COURSE: FEDERAL TAXATION I
No. TAX 4001-008 CRN 22066
SPRING 2011 3 credits

Instructor: Clinton M. Tarkoe
Location: PS 227
Lecture time: Mondays and Wednesdays 03:30-04:50 PM
Office hours: FL 410 Mondays and Wednesdays 5-7 pm after class or another time by appointment
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COURSE DESCRIPTION: Prerequisites: ACG 2071, and junior standing. (Any student who does not meet course prerequisites will be administratively withdrawn from such course or courses at any time during the semester when such deficiency is determined to exist). A study of business entities is stressed. Also, significant classroom time is devoted to the federal income taxation of individuals.

OBJECTIVE: The primary objective is to provide an understanding of major tax issues involved in business and financial planning. An additional objective is for the student to become familiar with certain Internal Revenue Code sections and Treasury Regulations. The course is designed to be a comprehensive introduction to the federal income tax system, its basic concepts and principles. You will note that the text is entitled “Principles of Taxation for Business and Investment Planning. Primary emphasis will be on those tax provisions that affect business and individual taxpayers in the context of a three-dimensional framework (tax formulas, taxpayer activities, and taxpayer entities).

The course and text focus on an understanding of income taxation and its major concepts, not on its compliance aspects (return preparation). The objective of this course is to expose the students to a broad range of tax concepts in order that the students will be able to recognize major tax issues and have a command of tax concepts. The text material is based on three postulates:

(1) Students should learn the tax law as an integrated component of a complex economic environment.
(2) Students should comprehend the tax law as an organic whole rather than as a fragmented collection of rules and regulations.
(3) Students who learn fundamental concepts have a permanent frame of reference into which they can integrate the constant changes in the technical minutiae of the law.

TOPICS COVERED IN THIS CLASS INCLUDE:

Exploring the Tax Environment
   Types of taxes
   Tax policy issues: Standards for a good tax
Fundamentals of Tax Planning
Taxes as transaction costs
Maxims of income tax planning
The Measurement of Taxable Income
   Taxable income from business operations
   Property acquisitions and cost recovery deductions
   Property dispositions
   Nontaxable exchanges
The Taxation of Business Income
   Sole proprietorships
   The corporate taxpayer
   The choice of business entity
The Individual Taxpayer
   The individual tax formula
   Compensation and retirement planning
   Investment and personal financial planning
   Tax consequences of personal activities

OUTCOMES: This course encompasses six learning objectives in the form of cognitive outcomes:
1. Knowledge. Describe the federal tax system in terms of (1) the taxes imposed and the affected taxpayers and (2) the legislative and judicial development of the tax law.
2. Comprehension. Understand (1) the impact of taxation on the U.S. economy and personal financial planning and (2) the fundamental tax concepts that apply to business, investment, employment, and personal transactions.
3. Application. Identify tax issues in transaction-based fact patterns that are encountered in compliance and planning situations and (1) apply tax concepts and rules to resolve the issues and (2) use the English language to report information derived from the application of concepts and rules.
4. Analysis. Analyze (1) the manner in which tax information is disclosed in financial statements and the relationship between financial accounting and tax accounting for business transactions and (2) how tax costs and savings are integrated into net present value calculations of after-tax cash flows.
5. Synthesis. Develop a financial analysis methodology that (1) identifies and assesses information relevant to the tax and non-tax costs and savings of alternative business, investment, employment, and personal decisions and (2) compares the tax and non-tax costs and savings of these decisions.
6. Evaluation. Employ a financial analysis methodology to evaluate and communicate the tax and non-tax costs and savings of alternative business, investment, employment, and personal decisions.

