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Fall 9-2015

### ACTG 401.01: Principles of Federal Taxation - Individuals

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# **ACTG 401 – Principles of Federal Taxation - Individuals**

**Fall Semester 2015**

**School of Business Administration**

**University of Montana - Missoula**

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Section 01: (71189) 8:10 – 9:30 T, Th **L09** Gallagher Business Building

Section 02: (71193) 9:40 – 11:00 T, Th **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.

Monday, November 2<sup>nd</sup> 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:**

Kent Swift, PhD, CPA

Office: 319 Gallagher Business Building

Phone: (406) 243-4182

e-mail: [kent.swift@business.umt.edu](mailto:kent.swift@business.umt.edu)

Office hours:

Monday: 11:10 – 12:00; 1:00 – 2:00

Tuesday: 11:10 – 12:00

Wednesday: 11:10 – 12:00; 1:00 – 2:00

Thursday: 11:10 – 12:00

Additional office hours by appointment

## Required Course Materials:

**Textbook:** Individual Income Taxes – 2016 Edition; Hoffman, Smith; South-Western/Cengage Learning (**custom textbook**)

**Note:** The textbook sold in the bookstore is a customized version of the individual income tax textbook. It is less expensive than a full textbook and contains only the material that will be covered in this course. The **new** textbooks sold in the bookstore include a CengageNow Access Code card. CengageNow is a web-based homework management system. If you purchase a textbook from a source other than the UM bookstore, you will also need to purchase a CengageNow Access Code card.

## Points and Grading:

Point Allocation:

Exam #1	100
Exam #2	100
Exam #3	100
Final Exam	150
Quizzes	72
CengageNow Assignments/Other	<u>148</u>
Total Possible Points	<u>670</u>

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.

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 two points. Due dates for these assignments are indicated on the CengageNow website. Late assignments will not be accepted.

**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.

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

**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. During the first week of class you should complete the CengageNow registration. Information on how to access CengageNow is provided on Moodle.

## **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 50 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

### In-Class Assignment

Sept	1 T	Ch 1 – An Introduction to Taxation	
	3 R	Ch 3 – Tax Formula and Tax Determination	2,3,14,15,32,34,39,43,46,49,51
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	8 T	Ch 3	
	10 R	Ch 3	
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	15 T	Ch 4 – Gross Income: Concepts and Inclusions	11,12,27,31,35,36,37,38,43,45,52
	17 R	Ch 4	
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	22 T	Ch 5 – Gross Income: Exclusions	8,23,33,36,42,47,48,49,54,55
	24 R	Ch 5	
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	29 T	<b>Exam #1 – Chapters 1,3,4,5</b>	
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Oct	1 R	Ch 6 – Deductions and Losses: In General	3,16,34,38,41,44,47,48,49,52
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	6 T	Ch 6	
	8 R	Ch 7 – Deductions and Losses: Certain Business Expenses and Losses	14,33,35,37,38,41,42,47,50
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	13 T	Ch 7	
	15 R	Ch 8 – Depreciation, Cost Recovery, Amortization, and Depletion	32,35,36,37,40,43,45,47,55, 57,58
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	20 T	Ch 8	
	22 R	Ch 9 – Deductions: Employee and Self-Employed- Related Expenses	30,34,35,37,39,41,44,46,48, 52
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	27 T	<b>Exam #2 – Chapters 6,7,8,9</b>	
	29 R	Ch 10 – Deductions and Losses: Certain Itemized Deductions	15,24,26,30,32,33,35,37,39,40, 44
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Nov	3 T	Ch 10	
	5 R	Ch 11 – Investor Losses	37,38,39,43,45,46
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## Schedule (continued)

### In-Class Assignment

Nov	10 T	Ch 11	
	12 R	Ch 12 – Alternative Minimum Tax	29,30,32,37,45,46
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	17 T	Ch 13 – Tax Credits and Payment Procedures	40,42,45,48,51
	19 R	Ch 13	
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	24 T	<b>Exam #3 – Chapter 10,11,12,13</b>	
	26 R	<b>NO CLASS - THANKSGIVING</b>	
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Dec	1 T	Ch 14 – Property Transactions: Determination of Gain or Loss and Basis Considerations	28,29,40,46,50,53
	3 R	Ch 15 – Property Transactions: Nontaxable Exchanges	34,37,40,51,52
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	8 T	Ch 16 – Property Transactions: Capital Gains and Losses	19,41,43,47
	10 R	Ch 17 – Property Transactions: Sec. 1231 and Recapture Provisions	32,34,37,40,
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### Final Exam Schedule:

