

## **BASIC COURSE INFORMATION**

**COURSE TITLE:** Tax Accounting II

**COURSE NUMBER:** BAC 322

**PRE-REQUISITE(S):** BAC 202 and BAC 321 with GPA 2.0 in those courses

### **COURSE DESCRIPTION:**

A continuation of Tax Accounting I, this course examines present federal income tax law and develops an understanding of the accounting principles and procedures involved in preparing tax returns for partnerships, estates, trusts, and corporations.

### **MAJOR INSTRUCTIONAL GOALS:**

#### **GOAL A:**

The student will understand the tax rules unique to accounting periods and methods.

**Learning Objectives:** The student will:

- A-1 Discuss the relevance of the accounting period concepts, the different types of accounting periods and limitations on their use.
- A-2 Apply the cash method, accrual method and hybrid method of accounting.
- A-3 Utilize the procedure for changing accounting methods.
- A-4 Determine when the installment method of accounting can be utilized and apply the related calculation techniques.
- A-5 Discuss the alternative methods of accounting for long-term contracts (the completed contract method and the percentage of completion method) including the limitations on the use of the completed contract method.
- A-6 Identify tax planning opportunities related to accounting periods and accounting methods.

#### **GOAL B:**

The student will understand the procedural aspects of filing and reporting for corporate taxpaye912 0 612 797(co)-0oc



D-8 Identify various stock redemptions that qualify for sale or exchange treatment.

D-9 Discuss the tax impact of stock redemptions on the distributing corporation

- F-8 'HWHUPLQH D SDUWQHUV EDVLV LQ WKH SDUWQHUV liabilities affect the basis computation.
- F-9 Identify the limitations on deducting partnership losses.
- F-10 Describe the treatment of transactions between a partner and the partnership.
- F-11 Determine the tax treatment of proportionate non-liquidating distributions from a partnership to a partner and the tax treatment of proportionate distributions that liquidate a partnership.
- F-12 &DOFXODWH WKH VHOOLQJ SDUWQHUV DPRXQW DQ sale or exchange of a partnership interest.
- F-13 Describe the application of partnership provisions to limited liability companies (LLCs) and limited liability partnerships.
- F-14 Identify tax planning opportunities related to partnerships and their partners.

**GOAL G:**

The student will gain a basic understanding of S Corporation status.

**Learning Objectives:** The student will:

- G-1 Explain the tax effects that S corporation status has on shareholders.
- G-2 Identify corporations that qualify for the S election.
- G-3 Explain how to make an S election.
- G-4 Explain how and S election can be terminated.
- G-5 Compute non-separately stated income and identify separately stated items.
- G-6 Allocate income, deductions and credits to shareholders.
- G-7 Determine how distributions to an S corporation shareholder are taxed.
- G-8 &DOFXODWH D VKDUHKROGHUV EDVLV LQ 6 FRUSRU Explain the tax effects that losses have on shareholders.
- G-9 Explain the tax effects that losses have on shareholders.
- G-10 Compute the built-in-gains and passive investment income penalty taxes.
- G-11 Engage in tax planning for S corporations.

**GOAL H:**

The student will understand the tax attributes of Exempt Entities.



**GOAL J:**

The student will acquire a basic understanding of the taxation of international transactions.

**Learning Objectives:** The student will:

- J-1 Explain the framework underlying the U.S. taxation of cross-border transactions.
- J-2 Explain the interaction between the Internal Revenue code provisions and tax treaties.
- J-3 Apply the rules for sourcing income and deductions into U.S. and foreign categories.
- J-4 Explain how foreign currency exchange affects the tax consequences of international transactions.
- J-5 Work with the U.S. tax provisions affecting U.S. persons earning foreign-source income, including the rules relating to cross-border asset transfers, anti-federal provisions, and the foreign tax credit.
- J-6 Apply the U.S. tax provisions concerning nonresident alien individuals and foreign corporations.
- J-7 Identify tax planning strategies in an international setting.

**GOAL K:**

The student will acquire an understanding of tax practice and ethical considerations.

**Learning Objectives:** The student will:

- K-1 Identify the various administrative pronouncements issued by the IRS and explain how they can be used in tax practice.
- K-2 Summarize the administrative powers of the IRS, including the examination of taxpayer records, the assessment and demand process and collection procedures.
- K-3 Describe the audit process, including how returns are selected for audit and the various types of audits.
- K-4 Explain the taxpayer appeal process, including various settlement options available.
- K-5 Determine the amount of interest on a deficiency or a refund and when it is due.

- K-6 Discuss the various penalties that can be imposed on acts of noncompliance by taxpayers and return preparers.
- K-7 Explain the rules governing the statute of limitations on assessments and on refunds.
- K-8 Summarize the legal and ethical guidelines that apply to those engaged in tax practice.
- K-9 Identify effective planning strategies that may be useful in a tax practice when dealing with the IRS.

**GOAL L:**

The student will acquire an understanding of the Federal Gift and Estate Tax.

**Learning Objectives:** The student will:

- L-1 Explain the nature of the Federal gift and estate taxes.
- L-2 Analyze the Federal gift tax formula.
- L-3 Analyze the Federal estate tax formula.
- L-4 Discuss the operation of the Federal gift tax.
- L-5 Calculate the federal gift tax.
- L-6 Identify the components of the gross estate.
- L-7 Describe the components of the taxable estate.
- L-8 Calculate the federal estate tax liability.
- L-9 Demonstrate the role of the generation skipping tax.
- L-10 Recognize the strategies to minimize Federal gift and estate taxes.

**GOAL M:**

The student will gain an understanding of the taxation of Trusts and Estates.

**Learning Objectives:** The student will:

- M-1 Use working definitions with respect to trusts, estates, beneficiaries, and other parties.
- M-2 Identify the steps in determining the accounting and taxable income of a trust or estate, and the related taxable income of the beneficiaries.
- M-3 Illustrate the uses and implications of distributable net income.

- M-4 Apply the Subchapter J rules in a manner that minimizes the income taxation of trusts and estates and still accomplishes the intended objectives of the grantor or decedent