PLEASE NOTE THAT NONE OF THESE OUTCOMES IN ANY WAY PERTAINS TO TAX COMPLIANCE – THIS IS NOT INCOME TAX RETURN PREPARATION COURSE. DO NOT EXPECT TO BE ABLE PREPARE RETURNS ON THE BASIS OF TAKING THIS COURSE. THERE IS VERY LITTLE HANDS ON FORM WORK (See Topics Covered above)
Keys to success in this class:

(1) THIS IS AN UPPER LEVEL ACCOUNTING COURSE. IF YOU COME TO CLASS UNPREPARED, THEN YOU CAN EXPECT TO HAVE AN UNSUCCESSFUL OUTCOME IN THIS COURSE. WE COVER A LOT OF MATERIAL.

NOTE: WE START WITH THE MATERIAL ON THE FIRST DAY OF CLASS.

(2) Attend class. Invariably, students who do not attend the class will find it difficult to have a successful outcome. By the same token, just attending class without having read or prepared for it usually will not result in a successful outcome.

(3) IF YOU ARE THE TYPE OF STUDENT WHO DOES NOT READ THE TEXT OR WHO WANTS TO LEARN EVERYTHING FROM THE LECTURES OR WHO FEELS THAT THE LECTURES MUST COVER EVERYTHING IN THE TEXT OR FEELS THAT HOMEWORK MUST BE GONE OVER IN CLASS, THEN THIS COURSE IS NOT FOR YOU. LIKEWISE, IF YOU FEEL THAT YOU MUST BE MOTIVATED BY EXAMS, QUIZZES, OR GRADED HOMEWORK, THEN THIS COURSE IS NOT FOR YOU.

(4) Please be aware that this is not a return preparation course. We focus on concepts and principles of income taxation.

(5) IN ORDER TO HAVE A SUCCESSFUL OUTCOME IN THIS COURSE, YOU WILL NEED TO HAVE READ THE ASSIGNED TEXT CHAPTERS PRIOR TO CLASS. YOU SHOULD BE ABLE TO UNDERSTAND THE ILLUSTRATED EXAMPLES IN THE TEXT. IF NOT, THEN THAT MEANS YOU MAY HAVE READ THE TEXT MATERIAL BUT THAT YOU DO NOT UNDERSTAND IT. IT MAY BE NECESSARY FOR YOU TO READ THE MATERIAL AGAIN. DO NOT CONFUSE SKIMMING OVER THE MATERIAL OR READING WITH UNDERSTANDING WHAT YOU HAVE READ. COMPREHENSION COUNTS. IF AFTER RE-READING THE APPLICABLE SECTIONS YOU STILL DO NOT UNDERSTAND HOW THE AUTHOR REACHED THE RESULT IN THE ILLUSTRATED EXAMPLES, THEN ASK IN CLASS HOW TO SOLVE THE EXAMPLE.

(6) You should also attempt to do the assigned problems so that you are familiar with them prior to class.

(7) At the beginning of each class, students will be asked if they have any questions on the text material and assigned problems. If you do not understand the material or text illustrated problems, then you need to ask questions. If you do not ask questions, then it will be assumed that you understand the material.

(8) Learn the tax language. You cannot have precise thinking if you do not know the tax terminology. At the end of each chapter are the key tax terms that have been covered. Learn to use these terms in place of saying “thing, thingy, stuff, y’know what I mean, whatever, etc.”

(9) As this course progresses it becomes more analytic and conceptual in order to sensitize you to the tax implications of transactions. In order to understand tax concepts, you need to ask good tax questions.
(10) In addition to (1) and (2) above, usually the students with successful outcomes in this class will re-work the assigned problems after we have gone over them. On some occasions the solutions to the problems will be given prior to class. Do not expect to have a successful outcome in this class if you wait to review the solutions prior to a test. For the most part the students who have had a successful outcome in this class have attempted the assigned problems prior to our going over them in class and then have attempted to do them again after we go over them in class. This reinforces how the tax concepts are applied and how to approach the application of the materials we cover. This requires some effort and discipline on the student’s part to go back and review what we have just covered without waiting to do so just before a test.

