University of Southern Maine
School of Business
Department of Accounting& Finance

ACC 413: Concepts & Strategies of Taxation
Spring 2023

CRN#: (DAYTIME SECTION)
MW 11:00-12:15pm
Luther Bonney 410

Prerequisites: ACC 110 (C- or higher) and Junior standing

Instructor: Lisa M. Dunbar, MST, CPA

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Office: 522 Luther Bonney

Office Hours: W 2:30-3:30pm
& by appointment in office or zoom

Required:
1. McGraw-Hill's Taxation of Individuals & Business Entities, 2023 edition , by Spilker, et al.
2. *Connect* student access code for online homework/learning platform

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Course Objectives

This first course in taxation is designed to introduce you to the dynamic discipline of federal income taxation. The tax law changes frequently as it is amended to address unique transactions, and to meet economic and social needs. The study of taxation blends together the concepts of accounting, economics, law, and public finance.

An introduction to federal income taxation can be challenging and difficult. It may seem as if there is no obvious starting point for beginning the study of the subject. The ever-changing tax laws add to the difficulty of the task. The goal of this course is to assist you in building a strong foundation of basic tax principles and concepts. It is not possible to address every exception to a particular provision of the tax law. *The goal is to provide a tax education, not tax training.* The fundamental concepts and more common transactions will be emphasized. This should provide a good starting point for those planning additional study of taxation. More importantly, it should also provide a better understanding and appreciation of the impact of taxation on our daily activities and provide insight into how taxation affects business and financial decisions.

The primary objective of this course is for students to develop a conceptual understanding of the federal income tax system that will facilitate lifelong learning skills applied in a tax analysis setting. **In achieving this objective, students completing this course will do the following:**

- **Fundamental tax law**
    - Compare and contrast the fundamental components of the income tax system including filing forms, filing status, income, exemptions, exclusions, deductions, adjustments, credits, and tax rates.
    - Explain how a progressive income tax system works and contrast it with other tax systems.
    - Compute marginal and average tax brackets and explain the appropriate use of each.
- **Income tax fundamentals and calculations**
    - Complete a Form 1040 including the receipt of wages, retirement income, interest, dividends; capital gains, self-employment and rental income or losses; itemized deductions; credits; and estimated or carryover payments.
    - Recommend actions to minimize tax liability and maximize after-tax returns for clients and dependents consistent with IRS Code.
- **Characteristics and income taxation of business entities**
    - Differentiate between the organizational form and the tax treatment of income, expenses, payroll and wage taxes for sole proprietorships, partnerships, LLPs, LLCs, S-corps and C-corps.
    - Compare the income and payroll tax effects of wage versus ownership income.
    - Identify adjustments, deductions and exclusions that may be available to sole proprietors, partners, LLPs, LLCs, S-corp and C-corp owners.
- **Income taxation of trusts and estates**
    - Outline the basic income tax compliance rules for trusts and estates including when a return is required and how it is filed.

- **Alternative minimum tax (AMT)**
    - Explain the alternative minimum tax.
    - Identify taxpayer situations that are most likely to result in imposition of the AMT.
    - Recommend strategies to avoid triggering the AMT.
- **Tax reduction/management techniques**
    - Differentiate between tax avoidance and tax evasion.
    - Identify income shifting techniques (transfer and timing) and explain how income shifting benefits a taxpayer.
    - Compare the cash flow impact of receiving tax-exempt or tax-sheltered income to taxable income.
    - Explain how deduction clustering results in a lower tax liability.
    - Calculate the advantage of using tax-preferenced retirement, education, and flexible spending plans.
    - Identify investment strategies that can be used to manage tax liability; e.g., tax loss harvesting,
- **Tax consequences of property transactions**
    - Differentiate between the taxation of capital gains and ordinary income, including the difference in applicable tax rates.
    - Calculate the capital gain or loss on a property sale.

    - Explain the special rules regarding capital gains and losses on a principal residence.
- **Passive activity and at-risk rules**
    - Identify passive and at-risk activities and explain how taxation of such activities differ.
- **Tax implications of special circumstances**
    - Explain the tax implications of supporting an elderly parent or adult child.
    - Recommend the appropriate credit/deduction to use for post-secondary education costs.
- **Charitable/philanthropic contributions and deductions**
    - Identify qualified charitable contributions of cash, property, and appreciated assets and the advantages, disadvantages and tax effects of such gifts.
    - Calculate the maximum charitable contribution deduction allowed in a tax year.

Homework

You should read through each chapter prior to class to get a basic overview.(see attached Tentative Course Schedule). I will cover each chapter in class. Your homework assignments for each chapter will be posted on the *Connect* online learning platform. You should come to class prepared to participate in class discussions. If you encounter difficulties with any of the material in this course, you should seek help from me as soon as possible. Otherwise, it will be difficult to keep moving through the material.

The homework assigned on *Connect* will constitute a portion of your final grade. In order to get credit for a particular assignment, it must be submitted on *Connect* by the due date. **I will not accept late homework.** You are allowed **two** attempts at the homework. You will get credit for your average attempt score. I do not believe you can successfully complete this course without completing the assigned material so it is in your best interest to complete the homework assignments not only to get credit towards your final grade but also to give you the practice necessary to understand the material.

