

ACCT M52: TAXATION OF BUSINESS ENTITIES

Originator

rbennington

College

Moorpark College

Attach Support Documentation (as needed)

ACCT M52 state approval letter CCC000629204.pdf

Discipline (CB01A)

ACCT - Accounting

Course Number (CB01B)

M52

Course Title (CB02)

Taxation of Business Entities

Banner/Short Title

Taxation of Business Entities

Credit Type

Credit

Start Term

Fall 2023

Catalog Course Description

Provides students with a basic understanding of concepts of U.S. federal and state income taxation of business entities including corporations, S-corporations, partnerships, and limited liability companies.

Additional Catalog Notes

Completion of ACCT M50, ACCT M51, ACCT M52, and ACCT M53 will help prepare students for the VITA (Volunteer Income Tax Assistance) Certification exam, the CTEC (California Tax Education Council) Registered Tax Preparer exam, the EA (Enrolled Agent) exam, and portions of the CPA (Certified Public Accountant) exam.

Taxonomy of Programs (TOP) Code (CB03)

0502.10 - *Tax Studies

Course Credit Status (CB04)

D (Credit - Degree Applicable)

Course Transfer Status (CB05) (select one only)

B (Transferable to CSU only)

Course Basic Skills Status (CB08)

N - The Course is Not a Basic Skills Course

SAM Priority Code (CB09)

D - Possibly Occupational

Course Cooperative Work Experience Education Status (CB10)

N - Is Not Part of a Cooperative Work Experience Education Program

Course Classification Status (CB11)

Y - Credit Course

Educational Assistance Class Instruction (Approved Special Class) (CB13)

N - The Course is Not an Approved Special Class

Course Prior to Transfer Level (CB21)

Y - Not Applicable

Course Noncredit Category (CB22)

Y - Credit Course

Funding Agency Category (CB23)

Y - Not Applicable (Funding Not Used)

Course Program Status (CB24)

1 - Program Applicable

General Education Status (CB25)

Y - Not Applicable

Support Course Status (CB26)

N - Course is not a support course

Field trips

Will not be required

Grading method

(L) Letter Graded

Alternate grading methods

(O) Student Option- Letter/Pass

(P) Pass/No Pass Grading

Does this course require an instructional materials fee?

No

Repeatable for Credit

No

Is this course part of a family?

No

Units and Hours

Carnegie Unit Override

No

In-Class

Lecture

Minimum Contact/In-Class Lecture Hours

52.5

Maximum Contact/In-Class Lecture Hours

52.5

Activity

Laboratory

Total in-Class

Total in-Class

Total Minimum Contact/In-Class Hours

52.5

Total Maximum Contact/In-Class Hours

52.5

Outside-of-Class**Internship/Cooperative Work Experience**

Paid

Unpaid

Total Outside-of-Class**Total Outside-of-Class****Minimum Outside-of-Class Hours**

105

Maximum Outside-of-Class Hours

105

Total Student Learning**Total Student Learning****Total Minimum Student Learning Hours**

157.5

Total Maximum Student Learning Hours

157.5

Minimum Units (CB07)

3

Maximum Units (CB06)

3

Prerequisites

Elementary Algebra (MATH M01) or placement as determined by college's multiple measures assessment process and ACCT M50 or ACCT M51

Advisories on Recommended Preparation

College Writing or placement as determined by college's multiple measures assessment process (ENGL M02)

Entrance Skills**Entrance Skills**

MATH M01

Prerequisite Course Objectives

MATH M01-solve first-degree equations in one variable and check the solution for the given equation.

MATH M01-solve applied problems involving first-degree equations in one variable.

Entrance Skills

ACCT M50 or ACCT M51

Prerequisite Course Objectives

ACCT M50-explain the concepts of tax avoidance and tax evasion and the ethical responsibilities of the tax preparer and the taxpayer.

ACCT M50-determine the filing status of individuals based on marital status, income level, age, and dependency status.

ACCT M50-apply current tax laws to calculate gross income, adjusted gross income, and taxable income.

ACCT M50-compare and contrast tax-deductible and non-deductible expenses.

ACCT M50-calculate income tax due using tax tables or tax rate schedules.