(11) UNMARKED TEXTS. Students often will say that they do not understand what they are reading in the text. Invariably the students’ text will not show a mark on any page. Learning the text material relies on structure. The text is well structured. An unmarked text indicates that much effort has been put into reading the material because it shows that the reader could not identify and highlight the text’s vital passages and essential points. Comprehension is about analyzing and organizing. Not all students learn the same way but if you are not highlighting or making notes in the texts then how are you analyzing what you are reading? In addition, the text contains factual examples illustrating passages and factual questions. How can you make sense out of the facts without isolating and listing them? The study of tax is the study of detail. Tax is about applying rules. A rule is a formula. How do you figure out what a rule means without breaking it down into its parts. If you are not doing this in your text, then where is this analysis being done? Poor study methods lead to poor work. In many instances, the absence of any marks in a student’s text is usually an indication that the student is unprepared for that week’s material.

Methods of Instruction: Class time will be used in the following ways:
1. Instructor's coverage of subject matter, but we will not have time to cover all the subject matter in class. Again, do not expect that you will be able to come to class and just learn the material by coming to class.
2. In class and group discussions related to chapters.
3. Student reading of text sections to class and being asked to think about what they have read.
4. Going over assigned problems.
5. Generally, we will cover the text beginning with chapter 6 by devoting one class to review the text material, and then using the next class period go over the assigned problems. However, it may not be possible to follow this sequence every week.
6. Do not expect powerpoint presentations. Text powerpoints will be available for you on Blackboard but will not be presented in this class.
7. The most efficient use of class time is to reinforce what you have accomplished on individual basis before coming to class. Classroom learning will then be maximized by serious study of the assigned readings and doing the text problems and then asking questions during class on what you did not understand.
TEXTS:


3) *Textbook website:*  
   http://highered.mcgraw-hill.com/sites/0073379476/student_view0/index.html

4) Blackboard

COURSE REQUIREMENTS:

The class approach will be lecture with discussion and problem analysis. No recording devices are allowed in order to have unfettered discussion.

EXAMS. Three non-comprehensive open book exams will be given. Each exam may consist of problems, short answers, and essay questions. The exams will not be comprehensive. If an exam is missed without prior approved arrangements, then written approval from the Director's office is almost always required for a make-up exam or use of other grade averaging procedures. None of these exams will be curved. All the exams will be added up and if need be, may then be curved.

POP QUIZZES. Unannounced closed book quizzes worth 10 points each may be given. The number of quizzes will depend upon whether the assigned material is being read prior to class.

PARTICIPATION. You are expected to come to class having read the assigned text and completed (attempted) the assigned problems and to participate each week in class. In order to qualify for additional credit for participation your timely and relevant participation will be considered vis-à-vis your classmates’ participation each week and will take into account such matters as the frequency of your participation and its substance.

HOMEWORK. Homework problems may be assigned for each chapter. The HW problems for each chapter will be due at the beginning of the class in which we first go over the chapter.

ATTENDANCE: You are expected to attend each class, and attendance may be taken at the end of class. Unexcused absences from more than three classes will result in an automatic grade of “F” in the course.

TAX 4001_SP11
Reviews sessions may be held, especially prior to a test. These sessions are for students who regularly attend class. If you have an unexcused absence prior during to a review class for that test, then the session will not be used as an opportunity for you to make up the classes that you have missed. Office hours will not be used to help make up material that you have missed because of unexcused absences from more than one class.

Matters discussed in class will be tested and the instructor will not do makeup lectures or provide assistance in the event of an unexcused absence. In this course there seems to be a direct correlation between class attendance and course success. The instructor reserves the right to make positive grade adjustments for students for good attendance, participation and other exemplary performance.

You are advised to read the University’s policy on student attendance found on page 57 of the University Catalog. Students are responsible for arranging to make up work missed because of legitimate class absence, such as illness, family emergencies, military obligations, court imposed legal obligations or participation in University approved activities. It is the student’s responsibility to give notice prior to any anticipated absence and within a reasonable amount of time after an unanticipated absence.

