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Fall 9-1-2023

### ACTG 401.02: Federal Income Taxation

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# ACTG 401 – Principles of Federal Taxation - Individuals

Fall Semester 2023  
College of Business  
University of Montana – Missoula

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Section 02: (70514) 9:30 – 10:50 M, W **L09** Gallagher Business Building

## Course Description:

The application of the federal income tax law to determine income, deductions and losses. Special topics include property transactions. 3 credits.

This course is only offered in the fall semester.

**Sept 18** is the last day to drop individual classes on CyberBear with no “W” on transcript.

**Oct 30** is the last day to drop this course without a petition as specified in the University of Montana catalog.

## Course Prerequisites:

Junior standing in Business; and completion of ACTG 306 Corporate Reporting II (or taken concurrently)

## Instructor:

Leah Diehl, PhD, CPA  
Office: 304 Gallagher Business Building  
e-mail: [leah.diehl@umt.edu](mailto:leah.diehl@umt.edu)

Office hours:

Tuesdays 12:30 – 3:30pm

**Additional office hours by appointment.** Please do not hesitate to reach out to schedule a different time for office hours if the above time does not work for you.

## Required Course Materials:

**Textbook:** Individual Income Taxes – 2024 Edition; Young, Nellen, Persellin, et al.; South-Western/Cengage Learning

Your access to the textbook is included with your enrollment in the course.  
**You will need to have the textbook with you for every class.**

## Points and Grading:

### Point Allocation:

Exam #1	100	14%
Exam #2	100	14%
Exam #3	100	14%
Final Exam	100	14%
Quizzes	60	9%
Cengage Assignments	140	20%
Tax Research Assignment	20	3%
Final Tax Return Project	80	11%
Total Possible Points	700	100%

Grades will be assigned based on the total points accumulated in the course during the semester. Plus/minus grading will be used in this course to differentiate students who are close to a grade cutoff, determined by the following thresholds:

Highest	Lowest	Letter
100%	93.00%	A
92.99%	90.00%	A-
89.99%	87.00%	B+
86.99%	83.00%	B+
82.99%	80.00%	B-
79.99%	77.00%	C+
76.99%	73.00%	C
72.99%	70.00%	C-
69.99%	67.00%	D+
66.99%	60.00%	D
59.99%	0.00%	F

This course is offered for a traditional letter grade only.

Final course grades are not negotiable.

**Homework assignments:** Chapter homework assignments will be completed online using the CengageNow homework management system. Each completed homework problem is worth TEN points. Due dates for these assignments are indicated on the CengageNow website. Late assignments will not be accepted.

**Quizzes:** We will have a quiz every Wednesday at the beginning of class, unless notified otherwise. **You will need your laptop to take the quiz.** You may drop your two lowest scores. The purpose of the drops is to accommodate both excused and unexcused absences. **I will not offer make-up quizzes.**

## **Points and Grading (continued):**

**Adaptive Study Plans:** The adaptive study plans are available for your practice on CNOW, and are not for points. These are often overly thorough, and I am not able to edit them. However, students have found them to be helpful in the past, so I have made them available for your practice.

**Other Assignments:** Other assignments must be completed and submitted to the instructor when due to receive full credit. English grammar, spelling, and punctuation will be graded.

**Cheating:** Cheating on an exam, quiz, or assignment will result in a score of zero on that exam, quiz, or assignment. Cheating on more than one exam, quiz, or assignment will result in a failing course grade.

**Incompletes:** An incomplete grade for the semester is not an option to be exercised at the discretion of a student. In all cases it is given at the discretion of the instructor within the following guidelines. A mark of incomplete may be assigned students when (1) they have been in attendance and doing passing work up to three weeks before the end of the semester, and (2) for reasons beyond their control and which are acceptable to the instructor, they have been unable to complete the requirements of the course on time. Negligence and indifference are not acceptable reasons.

**Other Important Grade Information:** This course is required for students majoring in accounting and must be completed with a C- or better to count towards graduation.

## **CengageNow Homework Manager:**

This course requires that you prepare and submit homework assignments using the CengageNow homework manager. Your access to CengageNow is included with your enrollment in the course.

## **Graduate Increment:**

This course is available for graduate credit for students who receive instructor permission in advance. For this course to count for credit in a graduate program additional work is required. The student must complete a tax research paper in addition to the other course requirements. The topic of the paper, and research expectations, must be agreed to in consultation with the course professor at the beginning of the semester. There are 100 possible points available for the research paper. The student's final course grade will be based on their combined performance on the research paper and the undergraduate course requirements.

