



**ACC 425 INTRODUCTION TO TAXATION (3 credit hours)
Fall 2012**

Class Schedule:

Wednesdays 6:30 – 9:30 PM

Instructor Information:

David Adams, BBA, MBA, CA, CPA, CMA (Hon.)

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Office: L2052

Office hours: Tuesday & Wednesday 9:30 PM -10:30 PM (or 1 hour after class) or by appointment

Calendar Description:

This course provides an introduction to personal and corporate Canadian income tax systems. The impact of taxes on business decisions will be examined. Students will be required to analyze personal and business tax problems and apply the concepts learned to resolve these situations. *(Prerequisite ACC 301)*

Objectives of the Course:

The objectives for the course are as follows:

1. Students will gain an understanding the procedures and administration of the Canadian Income Tax Act.
2. Students will be able to determine the residency status and liability for tax for individuals and corporations.
3. Students will be able to understand and calculate income from employment, business and property for individuals including CCA calculations.
4. Students will be able to determine capital gains and losses and understand the requirements for reporting these for individuals.
5. Students will calculate other income and deductions and compute net income for individuals.
6. Students will be able to determine taxable income and taxes payable for individuals

7. Students will gain a basic understanding of the calculation of taxable income and taxes payable for Canadian corporations.

Required Textbooks and Resources:

Byrd, C., & Chen, I. (2012). *Canadian Tax Principles–2011/2012 – Volumes 1 & 2 ed.* Toronto: Pearson

Byrd, C., & Chen, I. (2012). *Canadian Tax Principles: Study Guide 2011/2012 ed.* Toronto: Pearson Education.

Canadian Income Tax Act (available on CD with course text)

ProFile professional tax software (included on CD with course text)

Course Requirements & Class Attendance:

The course combines *lectures and in-class problem solving*. To effectively work on problems in class you will need to read the assigned chapter prior to class. **Class attendance and keeping up to date on the material is critical to be successful in this course.** Assigned problems are required to be passed in for each chapter. To learn and understand the material you need to read each chapter thoroughly and complete the assigned problems. Several of the assignment problems will involve use of the tax software included with the course text.

The midterm and final exams will be designed to test the conceptual understanding and procedural application of the material covered during the course, and will be patterned after the in-class and assigned exercises and problems. The following is a summary of all evaluation methods and relative weights for the course:

Evaluation Method	Weight	Date	Material/Due Date
Individual Assignments	20%	Assigned Weekly	TBA
Midterm Exam	30%	TBA	Chapters 1, 2, 4, 5, 9
Final exam	50%	TBA	Chapters 1 – 12, 14, 20

Note: A minimum of 40% on the Final Exam is a requirement for successful completion of the course.

Examinations:

Graded final examinations will be available for supervised review at the request of the student.

Grading Scale:

The available letters for course grades are as follows:

<u>% Grade</u>	<u>Letter Grade</u>	<u>Description</u>
95% to 100%	A+	
90% to 94%	A	Excellent
85% to 89%	A-	
80% to 84%	B+	
76% to 79%	B	Good
72% to 75%	B-	
68% to 71%	C+	
64% to 67%	C	Satisfactory
60% to 63%	C-	
55% to 59%	D+	
50% to 54%	D	Minimal Pass
0% to 49%	F	Failure

All hand-in assignments and quizzes must include the student's name and ID number.

Please note that final grades will be available on your student portal. Printed grade sheets are no longer mailed out.

Important Dates for Registration, Withdrawal, and Course Auditing

September 16th, 2012, is the last day to enter a course without permission, to withdraw from a course, or change to audit without incurring a financial penalty in terms of tuition refund.

November 12th, 2012, is the last day to voluntarily withdraw from a course without academic penalty.

Course withdrawal forms are available from the Registrar. Students who do not follow the proper withdrawal procedures will be recorded as having failed the course.

In-class Use of Electronic Devices

The use of personal electronic devices by students in-class is purely at the discretion of the instructor. The use of music players, earphones, cell phones, PDAs, or any other personal entertainment devices will not be allowed in-class at any time. Typically, laptop or notebook computers may be utilized only for taking notes or reviewing course materials if necessary. However, if laptop use becomes a distraction for other students in the class, or is used for activities that are not class-related (i.e. Internet browsing, playing games, watching videos, emailing, chatting, etc.), the instructor will ask the student to stop using the laptop and put it away, and make a deduction to the student's course participation grade – 20% deduction for first instances; additional 40% deduction and loss of laptop use for the remainder of the semester for any repeat instances.

