

ACCT 5420/6420/5423/6426
Income Taxation II
Spring Semester 2017

Professor: Dr. Kim Key

Office: 339 Lowder Hall

E-mail address: keykimb@auburn.edu

Campus student office hours: Mon & Wed 3:30 to 4:00, Tues 9:00 to 10:00, by appointment or drop in

Online students: E-mail me with questions anytime. We can also arrange a phone call if needed.

Preferred contact: Please do not send me e-mail through Canvas. If you are an online student, please be clear in the e-mail about online status so I can answer you appropriately.

Graduate Student Information:

Leland Collins

Campus supplemental instruction: Thurs 5:00 to 6:00 in Room 111. The sessions review material covered in class that week using various formats (problems, multiple choice, and true-false). These materials will be posted on Canvas for online students.

Office hours in Room 302 or Room 331: Wed 11:00 to 12:00 and Thurs 3:00 to 4:00

Required textbook: *McGraw Hill's Taxation of Individuals and Business Entities 2017 edition by Spilker, et al. – custom publish for AU Income Tax II (ISBN 9781308855776)*

Required book: *Red Ink* by David Wessel. The book is not at campus or local book stores. I recommend you purchase the book from Amazon.

Course learning objectives: The goals of the class are to learn the following:

- Entity measurement of taxable income and income tax when applicable
- Fundamentals of entity taxation for basic business transactions
- Tax return preparation
- Tax planning approaches and opportunities

Textbook and course organization: This course covers taxation of the three business entities that are explicitly recognized in the tax laws – C corporations, partnerships, and S Corporations. Annual operating results for all three entities must be measured and reported to appropriate tax authorities. In addition, transactions such as formation, distributions, and liquidations occur in businesses regardless of the form of organization. Tax laws handle these similar business transactions in ways that depend on the type of business entity.

Course format: The course will entail lecture, discussion, and problem review from the textbook. You are encouraged to ask questions during class. For each chapter there will be a brief outline of classroom coverage. It includes a listing of textbook problems that will be covered as part of the classroom coverage of a particular chapter. The outline will also list problems from the textbook that you will do on your own. Solutions are posted on Canvas.

Basis for grading:

	Undergraduate	Graduate
Exams	350	350
Online quizzes (10 points each)	60	60
Business tax returns (10 points each)	20	20
Federal budget deficit project	20	20
Case		20
TOTAL	450	470

Your course grade will be determined based on performance compared to a traditional scale (i.e., 90% = A, 80%=B, etc.).

Exams: Exam format is primarily a combination of true-false, multiple choice questions and problems. Prior to each exam, information about the exam format and the subject matter of any problems will be provided. Exams are closed book and closed notes. You may bring a 3x5 index card of notes with you to each exam. You may use both sides and must hand write on the card. The card will be turned in with your exam. Make up exams are allowed only for university-approved reasons and with proper documentation. Make up exams are administered approximately two to three weeks after an in-class exam and are different from the in-class exam. For online students, their exams will be graded when the completed exam is returned to me by way of the GOP office. Please do not have your proctor send an electronic copy.

Quizzes: Quizzes are administered online. Ten true-false questions are randomly generated from a large set of questions. The time limit is 15 minutes with one chance only per quiz. The quizzes are not closed book or notes, but with so little time you will probably not want to plan to rely on any materials. On average, the quiz questions tend to be shorter and a bit easier than test questions. The names of the quizzes on the syllabus indicate the material that is covered. Throughout the semester we will complete a one-page sheet that will summarize main points of business tax. This summary is adequate for preparing for the last quiz.

Tax returns: Information and directions will be provided on Canvas and in class for each tax return. You may work in a group of up to 4 members on the tax returns.

Project: Information and directions are posted on Canvas. The project is individual work with no collaboration allowed.

Graduate credit: Auburn University policies require that a student enrolled in a course for graduate credit must do additional work beyond that of undergraduate requirements. This semester, students will prepare a case. The case is required to earn graduate credit. If you do not earn a passing score, you will receive an F in the class no matter how many total points you have. Information on the case is posted on Canvas.

Cell phones and professionalism clause: This is a course for a professional degree, and professional behavior is expected of all of us. 5 to 10 points may be deducted for any instance of unprofessional behavior. Examples include repeated tardiness and leaving class early. **Cell phones are not allowed to be out during class. Any cell phone that is visible will result in a deduction of 10 points per incident.** There is no limit on how many deductions can be made during the semester. I strongly prefer that no computers be open during class because of the

distraction to students sitting nearby and the possibility of opening non-class materials. If it is important to you to use a laptop, please discuss with me for options like back row seating.

Calculator Policy: School of Accountancy Policy requires that ONLY a TI 503 or TI 1706 calculator be used during tests. This policy will be strictly enforced on campus for this class. Online student test directions include that only a basic function calculator is allowed.

Students with Accommodations: Students requiring special arrangements for classroom environment or test taking should have their information sent to me as soon as possible. Students needing extra testing time will take their exams at the Office of Accessibility.

Academic Honesty: See School of Accountancy Policy at the end of the syllabus.