**Section 01: 10:10 – 12:10, Monday, December 14<sup>th</sup>, L09 GBB**

**Section 02: 10:10 – 12:10, Tuesday, December 15<sup>th</sup>, L09 GBB**

## Reading – Textbook

**Chapter 1** Read pages 1-1 through 1-18

**Chapter 3** Read pages 3-1 through 3-36

**Chapter 4** Read pages 4-1 through 4-30

You are NOT responsible for the calculation of Front-Loading on pages 4-20 and 4-21; and you are not responsible for the calculation of taxable social security benefits on pages 4-29 and 4-30

**Chapter 5** Read pages 5-1 through 5-27

**Chapter 6** Read pages 6-1 through 6-28

**Chapter 7** Read pages 7-1 through 7-25

**Skip** “Recomputation of Tax Liability for Year to Which Net Operating Loss is Carried” and “Calculation of Remaining Net Operating Loss” on pages 7-23 through 7-25

**Chapter 8** Read pages 8-1 through 8-30

**Skip** Section 8.4 – Reporting Procedures on page 8-21

**Chapter 9** Read pages 9-1 through 9-32

**Chapter 10** Read pages 10-1 thru 10-32

**Skip** any discussion of private nonoperating foundations on pages 10-24 and 10-25

**Chapter 11** Read pages 11-5 though page 11-23.

You are NOT responsible for *Dispositions of Passive Interests* on pages 11-21 through 11-22

## Reading (continued):

### Chapter 12

Read pages 12-1 through 12-25

**Skip** discussions of:

Depreciation of Post-1986 Real Property on page 12-7

Circulation expenses on pages 12-9

Incentive Stock Options on page 12-10 and 12-11

Intangible Drilling Costs on page 12-19

Depreciation on page 12-21

Fifty percent exclusion for certain small business stock on page 12-21 and 12-22

Section 12-2: Corporate Alternative Minimum Tax pages 12-25 thru 12-29

### Chapter 13

**Read:**

**Credits** – read pages through 13-1 through 13-6

Actual calculations of credits will only be covered lightly

**Payment Procedures/Affordable Care Act** – read pages 13-25 (beginning with Section 13-5 Payment Procedures) through 13-42 (no need to read Section 13-7, Tax Planning on page 13-42)

### Chapter 14

Read pages 14-1 through 14-19

### Chapter 15

Read pages 15-1 through 15-21

**Skip** 15.5 Other Nonrecognition Provisions on pages 15-20 through 15-21

### Chapter 16

**Read:**

Read pages 16-1 through 16-9

Read pages 16-19 beginning with Section 16-5 Tax Treatment of Capital Gains and Losses of Noncorporate Taxpayers, through page 16-29

### Chapter 17

**Read:**

Read pages 17-1 through 17-16



## 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.

**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/vpsa/policies/student\\_conduct.php](http://www.umt.edu/vpsa/policies/student_conduct.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.

**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 on 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://life.umt.edu/dss>.

## **School of Business Administration and Accounting Program Mission Statements and Assurance of Learning**

The University of Montana's School of Business Administration (SOBA) is a collegial learning community dedicated to the teaching, exploration, and application of the knowledge and skills necessary to succeed in a competitive marketplace.

As part of our assessment process and assurance-of-learning standards, the School of Business Administration has adopted the following learning goals for our undergraduate students:

- Learning Goal 1: SoBA graduates will possess fundamental business knowledge
- Learning Goal 2: SoBA graduates will be able to integrate business knowledge
- Learning Goal 3: SoBA graduates will be effective communicators
- Learning Goal 4: SoBA graduates will possess problem solving skills
- Learning Goal 5: SoBA graduates will have an ethical awareness
- Learning Goal 6: SoBA graduates will be proficient users of technology
- Learning Goal 7: SoBA graduates will understand the global business environment in which they operate

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:

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