Quizzes/Assessments

There will be a quiz for each chapter on Connect. The Quizzes are meant to be taken after you have completed the homework. You are allowed 50 minutes, but only get one attempt at the quiz. I recommend you do the quizzes last.

Tax Return Problems

Your will be assigned 4 tax compliance and reporting problems during the course of the semester. You may work on these assignments either individually or in groups of no more than two individuals. Each individual must submit their own assignment for grading. Detailed instructions and more information will be discussed later in the semester.

Exams

The course will consist of 3 exams. **The final exam will not be cumulative**. Exams will be online and must be taken during the time period specified. Failure to take an exam during the allotted time period without prior approval may result in a grade of zero. Approval to be absent from an exam will only be granted in cases of personal emergency or illness. Written verification may be required.

Attendance/Participation

It is important for you to attend class and participate. I go over each chapter in detail in class and do examples.

Grading

*Exams (3) (20 each)	60%	A's	90-100%
		B's	80-89%
*Tax Return Problems (4) (5 each)	20%	C's	70-79%
*Homework	10%	D's	60-69%
*Quizzes	10%		
Total	100%		

Withdrawals and Incompletes

The last day to drop this course with an automatic "W" is March 31, 2023. After this date, approval from the School of Business is required for a "W," and rarely will be granted. An Incomplete in the course will be granted only in the case of exceptional circumstances and requires approval from the School of Business.

5. Academic Services & Policies

Below you'll find information for our most crucial student services and supports. For USM's most complete and current information on services available to students, as well as academic policies, see The Academic Services & Policies Overview webpage.[1]

- **Request disability accommodations** | (207) 780-4706 | dsc-usm@maine.edu
- **Report Interpersonal violence** | (207) 780-5767 | usm.titleix@maine.edu
- **Report On-Campus Emergencies and Safety Concerns** | (207) 780-5211 or your local

police agency.

- **Get academic help** | mycampus.maine.edu/group/usm/learning-commons[1]
- **Get technology help** | usm.maine.edu/computing/helpdesk
- **Meet with an Advisor** | usm.maine.edu/advising

Services & Policies that Support You

Scan the QR Code to go to the Academic Services & Policies webpage[2]

Other

If you have any problems, questions, concerns, or suggestions about this course, please do not hesitate to contact me and we can set up an in Office or Zoom meeting. I would enjoy talking with you about business or accounting careers or the possibility of becoming an accounting major. I want to get to know you better and increase your comfort level and learning experience in this class.

[1] https://mycampus.maine.edu/group/usm/common-syllabus
[2] https://mycampus.maine.edu/group/usm/common-syllabus

ACC 413
TENTATIVE COURSE SCHEDULE
Spring 2023

Date	Chapter/Topic		DUE
1/18	Introduction		
1/18	1 – Introduction to Tax		Read Chapter 1 Chapter 1 Homework & Quiz
1/23&1/25	2 – Tax Compliance & Authorities 3 - Tax Planning Strategies		Read Chapter 2 (Just lo2-1,lo2-2, lo2-7) Read Chapter 3 Chapter 2 Quiz Chapter 3 Homework & Quiz
1/30	4 – Individual Income Tax Overview		Read Chapter 4
2/1	4 – Individual Income Tax Overview		Chapter 4 Chapter 4 Homework & Quiz
2/6	5 – Gross Income & Exclusions		Read Chapter 5 – Gross Income
2/8	5 – Gross Income & Exclusions		Chapter 5 – Gross Income Chapter 5 Homework & Quiz
2/13	Catch-up/review		
2/15	**Exam 1 - Chapters 1, 2,3 4, 5**		More details to follow. Online
2/22	6 – Individual Deductions		Read Chapter 6
2/27	6 – Individual Deductions		Chapter 6 Homework & Quiz **Tax Return Problem #1 DUE**
3/1	7 - Investments		Read Chapter 7
3/6&3/8	Chapter 7 - Investments		Chapter 7 Chapter 7 Homework & Quiz
3/13 & 3/15	**Spring Break - Classes**		
3/20	8 – Tax Computation & Credits		Read Chapter 8

3/22	8 – Tax Computation & Credits		**Tax Return Problem #2 Due** Chapter 8 Homework & Quiz
3/27	9 – Business Income & Deductions Catch Up		Read Chapter 9 (thru p. 9-17 only) Chapter 9 Homework & Quiz

3/29	**Exam 2 – Chapters 6, 7, 8, 9**		More details to follow.
4/3	10 – Property Acquisition & Cost Recovery		Read Chapter 10
4/5	10 – Property Acquisition & Cost Recovery		Chapter 10 Chapter 10 Homework & Quiz
4/10	11 – Property Dispositions		Read Chapter 11
4/12	11 – Property Dispositions		Chapter 11 Chapter 11 Homework & Quiz
4/17	12 - Compensation		**Tax Return Problem #3 Due** Read Chapter 12 Chapter 12 Homework & Quiz
4/19	13 – Retirement Savings and Deferred Compensation		Read Chapter 13 Chapter 13 HW & Quiz
4/24	14 – Home Ownership		Read Chapter 14
4/26	14 – Home Ownership		Chapter 14 Chapter 14 Homework & Quiz **Tax Return Problem #4 DUE**
5/1	**Final Exam - Chapters 10, 11, 12, 13, 14, (noncumulative final exam) TBD**		