

ACTG 68A: ADVANCED TAX ACCOUNTING I

Foothill College Course Outline of Record

Heading	Value
Effective Term:	Summer 2022
Units:	5
Hours:	5 lecture per week (60 total per quarter)
Prerequisite:	ACTG 67.
Advisory:	Elementary Algebra or equivalent; demonstrated proficiency in English by placement via multiple measures OR through an equivalent placement process OR completion of ESLL 125 & ESLL 249.
Degree & Credit Status:	Degree-Applicable Credit Course
Foothill GE:	Non-GE
Transferable:	CSU
Grade Type:	Letter Grade (Request for Pass/No Pass)
Repeatability:	Not Repeatable

Student Learning Outcomes

- Identify basics of Federal and California income tax law as it relates to Sole Proprietorships and Partnerships.
- Demonstrate practical knowledge of income tax form preparation and tax compliance process as these relate to sole proprietorships and partnerships.

Description

Current federal income tax law as it relates to sole proprietorship and partnership.

Course Objectives

The student will be able to:

- describe and explain the tax consequences related to and prepare business income tax returns for proprietorship.
- describe and explain the tax consequences related to and prepare business income tax returns for partnerships.

Course Content

- Business entity types, accounting/tax methods, and periods
 - Business entities—available forms of doing business
 - Tax accounting methods: cash, accrual, hybrid
 - Accounting method change: rules and procedures
 - Accounting periods: acceptable for various entities, short periods
 - Accounting period change: rules and procedures
- Sole proprietorship income
 - Gross business income
 - Cost of goods sold (e.g., inventory practices, expenditures included, uniform capitalization rules)

- Net income, net operating losses, and loss limitations including passive activity and at risk limitations
 - Gain or loss on disposition of depreciable property
 - Cancellation of business debt
- Business expenses, deductions and credits
 - Employees' pay (e.g., deductibility of compensation, fringe benefits, rules of family employment, statutory employee, necessary and reasonable)
 - Reporting requirements for contractors and employees (e.g., W-2, W-4, Form 1099)
 - Business rental deduction
 - Business bad debts
 - Business travel, entertainment, and gift expenses
 - Interest expense
 - Insurance expense
 - Taxes (e.g., deductibility of taxes, assessments, and penalties; proper treatment of sales taxes paid)
 - Employment taxes
 - Federal excise tax
 - Casualties, thefts, and condemnations
 - IRC section 199 deduction (domestic production activities)
 - Eligibility and deductibility of general business credits (e.g., disabled access credit, investment credit)
 - Alternative minimum tax net operating loss deduction
 - Home office
 - Preparation of Form 1040 Schedule C Profit or Loss from Business (Sole Proprietorship)
 - Tax depreciation and amortization
 - Depreciation methods
 - Useful life
 - Methods of computing
 - Changing depreciation methods
 - Sec. 179 expense
 - Additional first year "bonus" depreciation
 - Retirement of depreciated property
 - Depreciation recapture
 - Amortization
 - Preparation of tax Form 4562 Depreciation and Amortization
 - Depletion and mine exploration development
 - Cost depletion
 - Percentage depletion
 - Exploration and development
 - Business assets/property transactions
 - Basis of assets
 - Disposition of depreciable property
 - Sec. 1231, 1245 & 1250 assets
 - Like kind exchanges
 - Installment sales
 - Deferred payment sales
 - Repossession of real and personal property
 - Preparation of tax Form 4797 Sales of Business Property
 - Partnerships
 - Partnership defined
 - Filing requirements

- c. Contributions to a partnership
- d. Partnership interest
- e. Partnership operations and partner's taxable income
- f. Distribution of partnership assets
- g. Partners dealing with their own partnership
- h. Sale of partnership interest
- i. Liquidating distributions
- j. Preparation of tax Form 1065 U.S. Return of Partnership Income
- k. Preparation of tax Schedule K-1 Partner's Share of Income, Deductions, Credits, etc.

- d. Form 4797 Sale of Assets
- e. Form 1065 U.S. Return of Partnership Income

Discipline(s)

Accounting

Lab Content

Not applicable.

Special Facilities and/or Equipment

1. Access to spreadsheet, word-processing, presentation software.
2. When taught as an online distance learning section, students and faculty need ongoing and continuous internet and email access.

Method(s) of Evaluation

Methods of Evaluation may include but are not limited to the following:

Examinations
Quizzes
Projects
Tax return preparation

Method(s) of Instruction

Methods of Instruction may include but are not limited to the following:

Lecture
In-class or electronic discussions
Group work
Case studies

Representative Text(s) and Other Materials

Maloney, David M., William A. Raabe, William H. Hoffman, Jr., and James C. Young. South-Western Federal Taxation 2021: CANVAS Integrated Access - DDA - for South-West Federal Taxation Comprehensive Volume, 43rd ed.. 2021.

Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments

1. Excel assignment: 5 problems on accounting periods and methods, read relevant tax revenue procedures and tax regulations
2. Read form instructions and assigned tax code sections and/or tax regulations to prepare the following tax forms using the information provided:
 - a. Schedule C Profit of Loss From Business
 - b. Form 4562 Depreciation and Amortization
 - c. Schedule SE Self-Employment Tax