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|-------------------|--------------------------|------------------------------|
| <b>Course ID:</b> | <b>Course Title:</b>     | <b>Winter 2020</b>           |
| ACC 425           | Introduction to Taxation | <b>Prerequisite: ACC 200</b> |
|                   |                          | <b>Credits: 3</b>            |

| Class Information    |          | Instructor Information |  | Important Dates                                    |             |
|----------------------|----------|------------------------|--|--|-------------|
| <b>Days:</b>         | Distance | <b>Instructor:</b>     | Sara Jimenez, CPA, CA, CFF, CFE  | <b>First day of classes:</b>                       | Tues, Jan 7 |
| <b>Time:</b>         | Ongoing  | <b>Email:</b>          | <a href="mailto:sara.jimenez@ambrose.edu">sara.jimenez@ambrose.edu</a> | <b>Last day to add/drop, or change to audit:</b>   | Sun, Jan 19 |
| <b>Room:</b>         | N/A      | <b>Phone:</b>          | NA   | <b>Last day to request revised exam:</b>           | Mon, Mar 9  |
| <b>Lab/Tutorial:</b> | N/A      | <b>Office:</b>         | Sessional  | <b>Last day to withdraw from course:</b>           | Mon, Mar 20 |
|                      |          | <b>Office Hours:</b>   |  | <b>Last day to apply for coursework extension:</b> | Mon, Mar 30 |
| <b>Final Exam:</b>   | TBDE     |                        |  | <b>Last day of classes:</b>                        | Mon, Apr 9  |

### Course 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.

Topics will include the difference between accounting income and net income for tax purposes. Calculations of taxable income and taxes payable for both individuals and corporations. We will look at taxation of partnerships and trusts, rollovers of assets into a business and other tax concepts affecting corporations.

### Expected Learning Outcomes

| <b>General Concepts and Principles of Taxation</b>   |
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| a) How and why tax legislation exists; various revenue sources; responsibilities of taxpayers, their advisors, and CRA |
| b) Integration concept   |
| c) Legal forms and structures: Sole proprietorship, corporation, partnership, trust                                    |
| d) Existence and purpose of GAAR and anti-avoidance provisions   |
| e) Preparer penalties  |
| <b>Reporting systems and Data Requirements</b>   |
| a) Types of systems organizations need to provide information to meet their objectives                                 |

- b) Dimensions of information quality – relevance, ease of use, integrity, timeliness
- c) Types of data and their attributes (nature, sources, format, timing, extent and level of aggregation)
- d) Tax compliance technologies

### **Corporation's Income Tax Profile**

- a) Corporate types (private, CCPC, public)
- b) Basic stakeholder relationships (affiliated, associated, connected, non-arm's length, related)

### **Sources and Computation of Taxable Income**

- a) Sources and types of income
  - Business and property income (Active business income, aggregate investment income, specified investment business income, eligible and non-eligible dividends)
  - Personal services business income
  - Business income vs. capital gain
  - Capital gains and losses
  - Other income and deductions
- b) Reconciling income
  - General principles of income from business or property
  - Common Schedule 1 adjustments
  - Partnership income flow-through
- c) Capital property considerations
  - General principles and definitions related to CCA (UCC, recapture, terminal loss)
  - Acquisition and disposition of depreciable capital property
  - Common CCA classes
  - Separate CCA classes
  - Replacement property
  - Change in use
  - Inducements
  - Available for use
  - Short taxation year
  - Dispositions of land and building
  - Adjusted cost base
  - Proceeds of disposition
  - Capital gains/losses
  - Identical property
  - Inadequate consideration
  - Business investment loss
  - Capital gains reserve
- d) Taxable income adjustments
  - Donations
  - Loss carry overs
  - Dividends
- e) Elements of taxes payable
  - General tax rate
  - Provincial abatement
  - Small business deduction
  - General rate reduction

- Additional tax on personal services business income
- RDTOH
- Refundable Part 1
- Part IV
- Dividend refund
- Foreign tax credits

f) Non-arm's length transactions

- Capital losses and terminal losses
- Transactions at other than FMV

g) Tax implications of dividends

- Capital dividends
- Eligible and non-eligible dividends

**Individual's Income Tax Profile**

a) Individual residency

b) Basic stakeholder relationships (affiliated, non-arm's length, related)