## Schedule

**Asterisks (\*\*\*) indicate an in-class quiz on the previous class period's chapter.**

Aug 28 M Ch 1 – An Introduction to Taxation  
30 W Ch 3 – Tax Formula and Tax Determination  
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Sept 4 M **LABOR DAY (NO CLASS)**  
6 W Ch 3  
-----  
11 M Ch 3  
13 W Ch 4 – Gross Income: Concepts and Inclusions \*\*\*  
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18 M Ch 4  
20 W Ch 5 – Gross Income: Exclusions \*\*\*  
-----  
25 M Ch 5  
27 W **Exam #1 – Chapters 1, 3, 4, & 5**  
-----  
Oct 2 M Ch 6 – Deductions and Losses: In General  
4 W Ch 6  
-----  
9 M Ch 7 – Deductions and Losses: Certain Business Expenses and Losses \*\*\*  
11 W Ch 7  
-----  
16 M Ch 8 – Depreciation, Cost Recovery, Amortization, and Depletion \*\*\*  
18 W Ch 8  
-----  
23 M Ch 9 – Deductions: Employee and Self-Employed-Related Expenses \*\*\*  
25 W **Exam #2 – Chapters 6, 7, 8, & 9**  
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30 M Ch 10 – Deductions and Losses: Certain Itemized Deductions  
Nov 1 W Ch 10  
-----  
6 M Ch 11 – Investor Losses \*\*\*  
8 W Ch 11  
-----  
13 M Ch 12 – Alternative Minimum Tax \*\*\*  
15 W **Exam #3 – Chapters 10, 11, & 12**  
-----  
20 M Tax Research Project (In-class activity) and Intro to Final Tax return Project  
22 W **THANKSGIVING BREAK (NO CLASS)**

### **Schedule (continued)**

Nov 27 M Ch 13 – Tax Credits and Payment Procedures  
29 W Ch 14 – Property Transactions: Determination of Gain or Loss and Basis  
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Dec 4 M Ch 15 – Property Transactions: Nontaxable Exchanges \*\*\*  
6 W Ch 16 – Property Transactions: Capital Gains and Losses  
8 F Final Tax Return Project is Due  
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11 M Final Exam

### **Final Exam Information:**

**The final exam is not cumulative will only cover Chapters 13, 14, 15, & 16**

**Section 02: Monday, December 11<sup>th</sup>, 8:00 – 10:00am**

## Reading – Textbook

<b>Chapter 1</b>	Read Sections 1-1a – 1-4g and 1-6d (just the Wherewithal to Pay concept)
<b>Chapter 3</b>	Read Sections 3-1a through 3-7d,  <b>Skip</b> <i>Child and Dependent Tax Credits</i> in Section 3-4e
<b>Chapter 4</b>	Read Sections 4-1 through 4-5c  You are NOT responsible for the calculation of Front-Loading calculations in Section 4-4a
<b>Chapter 5</b>	Read Sections 5-1a through 5-15
<b>Chapter 6</b>	Read Sections 6-1a through 6-3m
<b>Chapter 7</b>	Read Sections 7-1a through 7-6c  <b>Skip</b> <i>Calculation of Remaining Net Operating Loss</i> in Section 7-6d
<b>Chapter 8</b>	Read Sections 8-1a through 8-6b  <b>Skip</b> Section 8-4 – Reporting Procedures
<b>Chapter 9</b>	Read Sections 9-1a through 9-8b
<b>Chapter 10</b>	Read Sections 10-1a through 10-7  <b>Skip</b> any discussion of private nonoperating foundations in Section 10-4e
<b>Chapter 11</b>	Read Sections 11-1 through 11-5  You are NOT responsible for <i>Dispositions of Passive Interests</i> in Section 11-3f
<b>Chapter 12</b>	Read Sections 12-1a through 12-3  <b>Skip</b> discussions of: Depreciation of Post-1986 Real Property in Section 12-2a Pollution control facilities in Section 12-2a Circulation expenses in Section 12-2a Incentive Stock Options in Section 12-2a Intangible Drilling Costs in Section 12-2b Exclusion for certain small business stock in Section 12-2b

**Reading (continued):**

**Chapter 13**

**Read:**

**Credits** – SKIM Sections through 13-1 through 13-5b

Actual calculations of credits will only be covered lightly

**Chapter 14**

Read Sections 14-1a through 14-2f

**Chapter 15**

Read Sections 15-1 through 15-4d

**Chapter 16**

**Read:**

Read pages 16-1 through 16-2c

Read Section 16-3d Patents through 16-5e Reporting Procedures.

