructor.
Please note that this policy also applies if your phone rings during class. Additionally, if your phone rings during an exam, you will immediately be dismissed from the exam and you will receive a zero for the exam. No credit will be given for anything which you have completed on the exam to that point.

Disability Statement:

The College will make reasonable accommodations for persons with documented disabilities. Students should apply at the Center for Disability Services / SNAP, located on the first floor of the Lightsey Center, Suite 104. Students approved for accommodations are responsible for notifying me as soon as possible and for contacting me no later than 48 hours before an announced exam. Students requesting accommodations after this timeframe will be refused accommodation.

Students eligible for accommodations must present a hard copy of their letter from the Center for Disability Services to the Instructor as soon as possible. Even if you have been enrolled in another course taught by this Instructor, another copy of your letter must be provided to get accommodation for this course.

In other words, if you are a SNAP student, get me your letter as soon as possible and get me your SNAP envelope no later than 48 hours before an exam. Do not bring it to me any later than that, otherwise, you will not be allowed to take the exam at the SNAP center.

Other Policies:

1. Tape recorders or other recording media are forbidden in the classroom. Under no circumstance is it permissible to record lectures.

2. Students are never to walk in late for class or leave early unless prior arrangements have been made with the instructor. Tardy students will not be permitted to take examinations. If you arrive late or leave early without explicit permission, you will be counted as absent for the day.

3. Any student who is considered by the instructor to pose a disruption of instruction will be administratively withdrawn, dismissed from the class and/or receive a failing grade for the course. This determination shall rest absolutely with the instructor.

4. Students must complete all assigned material before coming to class. The instructor reserves the right to not address questions or comments by those not doing the assigned work prior to class. This is consistent with the College of Charleston Classroom Code of Conduct.

5. Federal Taxation is really not that boring and the amount of material we must cover this semester does not allow naptime to be built into the curriculum. Therefore, if you fall asleep in class, you’ll be dismissed from the lecture with an absence recorded.

6. It should go without saying, but bring your textbook and a calculator to every class!

7. For examinations and in-class exercises, you will be required to have a basic four-function calculator. You may not use any other calculator, including, but not limited to, scientific, financial, or those integrated with other electronic devices. If you don’t have a basic four function calculator for the exam, you will be provided with paper for your calculations, but you will have to turn these in with the exam. The instructor may have extra calculators, however, there may not be enough to go around, and they sell for around $5 at the bookstore. (I don’t recommend the $5 calculators from CVS. I have seen them break in the middle of exams.)
8. While I am happy to answer questions about a particular topic, I will not answer questions in class related to your particular tax issue or one of your family or friends in class. If you have such a question, please see me after class or during office hours. I may use it as an anonymous example in a subsequent lecture, but remember that whatever I say is for illustrative purposes only. Internal Revenue Service regulations generally provide that, for the purpose of avoiding tax penalties, a taxpayer may rely only on formal written advice meeting specific requirements. Any tax advice in this class, or in any materials in this class, does not meet those requirements. In accordance with IRS Circular 230, I inform you that any such tax advice was not intended or written to be used, and it cannot be used, for the purpose of avoiding federal tax penalties that may be imposed on you or others, or for the purpose of promoting, marketing or recommending to another party any tax-related matters.

9. The instructor may use baked goods to illustrate certain topics. If you have any food allergies, please inform the instructor of this fact immediately.

10. Absences due to athletic travel will only be excused if the instructor receives notification directly from the Director of Student-Athlete Academic Services. However, I do expect Student-Athletes to notify me beforehand of any expected absences.

11. This syllabus and policies noted therein may be amended, on a case-by-case basis or in the entirety, by the instructor as needed.

Sources to be familiar with:

Internal Revenue Service (www.irs.gov)

SC Department of Revenue (www.sctax.org)

Checkpoint (http://www.cofc.edu/library/find/databases/index.php)
Acknowledgment of Syllabus and Classroom Conduct Policies

Name: ____________________________________________
(Please Print)

What year were you born? ____________________________

What state did you mainly grow up in? ________________

When did you take Intermediate Accounting I?________

What do you expect to learn in this course? Is there anything in particular you would like to learn about in this course?

Have you taken this course previously? ____________________________

I have received a copy of Professor Spade’s Summer I 2018 syllabus and have read and understand his policies. In particular, I understand the harsh penalty for the use of unauthorized electronic devices including computers, tablets, cell phones, and other such devices. I understand that my grade will be severely affected by violation of the policies and agree that I will abide by the College of Charleston Student Code of Conduct at all times while enrolled in this course.

Also, I understand that I am required to do the assigned readings, questions and problems before class. Further, I understand that not doing the assigned work prior to class is a violation of the College of Charleston’s Classroom Code of Conduct and will result in my inability to ask questions or participate.

Signed ____________________________________________

Date: ______________________________