**Income Taxes Payable for an Individual**

a) Sources and types of income including deductions

- General principles of income from office or employment
- Common employment taxable benefits (automobiles, allowances and reimbursements, 6(1)(a) exclusions, group plans, stock options)
- Common employment income deductions (legal expenses, sales expenses, automobiles, meals, dues, home office)
- Business & property - see corporate
- Partnership income flow-through
- Dividends (eligible, non-eligible, capital)
- Indirect payments
- Interest free / low interest loans
- Other income and deductions (retiring allowances, support payments received and paid, pension income, moving expenses, child care expenses, RRSPs)
- Capital property - see corporate
- Personal-use and listed personal property
- Principal residence

b) Taxable income adjustments

- Loss carry overs
- Capital Gains Deduction - availability, limits, basic computations
- Stock option deductions

c) Elements of taxes payable

- Graduated tax rates
- Refundable tax credits
- Non-refundable tax credits including charitable donations
- Alternative minimum tax – purpose and when it applies
- Dividend tax credit (eligible and non)
- Foreign tax credits
- Political tax credits
- OAS clawback

d) Non-arm's length transactions

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| <ul style="list-style-type: none"> <li>• Capital losses and terminal losses</li> <li>• Transactions at other than FMV consideration</li> <li>• Spousal rollovers</li> <li>• Attribution (spouses and children)</li> <li>• Tax on split income</li> </ul>   |
| <b>Individual Income Tax Planning</b>  |
| <ul style="list-style-type: none"> <li>a) Income splitting opportunities with family members</li> <li>b) Tax deferral and saving opportunities with e.g. RRSPs, RRIFs, TFSA s</li> <li>c) Employed vs. self-employed status</li> </ul>   |
| <b>Income Tax Compliance</b>   |
| <ul style="list-style-type: none"> <li>Basic compliance requirements (e.g. T1, T2, T4, T5)</li> <li>b) Filing deadlines for income tax returns and objections</li> <li>c) Retention of books and records</li> <li>d) Directors liability</li> <li>e) Instalments and final tax payments</li> <li>f) Deadlines for instalments and final tax payments</li> <li>g) Interest and penalties</li> </ul>   |
| <b>Residency Issues</b>  |
| Full year, part-year and deemed residents  |
| <b>Income Taxation of Non-Residents</b>  |
| Deemed acquisition / disposition rules   |
| <b>Compensation Planning</b>   |
| <ul style="list-style-type: none"> <li>a) Employment income vs. dividends</li> <li>b) Shareholder loans</li> <li>c) Alternative compensation options - stock options, bonuses, fringe benefits</li> </ul>  |
| <b>Purchase and Sale of a Business</b>   |
| <ul style="list-style-type: none"> <li>a) Corporate income effect on sale of assets</li> <li>b) Corporate tax payable on sale of assets</li> <li>c) Vendor Shareholder tax payable on distribution</li> <li>d) Calculation of taxable capital gain on share sale</li> <li>e) Calculation of capital gains deduction</li> <li>f) Vendor Shareholder tax payable</li> <li>g) Acquisition of control issues: <ul style="list-style-type: none"> <li>• Deemed taxation year with tax return</li> <li>• Automatic recognition of accrued losses</li> <li>• Election to recognize accrued gains</li> </ul> </li> </ul> |
| <b>General GST Concepts</b>  |
| <ul style="list-style-type: none"> <li>a) What the tax is and how it works (flow thru nature)</li> <li>b) Basics of GST – key definitions</li> <li>c) Legislative framework – Regulations, legislation</li> <li>d) Entities subject to different rules</li> </ul>  |
| <b>GST Obligations</b>   |
| <ul style="list-style-type: none"> <li>Characterization of the supplier (Corporation, Individual)</li> <li>b) When registration is required</li> <li>c) When tax is recoverable and by whom</li> </ul>   |

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| d) Place of supply (for goods, services and other types of supplies)   |
| e) "Consideration" for GST purposes (barter, sale, exchange)   |
| f) Characterization of supply (Intangible Personal Property, Real Property, Services, Tangible Personal Property)          |
| g) Status of supplies (taxable, zero-rated, exempt)  |
| h) Collection and remittance obligations   |
| i) Eligibility for Input Tax Credits and rebates   |
| <b>GST Calculations</b>  |
| GST treatment for specific items (bad debts, allowances, reimbursements, volume rebates, club dues, meals & entertainment) |
| <b>GST Administration</b>  |
| a) Basic compliance requirements   |
| b) Filing deadlines for returns and objections   |
| c) Retention of books and records  |
| d) Directors' liability  |
| e) Instalments and final GST payments  |
| f) Deadlines for instalments and final GST payments  |
| g) Interest and penalties for late filed returns and payments  |
| <b>GST Implications from Tax Planning for Shareholders and a Closely Held Corporation</b>                                  |
| b) Purchase and sale of a business   |
| c) GST implications of taxable benefits  |

## Textbooks

Byrd and Chen's Canadian Tax Principles Volumes I and II 2019 – 2020 edition

## Course Schedule

January 13 - Introduction to Taxation and Course (Chapter 1)  
 January 20 - Procedures and Administration (Chapter 2)  
 January 27 - Capital Property, CCA and Introduction to Capital Gains (Chapters 5 and 8)  
 February 3 - Income or Loss from Employment (Chapter 3)  
 February 10 - Income or Loss from Business (Chapter 6)  
 February 17 - Income from Property, Capital Gains and Losses (Chapter 7 and 8)  
 February 24 - Other Income, Other Deductions, Savings Options (Chapter 9)  
 March 2 - Taxable Income and Taxes Payable for an Individual (Chapter 4)  
 March 9 - Taxable Income and Taxes Payable for an Individual (Chapter 10 and 11)  
 March 16 - Taxable Income and Taxes Payable for a Corporation (Chapter 12)  
 March 23 - Taxable Income and Taxes Payable for a Corporation (Chapter 13)  
 March 30 – GST / HST (Chapter 21)  
 April 6 - Review  
 April 14 - 18 - Final Exam

## Requirements:

### **One Assignment in Two Parts - 40% (20% each)**

Prepare posted T1 and T2 problems in Excel, work must include all labels, explanations, and calculations in Excel.