Policy Regarding Makeup of Required Coursework
Student may petition me to make up required coursework whenever the student has a permissible reason for requesting make up of required coursework.
Student will be required to present documentation, which verifies absence constituting permissible reason.
Whenever possible, a student should consult with me prior to an absence that will involve the failure of submission of coursework. Arrangements for makeup should be discussed and agreed upon at this time.
A student must petition for makeup of required coursework on the first day that he/she returns to class.
If permission is granted to make up required coursework, I and the student should agree on an acceptable date for accomplishing the makeup of missed required coursework.

Failure to comply with item above may result in the denial to make up of required coursework.

Required Documentation
Verification of Illness: Requires signed statement of a physician or a duly authorized staff member of the FAU Health Center.
Verification of Death: Requires signed statement from the Minister or Funeral Director.
Verification of Participation in University-Related Activities: Requires signed statement/letter from the Office of Academic Affairs.
Verification of Other reasonable Circumstance (e.g., court appearance, family emergency, etc.): Requires a signed statement from an appropriate official (e.g., Court Official, parent or guardian, etc.).

Late Work

TAX 4001_SP11
All assignments are due on the dates indicated in your syllabus. HW assignments are due at the start of class on the date assigned. **No late work will be accepted.** Exceptions will be made only in cases of documented medical or family emergency or religious observance. Please notify me by e-mail before the assignment is due should an acceptable absence occur. Employment, child care, or other academic pressures do not constitute a valid excuse for late work. There is no provision for additional assignments or extra credit to substitute for missed course requirements.

**AVAILABILITY:** I can be reached at the above e-mail address or telephone number. I usually check my e-mails daily except on the weekends. If you do e-mail and do not hear back by the next academic day, then, most likely, I did not receive it. Please e-mail me again. Please use *Tax I* in the subject line of your e-mail. It will also be necessary for you to make sure that your e-mail account is accepting e-mails (and is not full).

**COMPONENTS OF YOUR GRADE:**

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<tr>
<th>Component</th>
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<tr>
<td>First exam</td>
<td>100 points</td>
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<tr>
<td>Second exam</td>
<td>100 points</td>
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<tr>
<td>Third exam</td>
<td>100 points</td>
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<tr>
<td>Quizzes</td>
<td>(will be given on an as needed basis)</td>
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Please note that these are the determinants of your grade. So, if you do poorly on a test, then the only way you can make up for that performance is to do better on the next test.

Tests (100% of your grade): the test may be multiple choice, short essay or some combination of both. Tests, but not quizzes, will be open book. Even though the test may be open-book, do not expect to learn the materials during the test. You will not have time to do so and invariably leads to the student using too much time to read and to try to understand the text material at the expense of the rest of the test. It will be incumbent upon you to manage your time efficiency during the tests.

Homework Assignments (Subtraction of points): In the event that you fail to turn in the homework or turn in problems in which minimal effort or computations are attempted and such occurrences occur more than twice during the term, then you will lose 30 points. Each subsequent occurrence will result in an additional lose of 15 more points. The result is that not doing your homework will reduce your grade. Also, during the class, you may be called upon to tell the class how to solve the homework problems.

You are not expected to submit the correct answers, but you are expected to submit an assignment demonstrating that you have read the relevant material (including any primary sources) and have made an attempt to apply what you have read to answering the problems by explaining the solution in terms of the text material. This means that prior to doing the homework assignment it will be necessary for you to have read the text material and make an effort to solve the problems. An assignment will be considered to be unsatisfactory if the assignment were to be graded on the basis of 100 points, the assignment were to receive 75 or less points.
Grade Breakdown:
Your grade will be determined on a percentage basis according to the following scale:
- A 92 to 100
- A- 90 to 91.99
- B+ 88 to 89.99
- B 82 to 87.99
- B- 80 to 81.99
- C+ 78 to 79.99
- C 72 to 77.99
- C- 70 to 71.99
- D+ 68 to 69.99
- D 62 to 67.99
- D- 60 to 61.99
- F below 60

I reserve the right to lower the grading scale but never to raise it.

