

Accounting 407, Spring 2017

## **Taxation of Business Entities**

6:00pm – 8:45pm Shidler Room D-103

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### **OFFICE HOURS:**

Monday 3:30 pm – 5:00 pm

Additional hours will be announced before each exam.

Other times by appointment or subject to availability.

<b>COURSE REGISTRATION OR WITHDRAWAL:</b>
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Please contact OSAS if you need assistance.
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### **COURSE DESCRIPTION:**

Examines federal income tax provisions for business entities and their shareholders or partners regarding the formation, operation, and distributions from corporations, S corporations, and partnerships. Pre: Accounting 401 Federal Individual Taxation

### **COURSE OBJECTIVES:**

- 1) Learning a solid foundation of tax concepts for federal taxation of various business entities. (Please review the detailed objectives presented at the start of each chapter.)
- 2) Strengthening tax research skills and increased exposure to using electronic information.
- 3) Improving communications skills and assertiveness.
- 4) Identifying tax issues, tax planning opportunities, and ethical considerations.

## UNIVERSITY OF HAWAII AT MANOA'S INSTITUTIONAL LEARNING OBJECTIVES

This course is one piece of the broad education you are receiving at UH Manoa and as such it helps to achieve many of UH Manoa's Institutional Learning Objectives including:

### **Know**

- Specialized Knowledge for your major

### **Do**

- Think Critically
- Conduct Research
- Communicate and Report

### **Value**

- Continuous learning through discussion of ethical situations

### **REQUIRED COURSE MATERIALS:**

***South-Western Federal Taxation 2016: Corporations, Partnerships, Estates and Trusts,***

39th Edition (2016)

**This custom bundle includes H&R Block Tax Software, with access code for CengageNow.**

Electronic access required; optional hardcopy addition is a **loose-leaf** custom text, **three-hole** punched, and **shrink-wrapped**.

Additional course materials, as posted on the course website ([laulima.hawaii.edu](http://laulima.hawaii.edu)).

### **TEACHING METHODS:**

Most of the class time will consist of lectures during which students are frequently called upon to apply tax law to a set of facts or to answer questions. This course will include various types of problems, primarily calculations, but also issue recognition, tax planning, and research assignments.

### **TIME COMMITMENT REQUIRED:**

This course requires extensive effort outside of class. The work is challenging and valuable.

### **COURSE GRADING POLICY:**

**Grades are based on a strict 90%-A range, 80%-B range, 70%-C range, 60%-D range, modified by +/- grading within that range.** If the grade results on an exam are extremely low, the option is reserved to provide everyone with a take-home supplement or curve.

**POINTS ASSIGNED FOR EACH COURSE ELEMENT:**

<i>Percentage</i>	<i>Topic</i>
35%	Final exam
40%	Two midterm exams (20% each)
10%	Quizzes
5%	Class participation
10%	Homework Assignments (4 assignments , 2.5% each)
100%	TOTAL MAXIMUM POINTS

**EXAMS:**

- 1) Each midterm exam is closed book, except a 3 x 5 notecard is ok (both sides ok).
- 2) **Final exam is cumulative, but open book, open notes.**
- 3) Each exam may consist of multiple choice questions, problems, short answers, and essay questions.
- 4) If an exam is missed without prior approved arrangements, then written approval from OSAS is almost always required for a make-up exam or use of another grade averaging procedures.
- 5) Grade appeal process: Written appeals by those who are in class when the exam is reviewed are considered. A student has the burden of proof to present convincing supporting rationale.

**QUIZZES:**

The quizzes are closed book. The quizzes are designed to encourage you to review material covered during the prior classes. There are no makeups for missed quizzes

**CLASS PARTICIPATION and COMMUNICATION SKILLS:**

Accounting firms have complained to the UH faculty that our students are not assertive enough. Therefore, I will encourage assertiveness by including a few points for class participation. The grading for class participation will use the following guidelines:

20 points = excellent job of volunteering in class 16 points = satisfactory participation when called upon 12 points = participation needs work
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**ATTENDANCE POLICY:**

I consider the classroom experience is a vital portion of the learning process for this course. Attendance is required to the same extent as if one was working for an accounting firm.

**HOMEWORK AND OTHER ASSIGNMENTS:**

The grading for homework is primarily based on apparent effort and completion.

**RESEARCH PAPER FOR THOSE NEEDING EXTRA WORK FOR 400 LEVEL:**

**The research paper will require a cover letter and a memo of 2-4 single-spaced pages using subheadings: Issue, Conclusion, Discussion of the Law, and Application. The ability to communicate effectively will affect the grade.** The AICPA's six characteristics of effective writing are: (1) cogent organization, (2) conciseness, (3) clarity, (4) use of standard English, (5) responsiveness, and (6) appropriateness for the reader. This must work meet minimum acceptable quality, it may substitute for the class-participation grade.

**HONOR CODE:**

**Please follow Shidler's Honor Code, including:**

One may not obtain information about an exam from someone who has already taken it.

Do not copy from another person's exam.

Do not use unauthorized assistance during an exam.

Please do not remove an exam from the room without permission.

Please do not create even the appearance of violating the honor code

through roving eyes during an exam! Please see me if you have questions.