Assignments are due in Moodle on the following dates by end of day on **April 9**.

### **Quizzes - 30%**

There will be three quizzes on **January 27, February 24, March 23** – quizzes will be available online for 24 hours through Pearson MyLab.

### **Final Exam - 30%**

A comprehensive final exam will take place made up of multiple choice and written answer questions.

## Attendance:

This course is distance with no in-class sessions. This course covers a lot of material and it is important to keep up with the course schedule and pacing identified above. The quizzes are to assist in keeping you up-to-date with the materials.

## Grade Summary:

The available letters for course grades are as follows:

| <b>% Grade</b> | <b>Letter Grade</b> |              |
|----------------|---------------------|--------------|
| 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      |

Because of the nature of the Alpha 4.00 system, there can be no uniform University-wide conversion scale. The relationship between raw scores (e.g. percentages) and the resultant letter grade will depend on the nature of the course and the instructor's assessment of the level of each class, compared to similar classes taught previously.

Please note that final grades will be available on student registration system. Printed grade sheets are not mailed out.

## Ambrose University Academic Policies:

### Communication

All students have received an Ambrose e-mail account upon registration. It is the student's responsibility to check this account regularly as the Ambrose email system will be the professor's instrument for notifying students of important matters (cancelled class sessions, extensions, requested appointments, etc.) between class sessions. If students do not wish to use their Ambrose accounts, they will need to forward all messages from the Ambrose account to another personal account.

### Registration

During the **Registration Revision Period** students may enter a course without permission, change the designation of any class from credit to audit and /or voluntary withdraw from a course without financial or academic penalty or record. Courses should be added or dropped on the student portal by the deadline date; please consult the List of Important Dates. After that date, the original status remains and the student is responsible for related fees.

Students intending to withdraw from a course after the Registration Revision Period must apply to the Office of the Registrar by submitting a "Request to Withdraw from a Course" form or by sending an email to the Registrar's Office by the **Withdrawal Deadline**; please consult the List of Important Dates on the my.ambrose.edu website. Students will not receive a tuition refund for courses from which they withdraw after the Registration Revision period. A grade of "W" will appear on their transcript.

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.

### Exam Scheduling

Students, who find a conflict in their exam schedule must submit a Revised Examination Request form to the Registrar's Office by the deadline date; please consult the List of Important Dates. Requests will be considered for the following reasons only: 1) the scheduled final examination slot conflicts with another exam; 2) the student has three final exams within three consecutive exam time blocks; 3) the scheduled final exam slot conflicts with an exam at another institution; 4) extenuating circumstances. Travel is not considered a valid excuse for re-scheduling or missing a final exam.

### Electronic Etiquette

Students are expected to treat their instructor, guest speakers, and fellow students with respect. It is disruptive to the learning goals of a course or seminar and disrespectful to fellow students and the instructor to use electronics for purposes unrelated to the course during a class session. Turn off all cell phones and other electronic devices during class. Laptops should be used for class-related purposes only. Do not use iPods, MP3 players, or headphones. Do not text, read, or send personal emails, go on Facebook or other social networks, search the internet, or play computer games during class. Some professors will not allow the use of any electronic devices in class. The professor has the right to disallow the student to use a

laptop in future lectures and/or to ask a student to withdraw from the session if s/he does not comply with this policy. Repeat offenders will be directed to the Dean. If you are expecting communication due to an emergency, please speak with the professor before the class begins.

### Academic Policies

It is the responsibility of all students to become familiar with and adhere to academic policies as stated in the Academic Calendar. Personal information (information about an individual that may be used to identify that individual) may be required 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](mailto:privacy@ambrose.edu).

### Extensions

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 deadline date; please consult the List of Important Dates. Course extensions are only granted for serious issues that arise "due to circumstances beyond the student's control."

### Appeal of Grade

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 Registrar's Office in writing and providing the basis for appeal 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. If the appeal is sustained, the fee will be refunded.

### Academic Integrity

We are committed to fostering personal integrity and will not overlook breaches of integrity such as plagiarism and cheating. Academic dishonesty is taken seriously at Ambrose University 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 acknowledge 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 the university college. Students are expected to be familiar with the policies in the current Academic Calendar 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.

**Note:** Students are strongly advised to retain this syllabus for their records.