Incompletes. The "I" grade is reserved for those situations where the student is in good standing and where the student is unable to complete only a small portion of the course during the semester due to exceptional circumstances with the approval of the instructor. It indicates a grade deferral and will be changed to a grade other than “I” within a specified time frame not to exceed one calendar year from the end of the semester during which the course is taken.

You must maintain your FAU email account. All messages sent through the mail system on the Blackboard will be delivered only to your FAU account. You are responsible for making sure your FAU account is working properly (i.e. do not allow mailbox to fill so that messages are bounced as “undeliverable”). If you need help with your FAU account, you may contact the help desk at 3999@fau.edu or by phone at 561-297-3999.

School of Accounting Policies
This document is to be considered an attachment to all syllabi for courses in the School of Accounting. In the event of a conflict between this document and a course syllabus, this document will prevail.

1. FAU email is the primary mechanism for corresponding with students outside of the classroom. Each student is responsible for checking his/her FAU email account often and for cleaning out the inbox to ensure all email is deliverable. Messages may include time-sensitive information, important announcements, and class information. FAU email should never be auto-forwarded to another email account. For more information regarding MyFAU and email, visit www.fau.edu/irm/myfau. For issues with logging into MyFAU, contact the IRM Help desk or 561-297-3999.

2. Professors make every effort to honor the course syllabus as originally presented, however, circumstances may dictate a need to change the organization or content of the course. Students will be informed in writing of all changes made to the
syllabus (e.g., hard copy or electronically). Students are responsible for checking the course web site and their FAU email account to stay abreast of any changes.

3. Students are expected to subscribe to the School of Accounting e-Newsletter by sending an email to: dobson@fau.edu. Specify whether you are an undergraduate or graduate student.

4. Accounting majors are strongly encouraged to complete the accounting core courses (ACG 3131, ACG 3341, TAX 4001, and ACG 4401) before taking other non-core accounting courses.

5. A grade of “C” or higher is required in all major courses.

6. No student may register for the same upper-level accounting or tax course after receiving grades of “C-”, “D+”, “D”, “D-” or “F” in that course a total of two (2) times.

7. No student may register for upper-level accounting or tax courses after receiving five (5) grades of “C-”, “D+”, “D”, “D-”, or “F” in upper-level accounting and/or tax courses.

8. Once students have been removed from the Accounting major, they will not be readmitted without approval from the School of Accounting through the College of Business petition process. Students may not take more than two 3000-level (or higher) accounting and/or tax courses unless 1) they are in an Accounting degree program, 2) are granted permission by the School of Accounting, or 3) already hold a degree from an AACSB-accredited institution (such as FAU) and are taking additional courses for CPA eligibility.

9. Any student who has not met the prerequisites for a course may be administratively withdrawn from the course at any time during the semester that such deficiency is determined to exist.

10. Note than an “Incomplete” is not a substitute for a poor grade and is rarely granted. In accordance with the policies of FAU, the College of Business, and the School of Accounting, an “Incomplete” will be granted only under the following circumstances:

   a. The student is otherwise passing the course with at least a grade of C.

   b. The student has an excused absence that prevents the on-time completion of the course requirements.

11. Students are solely responsible for properly dropping or withdrawing from courses they no longer wish to continue. Professors are not permitted to assign grades of “W.”

12. **Important dates:** Florida Atlantic University – Academic Calendar.