ACCT M50-identify and compute allowable tax credits and other taxes.

ACCT M50-determine the tax effects of business income and expenses.

ACCT M50-identify and calculate capital gains and losses.

ACCT M50-compare and contrast the taxation of individuals to that of other entities, including partnerships and corporations.

ACCT M51-demonstrate an understanding of the critical components involved with the tax preparation process, including developing communication skills essential to the interview process.
ACCT M51-apply updated Federal and State tax laws to determine includable income and allowed exclusions and credits while completing taxpayers' tax returns.
ACCT M51-understand and follow ethics requirements for tax preparers under IRS Circular 230.
ACCT M51-determine the filing status of individuals based on marital status, income level, age, and dependency status.
ACCT M51-apply updated Federal and State tax laws and how to access available tools and resources to prepare and electronically file tax returns.

Requisite Justification

Requisite Type

Prerequisite

Requisite

MATH M01

Requisite Description

Course not in a sequence

Level of Scrutiny/Justification

Required communication/computation skill

Requisite Type

Prerequisite

Requisite

ACCT M50

Requisite Description

Course in a sequence

Level of Scrutiny/Justification

Required communication/computation skill

Requisite Type

Prerequisite

Requisite

ACCT M51

Requisite Description

Course not in a sequence

Level of Scrutiny/Justification

Required communication/computation skill

Requisite Type

Recommended Preparation

Requisite

ENGL M02

Requisite Description

Course not in a sequence

Level of Scrutiny/Justification

Required communication/computation skill

Student Learning Outcomes (CSLOs)

Upon satisfactory completion of the course, students will be able to:

- | | |
|---|---|
| 1 | determine gross income and deductions for businesses. |
| 2 | determine the tax consequences associated with purchasing assets and property dispositions. |
| 3 | compare and contrast entities in formation, reorganization, and liquidations of different types of business entities. |

Course Objectives

Upon satisfactory completion of the course, students will be able to:

- | | |
|----|---|
| 1 | identify common business deductions and determine the limits on deducting business expenses. |
| 2 | apply accounting periods, cash and accrual methods to determine business income and expense deductions. |
| 3 | determine and calculate depreciation and cost recovery methods, lives, and convention for tangible personal and real property allowable under MACRS, IRC 179, and bonus depreciation. |
| 4 | calculate deductions for amortization and cost recovery of natural resources and allowable depletion methods. |
| 5 | calculate gain or loss recognized on the disposition of assets used in a trade or business including applying recapture provisions and deferral exceptions. |
| 6 | describe the tax characteristics of different types of business entities. |
| 7 | compute a corporation's taxable income and identify common permanent and temporary book-tax differences. |
| 8 | describe a corporation's tax return reporting and estimated tax payment obligations. |
| 9 | calculate the current and deferred income tax expense or benefit components of a company's income tax provision. |
| 10 | describe tax consequences of a partial or complete liquidation and reorganization of a business entity and its owners/shareholders. |
| 11 | determine whether a business has sales or income tax nexus and determine its state income tax liabilities and withholding responsibilities. |

Course Content**Lecture/Course Content**

- (10%) Business Income, Deductions, and Accounting Methods
 - gross income
 - ordinary and necessary business deductions
 - limitations on business deductions
 - accounting periods and methods
- (10%) Property Acquisitions and Cost Recovery
 - depreciation methods, periods, and conventions
 - special rules relating to cost recovery
 - amortization
 - depletion
- (10%) Property Dispositions
 - realized gain or loss
 - character of gain or loss
 - recapture provisions
- (10%) Business Entities Overview
 - legal classifications
 - tax characteristics
 - non-tax characteristics
- (10%) Corporate Operations
 - corporate taxable income formula
 - book-tax differences
 - NOLs
 - consolidated tax returns
 - tax return due dates and estimated taxes
- (10%) Accounting for Income Taxes

- ASC 740
- income tax provision process
- valuation allowance
- financial statement disclosure
- (10%) Corporation Taxation: Distributions
 - earnings and profits
 - dividends
 - distributions to shareholders
 - stock redemptions
- (10%) Corporate Formation, Reorganization, and Liquidation
 - tax-deferred transfers
 - assumption of shareholder liabilities
 - type A and type B acquisitions and reorganizations
- (10%) Partnerships and S-Corporations
 - formations, acquisitions, and liquidations
 - elections and terminations
 - distributions
 - tax reporting and estimated tax payments
- (10%) State and Local Taxes
 - sales tax nexus and liability
 - income tax nexus and liability
 - apportionment and allocation

Laboratory or Activity Content

Not applicable.