Audio or video recording of class lectures is strictly prohibited without the prior expressed consent of the instructor.

Important Notes

Students are advised to retain this syllabus for their records. It is the responsibility of all students to become familiar with and adhere to academic policies as stated in the Student Handbook and Academic Calendar. Personal information, that is information about an individual that may be used to identify that individual, may be collected as a requirement as part of taking this class. Any information collected will only be used and disclosed for the purpose for which the collection was intended. For further information contact the Privacy Compliance Officer at privacy@ambrose.edu.

Although extensions to coursework in the semester are at the discretion of the instructor, students may not turn in coursework for evaluation after the last day of the scheduled final examination period unless they have received permission for a “Course Extension” from the Registrar’s Office. Requests for course extensions or alternative examination time must be submitted to the Registrar’s Office by the appropriate deadline (as listed in the Academic Calendar <http://www.ambrose.edu/publications/academiccalendar>). Course extensions are only granted for serious issues that arise “due to circumstances beyond the student’s control.”

Academic dishonesty is taken seriously at Ambrose University College as it undermines our academic standards and affects the integrity of each member of our learning community. Any attempt to obtain credit for academic work through fraudulent, deceptive, or dishonest means is academic dishonesty. Plagiarism involves presenting someone else’s ideas, words, or work as one’s own. Plagiarism is fraud and theft, but plagiarism can also occur by accident when a student fails or forgets to give credit to another person’s ideas or words. Plagiarism and cheating can result in a failing grade for an assignment, for the course, or immediate dismissal from Ambrose. Students are expected to be familiar with the policy statements in the current academic calendar and the student handbook that deal with plagiarism, cheating, and the penalties and procedures for dealing with these matters. All cases of academic dishonesty are reported to the Academic Dean and become part of the student’s permanent record.

Course changes, including adding or dropping a course, may be made during the Registration Revision period, as outlined in the Calendar of Events. All course changes must be recorded on a Registration form, available from the Office of the Registrar. Due to circumstances such as class size, prerequisites or academic policy, the submission of a Registration form does not guarantee that a course will be added or removed from a student’s registration. Students may change the designation of any class from credit to audit up to the date specified in the Calendar of Events, although students are not entitled to a tuition adjustment or refund after the Registration Revision period.

Withdrawal from courses after the Registration Revision period will not be eligible for tuition refund. Students intending to withdraw from some or all of their courses must submit a completed Registration form to the Registrar’s office. The dates by which students may voluntarily withdraw from a course without penalty are listed in the Calendar of Events. A grade of ‘W’ will be recorded on the student’s transcript for any withdrawals from courses made after the end of the Registration Revision period and before the Withdrawal Deadline (also listed in the Calendar of Events). ‘W’ grades are not included in grade

point average calculations. A limit on the number of courses from which Academic a student is permitted to withdraw may be imposed. Students wishing to withdraw from a course, but who fail to do so by the applicable date, will receive the grade earned in accordance with the course syllabus. A student obliged to withdraw from a course after the Withdrawal Deadline because of health or other reasons may apply to the Registrar for special consideration.

An appeal for change of grade on any course work must be made to the course instructor within one week of receiving notification of the grade. An appeal for change of final grade must be submitted to the Office of the Registrar in writing within 30 days of receiving notification of the final grade, providing the basis for appeal. A review fee of \$50.00 must accompany the appeal to review final grades. If the appeal is sustained, the fee will be refunded.

Other Information:

Students, who are unable to write a class test, will have its weighting added to that of the final exam, provided they have a valid reason supported with proper documentation; otherwise, they will receive a mark of zero.