13. School of Accounting policy does not permit overrides into closed classes. Students are advised to monitor the online schedule for space to become available. The add/drop period is the first week of classes, and there may be windows of opportunity during that time. Accounting and tax professors are not authorized to assist students with registration issues.
14. All students must purchase, and use as a reference for written assignments in all Accounting courses, the book *Effective Writing* 8th edition, by Claire B. May and Gordon S. May, Published by Pearson Prentice Hall.

15. In order to provide appropriate guidance to students seeking a professional career in accounting, the SOA faculty recommends the following courses as necessary for professional certification (such as CPA, CMA, or CIA) or admission to the Master of Accounting program: ACG 3131, ACG 3141, ACG 3151, ACG 3341, ACG 4401, ACG 4651, TAX 4001, and TAX 4011.

16. A fundamental principle of academic, business and community life is honesty. In the academic environment, the following are critical:
   1. For most graded assignments, students are expected to work independently. However, team assignments typically require students to work together. For both individual and team assignments, each student should be careful not to represent the work of others as his or her own.
   2. Appropriate classroom behavior is expected at all times, including respect for the instructor and peers. Disruptive classroom behavior is unfair to other students who are in class to learn, as well as to the instructor, and will not be tolerated.
   3. The Internet is a powerful tool providing access to a wealth of information. Students are reminded that plagiarism guidelines that apply to printed materials also apply to materials accessed via the Internet and that the School employs various plagiarism (cheating) detection methods.
   4. See: 

17. All students are referred to the Code of Academic Integrity of the University Regulations, Chapter 4, Regulation 4.001. It is the policy of the School of Accounting at Florida Atlantic University to adhere to the provisions of this regulation. Faculty of the School of Accounting will take action to secure the maximum penalty in the event of any observation of a violation. Additional rules regarding student responsibility, discipline and a host of other regulations are set out in the Florida Atlantic University Regulations which are subject to change without notice. For the University Regulations in effect at any given time, visit www.fau.edu/regulations.

Students agree that by taking this course all required papers may be subject to submission for textual similarity review to SafeAssign for the detection of plagiarism. All submitted papers will be included as source documents in the SafeAssign reference database solely for the purpose of detecting plagiarism of such papers. The Internet is a powerful tool providing access to a wealth of information. Students are reminded that plagiarism guidelines that apply to printed materials also apply to materials accessed via the Internet. No student should use old materials obtained from another student who has taken this course. The use of such materials will be considered to be cheating. The College of Business may use students’ course-related materials for legitimate institutional purposes, such as accreditation, or university review process, etc. In such cases, the materials will be used within the college and university.
No student should use old materials obtained from another student who has taken this course. The use of such materials will be considered to be cheating.

**Religious Holidays.** Students should notify instructor of religious holidays (that a student intends to observe) within the first week of class.

**Disabilities Students.**
In compliance with the Americans With Disabilities Act, students who require special accommodations due to disability to properly execute course work must report with Office for Students with Disabilities (OSD) located in Boca Raton – SR 117 (561-799-8585), or in Davie – MOD 1 (954-236-1272), in Jupiter – SR 117 (561-799-8585), or at the Treasure Coast CO 128 (772-873-3305) and follow all OSD procedures. You are advised to do this on the first day of class. The instructor will not be responsible for your failure to provide timely notice of needs that affect the timing or administration of any assignment or examination. You are responsible for providing advance reminders of special testing needs seven days prior to each examination.

**Syllabus controls.** This syllabus controls all matters related to the class. In no event will student requests for exceptions be granted. Requests for separate or special treatment may be considered to be an "interference with the educational mission of the classroom" in accordance with the Academic and Policies and Regulations section of the FAU University Catalog and will be dealt with in accordance with the procedures therein depending on the nature and seriousness of the offense.

*This syllabus may be revised during the semester to correct errors, provide clarification or to articulate university and/or college policies. In addition, the instructor reserves the right to make changes as he deems necessary for the administration of the course. Emergencies, including extreme weather conditions, security issues and other matters may also result in changes to the course format, this syllabus and scheduled classes, lectures, etc.*