Methods of Evaluation

Which of these methods will students use to demonstrate proficiency in the subject matter of this course? (Check all that apply):

Written expression
Problem solving exercises

Methods of Evaluation may include, but are not limited to, the following typical classroom assessment techniques/required assignments (check as many as are deemed appropriate):

Group projects
Individual projects
Objective exams
Problem-solving exams
Problem-solving homework
Quizzes
Simulations
Skills demonstrations

Instructional Methodology

Specify the methods of instruction that may be employed in this course

Class discussions
Clinical demonstrations
Collaborative group work
Demonstrations
Distance Education

Describe specific examples of the methods the instructor will use:

The instructor will explain the tax law and calculations, then demonstrate how to determine the taxability and effect on the taxpayer's tax return by the following teaching technique:

- introduce the tax law and calculations using the whiteboard, spreadsheets and PowerPoint presentations
- introduce and review the applicable tax concepts and mathematical calculations
- determine which tax form(s) are needed and highlight the applicable portions of the form
- prepare the taxpayer's tax return

Representative Course Assignments

Writing Assignments

1. Write an essay discussing the ethical responsibilities of both the tax preparer and the taxpayer.
2. Write a three-page report summarizing the significant changes in the most recent federal tax legislation relating to corporate taxation.
3. Write a two-page paper comparing and contrasting tax avoidance and tax evasion.

Critical Thinking Assignments

1. Determine and analyze, using a given set of facts, if there has been a breach of ethics by the tax preparer.
2. Write a letter to a client comparing and contrasting two different business entity structures and related taxation implications.

Reading Assignments

1. Read the internal revenue code (IRC) to apply current tax law to calculate partnership inside and outside basis.
2. Read the Form 1120 instructions and internal revenue code (IRC) to determine how to calculate M-1 differences.

Problem-Solving and Other Assignments (if applicable)

1. Calculate the cost recovery deduction by determining the depreciation of an entity's business assets.
2. Identify the permanent and temporary book-tax differences by reviewing a corporation's tax returns.

Outside Assignments

Representative Outside Assignments

1. Prepare a memorandum identifying the federal and state income tax implications for a corporation versus an S-corporation.
2. Attend a Federal and California Tax Update webinar and summarize current taxation issues.

Articulation

Equivalent Courses at other CCCs

| College | Course ID | Course Title | Units |
|----------------------|------------|-------------------------------|-------|
| Orange Coast College | ACCT A-116 | Business Taxation | 3 |
| Chabot College | BUS 3B | Taxation of Business Entities | 3 |
| MiraCosta College | ACCT 146 | Taxation of Business Entities | 3 |
| Palomar College | ACCT 107 | Taxation of Business Entities | 4 |

District General Education

A. Natural Sciences

B. Social and Behavioral Sciences

C. Humanities

D. Language and Rationality

E. Health and Physical Education/Kinesiology

F. Ethnic Studies/Gender Studies

Course is CSU transferable

Yes

CSU Baccalaureate List effective term:

F2022

CSU GE-Breadth

Area A: English Language Communication and Critical Thinking

Area B: Scientific Inquiry and Quantitative Reasoning

Area C: Arts and Humanities

Area D: Social Sciences

Area E: Lifelong Learning and Self-Development

Area F: Ethnic Studies

CSU Graduation Requirement in U.S. History, Constitution and American Ideals:

IGETC

Area 1: English Communication

Area 2A: Mathematical Concepts & Quantitative Reasoning

Area 3: Arts and Humanities

Area 4: Social and Behavioral Sciences

Area 5: Physical and Biological Sciences

Area 6: Languages Other than English (LOTE)

Textbooks and Lab Manuals

Resource Type

Textbook

Description

Rupert, Timothy J., Kenneth E. Anderson, and David Hulse. *Pearson's Federal Taxation 2022 Individuals*. 35th ed., Pearson, 2022.