Summary of Material to be Covered:

<u>Chapter</u>	<u>Topic</u>
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| 1 | Introduction and liability for taxes (Sept 5) <ul style="list-style-type: none">• Income tax: History, objectives, and legislative process• Structure and interpretation of the <i>Income Tax Act</i>• Learning to use the ITA• Other tax reference materials• Liability for Part I tax (residents vs. non-residents)• Steps in computing income tax• Alternative income concepts• Computation of income• Net income vs. taxable income• Tax planning<ul style="list-style-type: none">○ Tax avoidance vs. evasion○ Tax deferral & tax reduction○ Income splitting |
| 3 | Income from office or employment (Sept 12) <ul style="list-style-type: none">• Definition of income from office and employment• Ethical concerns in tax planning for employees• Employee vs. self employed• Amounts included in employment income<ul style="list-style-type: none">○ salaries & wages○ fringe benefits○ GST on taxable benefits○ Board & lodging○ Automobile benefits○ Allowances○ EI benefits○ Employee loans○ Stock options○ Other inclusions• Deductions in computing employment income |
| 10 | Retirement Savings (Sept 19) <ul style="list-style-type: none">• RRSP's<ul style="list-style-type: none">○ Limits, deduction calculations○ Undeducted RRSP contributions○ Withdrawals○ Spousal RRSP○ Home Buyers' Plan, Lifelong Learning Plan○ Departure from Canada or death• Registered Pension Plans |

- Contributions – employer & employee
- Retirement options
- RRIFs
- Deferred profit sharing plans
- Deferred salary arrangements
- Individual pension plans

6 Income from a business (Sept 26)

- General principles & definition of business income
 - Business income vs. capital gains
 - Business income vs. GAAP income
- Amounts included in computing business income
- Restrictions on deductions
 - Reasonableness
 - Meals & entertainment
 - Automobile leasing costs
- Permitted deductions
- Taxation year
- Special business income
 - Farmers, professionals

5 Capital Cost Allowance and Cumulative Eligible Capital (Oct 3)

- Tax depreciation system (compare tax and accounting)
- Transactions between persons not dealing at arm's length
- Capital cost allowance
 - Overview
 - Classes
 - Half year rule
 - Tax planning
- Disposition of depreciable assets
 - Capital gains
 - Recapture
- Eligible capital property

MIDTERM EXAM (30%) Oct 10 (6:30 – 8:00)

7 Income from property (Oct 10 8:00 – 9:30)

- Income from property: Introduction
- Interest
- Dividends
- Rental income
- Income trusts
- Mutual funds
- Shareholder benefits
- Other income

- Stock dividends
- Capital dividends
- Foreign source income
- Deductions from property income and other deductions
- Attribution rules

8 Capital Gains & Losses (Oct 17)

- Introduction to capital gains
- Capital property and disposition
- General rules for determining taxable capital gains and allowable capital losses
- Specific provisions for capital gains and capital losses
 - Principal residence
 - Personal use property
 - Listed personal property
 - Foreign currency
- Special rules: Change in use and exchanges of property
 - Non-arms length transfers
 - Deferral on replacement property
 - Deemed dispositions

9 Other Income & Deductions (Oct 24)

- Other income
 - Pension benefits
 - Retiring allowances
 - Scholarships & research grants
 - Social assistance & WCB payments
 - Universal Child Care benefits
- Other deductions
 - CPP on self employment income
 - Moving expenses
 - Child care expenses
 - Disability
- Related deductions & inclusions
 - EI benefits
 - Pension income splitting
 - Spousal & child support
- RESPs & RDSPs
- Tax Free Savings Accounts (TFSA)

2, 4, 11 Taxable Income & Taxes Payable for Individuals (Oct 31 & Nov 7)

- Administration and enforcement
- Deductions in computing taxable income
- Deductions in computing taxable income — losses
- Capital gains deduction

- Computing Part I tax
- Refundable and non-refundable tax credits
- Social benefits repayment
- Computing tax under Part I.2, alternative minimum tax, and split income

12, 13, 14 (680 – 688), 15 Taxable Income & Taxes Payable for Corps. (Nov 14 & 21)

- Types of corporations
- Calculating net income and taxable income
- Federal basic tax, general rate reduction, and tax abatement
- Associated corporations and the small business deduction
- Other deductions in calculating tax payable
- Refundable tax on CCPC's investment income
- Part IV tax
- Integration principle and distribution of corporate surpluses
- Capital dividend account
- Incorporated and unincorporated business
- Shareholder-manager remuneration
- Returns & payments for corporations

20 International Issues in Taxation (Nov 28)

- Part-year residents
- Non-residents: Tax payable under Part I
- Non-residents: Tax payable under Part XIII
- Tax conventions & double taxation
- Other international tax matters
- Ethical concerns in international transactions

FINAL EXAM (50%)