**EXTENDED ADVISING ASSISTANCE AT SOA, SHIDLER, AND UHM:**

See the course website for suggested sources.

**TENTATIVE SCHEDULE FOR TOPICS & READING ASSIGNMENTS:**

Minor changes in the course content are possible as the course progresses.

Wk	Date	Topic	Homework To Be Completed Before This Class	Suggested Problems
		<b><i>Part I: Formation of a Corporation &amp; Corporate Operations</i></b>		
1	M 1/9	Overview – Tax base rates Understanding and working with the tax law The Whys of the Tax Law Tax Sources	Ch 2 pp 1-8	Ch 2: 1, 3, 5, 6
2	M 1/23	Corporate Formation	Read Ch. 4	Ch 4: 1,4, 8, 17, 26, 37, 44
3	M 1/30	Corporations: Introduction & Operating Rules	Read Ch. 2 (pp 8-42) & Ch 3 (pp 1-5, 16-26) <b>Quiz 1 - Formation</b>	Ch 2: 9, 12, 13, 19, 24, 26, 32, 43, 48, 57 Ch 3: 1, 3 13, 29, 50
4	M 2/6	Corporations: Operating Rules (cont'd)	<b>Quiz 2</b>	(see above)
5	M 2/13	<b>EXAM I</b> (closed book)	Focus on Ch. 2, 3 & 4	
		<b><i>Part II: Corporate Tax and removing funds from the corp.</i></b>		
6	M 2/27	Taxes on the Financial Statements	Ch. 14 (pp 14-1 to 14-30) <b>Draft of Cover Letter and Tax Research Memo Due</b>	Ch 14: 1,3, 5, 8, 12, 15, 22, 24, 33, 44

7	M 3/6	Corporate Distributions of Cash and Property	Read Ch. 5	Ch 5: 1, 3, 6, 8, 15,16, 24, 30, 37,40, 49
8	M 3/13	Corporate redemption and liquidation	Read Ch. 6 <b>Quiz 3</b>	Ch 6: 1, 3, 6, 9, 11, 16 25, 39, 43, 15, 28, 29, 47, 52, 65
9	M 3/20	<b>EXAM II</b> on Corporations	Study Ch. 5, 6, and 14 Review Ch. 2-4	
		<i>Part III: Flow Through Entities</i>		
10	M 4/3	FORMING a PARTNERSHIP, & PARTNERSHIP OPERATIONS	Read Ch. 10	Ch 10: 3, 17, 18, 29,40
11	M 4/10	PARTNERSHIP OPERATIONS, TRANSACTIONS BETWEEN PARTNERS and PARTNERSHIP & SALE OF A PARTNERSHIP INTEREST	Read Ch. 11	Ch 11: 10, 13, 17, 31
12	M 4/17	S. CORPS	Read Ch. 12	Ch 12: 1, 3, 9, 12, 17, 20, 22, 24, 26, 30, 35, 38, 47, 52
13	M 4/24	S CORPS (cont'd)	<b>Quiz 4</b>	<b>See above</b>
		CATCH-UP & REVIEW		
14	M 5/1	Probable Guest Speaker re Common Mistakes of tax Professionals & REVIEW	Read Ch. 13 <b>Tax Research Memo due for those using the 400 level for a graduate program degree</b>	Ch 13: 4, 7, 20, 29, 30, 33, 38, 44

15	M 5/8	<b>FINAL EXAM (comprehensive)</b>	
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# How to Succeed in Acc 407

1. **Preparation** - Before each class, *read assigned material* in order to be ready to (a) answer questions posed to you or the class, and (b) ask questions regarding any problems that you may have. Your preparation is a key factor in your performance in this class and how much knowledge you will discern from this class.
2. **Preparation** – Before each class, *work problems* from the book that are suggested for that day, i.e., BEFORE we cover the material in class. Be sure to attempt the problem before looking at the answers, if available. The more you struggle with the problem, the more you learn from the problem. Also, attempt to work the problems from the notes before we cover them in class. This will help you prepare for chapter quizzes, discussion in class and help you get more out of each problem we cover in class.
3. **Preparation** - Before each class, you should *also review your class notes from the previous lecture*. This review is an important process in determining your level of understanding of course material. If you are having problems with materials previously covered in class, it is imperative that we resolve any questions that you have as soon as possible. If you do not understand a point made in class, chances are that your neighbor has a similar lack of understanding.
4. **Attend class regularly and on time.** Please do not disrupt the class by coming in after class has started. Coming in late disturbs other students as well as the instructor, and it is unprofessional!
5. **Rework problems discussed in class**, the problems assigned in class, and suggested homework problems. Class discussions are highly representative of the material that I expect you to glean from this course. Further, because class discussions often exceed the difficulty level provided in the text, it is important that you understand this material in preparation for your exams. Throughout the course, I will suggest modifications to problems discussed in class. It is important that you not only understand the problems discussed in class, but also understand the issues well enough to analyze and solve related problems as well as problems that integrate multiple ideas presented in this course.
6. **If you are ever confused, please seek help.** I encourage you to ask questions in class. Additionally, I am also available during posted office hours or by appointment.