Resource Type

Textbook

Description

Spilker, Brian C., et al. *Taxation of Business Entities 2023 Edition*. 14th ed., McGraw-Hill, 2023.

Resource Type

Textbook

Description

Jones, Sally M., et al. *Principles of Taxation for Business and Investment Planning*. 27th edition, McGraw Hill, 2024.

Library Resources

Assignments requiring library resources

Possible research using the Library's print and online resources, particularly EBSCO Business Source Elite database.

Sufficient Library Resources exist

Yes

Example of Assignments Requiring Library Resources

Research, using the Library's print and online resources, on the concepts of tax avoidance and tax evasion. Compare and contrast these terms.

Distance Education Addendum

Definitions

Distance Education Modalities

Hybrid (1%–50% online)
Hybrid (51%–99% online)
100% online

Faculty Certifications

Faculty assigned to teach Hybrid or Fully Online sections of this course will receive training in how to satisfy the Federal and state regulations governing regular effective/substantive contact for distance education. The training will include common elements in the district-supported learning management system (LMS), online teaching methods, regular effective/substantive contact, and best practices.

Yes

Faculty assigned to teach Hybrid or Fully Online sections of this course will meet with the EAC Alternate Media Specialist to ensure that the course content meets the required Federal and state accessibility standards for access by students with disabilities. Common areas for discussion include accessibility of PDF files, images, captioning of videos, Power Point presentations, math and scientific notation, and ensuring the use of style mark-up in Word documents.

Yes

Regular Effective/Substantive Contact

Hybrid (1%–50% online) Modality:

| Method of Instruction | Document typical activities or assignments for each method of instruction |
|--|---|
| Asynchronous Dialog (e.g., discussion board) | Instructor posts discussion questions requiring an initial response then responding professionally to classmates' posts. |
| E-mail | Instructor will email students with announcements about the course or upcoming events. Students can email the instructor their questions or concerns. |
| Other DE (e.g., recorded lectures) | Instructor records lectures and posts them for students to view and review throughout the course. |
| Video Conferencing | Instructor may be available during specified times during the week to assist students and answer their questions via live video conferencing. |

Hybrid (51%–99% online) Modality:

| Method of Instruction | Document typical activities or assignments for each method of instruction |
|--|---|
| Asynchronous Dialog (e.g., discussion board) | Instructor posts discussion questions requiring an initial response then responding professionally to classmates' posts. |
| E-mail | Instructor will email students with announcements about the course or upcoming events. Students can email the instructor their questions or concerns. |
| Other DE (e.g., recorded lectures) | Instructor records lectures and posts them for students to view and review throughout the course. |
| Video Conferencing | Instructor may be available during specified times during the week to assist students and answer their questions via live video conferencing. |

100% online Modality:

| Method of Instruction | Document typical activities or assignments for each method of instruction |
|--|--|
| Asynchronous Dialog (e.g., discussion board) | Instructor posts discussion questions requiring an initial response then responding professionally to classmates' posts. |

| | |
|------------------------------------|---|
| E-mail | Instructor will email students with announcements about the course or upcoming events. Students can email the instructor their questions or concerns. |
| Other DE (e.g., recorded lectures) | Instructor records lectures and posts them for students to view and review throughout the course. |
| Video Conferencing | Instructor may be available during specified times during the week to assist students and answer their questions via live video conferencing. |

Examinations

Hybrid (1%–50% online) Modality

On campus
Online

Hybrid (51%–99% online) Modality

On campus
Online

Primary Minimum Qualification

ACCOUNTING

Review and Approval Dates

Department Chair

02/27/2023

Dean

02/28/2023

Technical Review

03/16/2023

Curriculum Committee

3/21/2023

DTRW-I

MM/DD/YYYY

Curriculum Committee

MM/DD/YYYY

Board

MM/DD/YYYY

CCCCO

MM/DD/YYYY

Control Number

CCC000629204

DOE/accreditation approval date

MM/DD/YYYY