Deadlines: Deadlines are strictly enforced in this class. No late work is allowed without appropriate University-approved documentation.

Daily Schedule: The schedule is organized by chapter but is incomplete. Details of chapter coverage, problems, etc. are in chapter outlines. Necessary schedule changes could be made.

Jan 11	Course Introduction Property Transactions – Excel file posted on Canvas
Jan 18	Corporate Operations – Chapter 16
Jan 23	Corporate Operations – Chapter 16
Jan 25	Corporate Operations – Chapter 16 (Quiz after this material)
Jan 30	Alternative Minimum Tax – Chapter 16
Feb 1	Alternative Minimum Tax – Chapter 16 (Quiz after this material)
Feb 6	Corporate Nonliquidating Distributions (E&P and Dividends) – Chapter 18 Tax Return #1 due
Feb 8	Corporate Nonliquidating Distributions (E&P and Dividends) – Chapter 18 (Quiz after this material)
Feb 13	OFF
Feb 15	EXAM 1 on all material to date Online students: Your proctor will have the exam by the end of the day on Feb 9. Postmark deadline to return the exam is Feb 20.
Feb 20	Corporate Formation and Capital Contributions – Chapter 19
Feb 22	Corporate Formation and Capital Contributions – Chapter 19
Feb 27	Corporate Formation and Capital Contributions – Chapter 19 (Quiz after this material)
Mar 1	Corporate Nonliquidating Distributions (Stock Redemptions) – Chapter 18
Mar 6	Corporate Nonliquidating Distributions (Stock Redemptions) – Chapter 18
Mar 8	Corporate Liquidating Distributions – Chapter 19
Mar 13-15	Spring Break
Mar 20	Corporate Liquidating Distributions – Chapter 19
Mar 22	Exam 2 on all material after Exam 1
Mar 27	Partnership Operations – Chapter 20

Mar 29	Partnership Operations – Chapter 20
Apr 3	Partnership Operations – Chapter 20 (Quiz after this material)
Apr 5	Partnership Distributions – Chapter 21 Tax Return #2 due
Apr 10	Partnership Distributions – Chapter 21
Apr 12	Partnership Distributions – Chapter 21
Apr 17	EXAM 3 on all material after Exam 2 Online students: Your proctor will have the exam by the end of the day on Apr 13. Postmark deadline to return the exam is Apr 24.
Apr 19	S Corporations – Chapter 22
Apr 24	S Corporations – Chapter 22
Apr 26	S Corporations – Chapter 22 (Quiz after this material)
May 3 WED	Final Exam on all material after Exam 3 Online students: Your proctor will have the exam by the end of the day April 28. Postmark deadline to return the exam is May 5.

Quiz Deadlines:

1. Individual and Corporate Tax Frameworks and Book-Tax Differences – JAN 28
2. Alternative Minimum Tax – FEB 4
3. Earnings and Profits – FEB 11
4. Corporate Formation and Capital Contributions – FEB 25
5. Partnership Operations and AB of PS Interest – APR 1
6. Tax Effects of Business Transactions – APR 28

Red Ink Project Deadlines:

Requirements 1 and 2: Friday, FEB 24 5:00 p.m.

Requirement 3: Friday, MAR 31 5:00 p.m.

Graduate Credit Case Deadlines:

Part 1: Friday, FEB 17 5:00 p.m.

Part 2: Friday, MAR 17 5:00 p.m.

School of Accountancy Academic Honesty Policy

We, the School of Accountancy (SOA) faculty, believe in the honesty and integrity of our students. Experience has taught us that many academic honesty issues arise from the lack of clear guidance and communication. The SOA Academic Honesty Policy was implemented to improve guidance and communication related to academic honesty. In addition to this policy, your professor will provide additional clarity as it relates to course-specific, academic honesty issues.

General:

All portions of the Auburn University Student Academic Honesty Code (Title XII) found in the *Student Policy eHandbook* will apply to this class. The Academic Honesty Code can be accessed at:

<https://sites.auburn.edu/admin/universitypolicies/Policies/AcademicHonestyCode.pdf>. All academic honesty violations will be reported to the Auburn University Academic Honesty Committee.

Exams:

No part of any exam from any accounting course (past and present) at Auburn University may be possessed, reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the written permission of the course professor from which the exam originated. Violation of this policy will be considered a violation of the Academic Honesty Code.

Collaboration:

Many courses within the School of Accountancy require completion of projects, cases, exercises, and/or other assignments outside of the classroom environment. The professor may require that these assignments be completed individually or within a group setting. Each student (and group) should understand and abide by the collaboration guidelines for *each assignment* in order to avoid violating the Academic Honesty Code.

The acceptable level of collaboration may vary greatly from assignment to assignment, course to course, and from professor to professor. It is the professor's responsibility to notify students to what extent collaboration is allowed. **Absent written notification from the professor you should assume that collaboration of any sort is NOT permitted.** Collaboration includes a number of activities, such as working together to complete an assignment, discussing an assignment before it has been completed, and discussing an assignment after it has been completed but before it has been turned in. Make sure that you understand the degree of collaboration allowed by the professor. If you are not sure, ask the professor.