Skip the following sections:

16-3f Lease Cancellation Payment

16-4c Special Rules for Short Sales



## Expectations of Students

**Textbook:** Bring your textbook to class every day.

**Calculators:** Bring a calculator to class every day. Accounting/Finance Department approved calculators are required for ALL quizzes and exams.

**Personal Electronic Devices:** All personal electronic devices should be turned off during class.

**Class Attendance:** Plan to arrive on time and prepared for each class. Arriving late or departing early is disrespectful to the instructor and your classmates. If you must leave class, please do not return during that class meeting. If you know in advance that you will need to leave class early, let the instructor know before class starts. Having to work is not an excused absence.

**Student Conduct:** All students must practice academic honesty. Academic misconduct is subject to an academic penalty by the course instructor and/or a disciplinary sanction by the University. The University of Montana Student Conduct Code specifies definitions and adjudication processes for academic misconduct and states, "Students at the University of Montana are expected to practice academic honesty at all times."

It is the student's responsibility to be familiar the University of Montana Student Conduct Code. The Student Conduct Code is available at <http://www.umt.edu/vpesa/Dean%20of%20Students/default.php>.

Students enrolled in courses offered by the School of Business Administration are also expected to adhere to the School of Business Code of Professional Conduct. This is available at: <http://www.business.umt.edu/ethics/professional-conduct-code.php>.

**Moodle:** Information about class assignments, tests, etc. is posted on the Moodle site for this course. You are expected to check the Moodle site on a daily basis.

**Exams and Quizzes:** During quizzes and exams everything should be cleared off the desk except calculators, pens and pencils, and extra blank sheets of paper for calculations. Cell phones must be put away.

Exams belong to the Department of Accounting & Finance. Keeping exams and/or making copies of exams will be considered a violation of the University of Montana Student Conduct Code.

If a student is unable to take an exam or quiz on the assigned date, the instructor must be notified in advance to see if other arrangements can be made for completing the exam or quiz. Otherwise the student's grade on the exam or quiz will result in a score of zero.

**Final Exam:** A specific time and date for the final exam is assigned for this course. The final exam is an integral part of this course and students are expected to take the final exam at the scheduled time and date.

**Students with Disabilities:** Students with disabilities will receive reasonable modifications in this course. The University of Montana assures equal access to instruction through collaboration between students with disabilities, instructors, and Disability Services for Students. "Reasonable" means the University permits no fundamental alterations of academic standards or retroactive modifications. Your responsibilities are to request reasonable modifications from me with sufficient advance notice (**preferably the first week of class**), and to be prepared to provide verification of disability and its impact from Disability Services for Students. Please speak with me after class or during my office hours to discuss the details. For more information, visit the Disability Services for Students website at <http://www.umt.edu/dss/>.

# College of Business Mission

## Mission

The College of Business creates the opportunity for a better life for our students, faculty, and staff through transformative experiences in and out of the classroom.

## Value Proposition

The College of Business at the University of Montana delivers transformative learning experiences, propelling our students to make immediate and sustained impact on business and society. Using the COB Method, we nurture the innate work ethic of our students to develop capable, confident problem solvers and ethical decision makers.

## College of Business Brand Pillars

The following brand pillars drive our value proposition:

- Students first: We educate the whole person
- Experiential learning: We create experiences that matter
- Thought leadership: We create rigorous and relevant knowledge
- Stewardship: We value people, planet and profit

In addition, the Department of Accounting and Finance prepares ethically aware decision makers with effective analytical and qualitative business knowledge and skills to become professionals in their respective fields. We commit to high quality teaching and applying scholarship to professional practice and theory.

The undergraduate accounting program is committed to preparing students to apply accounting and business knowledge in organizations. The accounting faculty have adopted the following learning goals for our undergraduate accounting students:

Learning Goal 1: Accounting majors will possess fundamental accounting knowledge

Learning Goal 2: Accounting majors will be effective writers

Learning Goal 3: Accounting majors will critically analyze and solve problems, using technology where appropriate

Learning Goal 4: Accounting majors will understand the importance of ethics to the accounting profession and demonstrate ethical decision making

## ACTG 401 Course Learning Goals:

Students successfully completing this course will:

- Possess a fundamental knowledge of the US federal income tax system as it applies to individuals
- Gain a basic knowledge of how to research tax issues using tax research technology, and to effectively communicate the results of such research
- Possess the ability to solve tax problems related to the federal taxation of individuals in a timely and efficient manner