ACTG 68A: ADVANCED TAX ACCOUNTING I

Foothill College Course Outline of Record

<table>
<thead>
<tr>
<th>Heading</th>
<th>Value</th>
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<tbody>
<tr>
<td>Effective Term:</td>
<td>Summer 2022</td>
</tr>
<tr>
<td>Units:</td>
<td>5</td>
</tr>
<tr>
<td>Hours:</td>
<td>5 lecture per week (60 total per quarter)</td>
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<tr>
<td>Prerequisite:</td>
<td>ACTG 67.</td>
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<tr>
<td>Advisory:</td>
<td>Elementary Algebra or equivalent; demonstrated proficiency in English by placement via multiple measures OR through an equivalent placement process OR completion of ESLL 125 &amp; ESLL 249.</td>
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<tr>
<td>Degree &amp; Credit Status:</td>
<td>Degree-Applicable Credit Course</td>
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<td>Foothill GE:</td>
<td>Non-GE</td>
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<tr>
<td>Transferable:</td>
<td>CSU</td>
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<tr>
<td>Grade Type:</td>
<td>Letter Grade (Request for Pass/No Pass)</td>
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<tr>
<td>Repeatability:</td>
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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:

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

d. Tax depreciation and amortization
   i. Depreciation methods
   ii. Useful life
   iii. Methods of computing
   iv. Changing depreciation methods
   v. Sec. 179 expense
   vi. Additional first year "bonus" depreciation
   vii. Retirement of depreciated property

Course Content

a. Business entity types, accounting/tax methods, and periods
   i. Business entities—available forms of doing business
   ii. Tax accounting methods: cash, accrual, hybrid
   iii. Accounting method change: rules and procedures
   iv. Accounting periods: acceptable for various entities, short periods
   v. Accounting period change: rules and procedures
b. Sole proprietorship income
   i. Gross business income
   ii. Cost of goods sold (e.g., inventory practices, expenditures included, uniform capitalization rules)
   iii. Net income, net operating losses, and loss limitations including passive activity and at risk limitations
   iv. Gain or loss on disposition of depreciable property
   v. Cancellation of business debt
c. Business expenses, deductions and credits
   i. Employees’ pay (e.g., deductibility of compensation, fringe benefits, rules of family employment, statutory employee, necessary and reasonable)
   ii. Reporting requirements for contractors and employees (e.g., W-2, W-4, Form 1099)
   iii. Business rental deduction
   iv. Business bad debts
   v. Business travel, entertainment, and gift expenses
   vi. Interest expense
   vii. Insurance expense
   viii. Taxes (e.g., deductibility of taxes, assessments, and penalties; proper treatment of sales taxes paid)
   ix. Employment taxes
   x. Federal excise tax
   xi. Casualties, thefts, and condemnations
   xii. IRC section 199 deduction (domestic production activities)
   xiii. Eligibility and deductibility of general business credits (e.g., disabled access credit, investment credit)
   xiv. Alternative minimum tax net operating loss deduction
   xv. Home office
   xvi. Preparation of Form 1040 Schedule C Profit or Loss from Business (Sole Proprietorship)

e. Depletion and mine exploration development
   i. Cost depletion
   ii. Percentage depletion
   iii. Exploration and development

f. Business assets/property transactions
   i. Basis of assets
   ii. Disposition of depreciable property
   iii. Sec. 1231, 1245 & 1250 assets
   iv. Like kind exchanges
   v. Installment sales
   vi. Deferred payment sales
   vii. Repossession of real and personal property
   viii. Preparation of tax Form 4797 Sales of Business Property

g. Partnerships
   i. Partnership defined
   ii. Filing requirements
iii. Contributions to a partnership
iv. Partnership interest
v. Partnership operations and partner’s taxable income
vi. Distribution of partnership assets
vii. Partners dealing with their own partnership
viii. Sale of partnership interest
ix. Liquidating distributions
x. Preparation of tax Form 1065 U.S. Return of Partnership Income
xi. Preparation of tax Schedule K-1 Partner’s Share of Income, Deductions, Credits, etc.

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

Types and/or Examples of Required Reading, Writing, and Outside of Class Assignments
a. Excel assignment: 5 problems on accounting periods and methods, read relevant tax revenue procedures and tax regulations
b. Read form instructions and assigned tax code sections and/or tax regulations to prepare the following tax forms using the information provided:
   i. Schedule C Profit of Loss From Business
   ii. Form 4562 Depreciation and Amortization
   iii. Schedule SE Self-Employment Tax