



El Camino College
COURSE OUTLINE OF RECORD – Official

Course Acronym:	BUS
Course Number:	160
Descriptive Title:	Income Tax Accounting
Division:	Business
Department:	Accounting
Course Disciplines:	Accounting
Catalog Description:	This course emphasizes income tax regulations pertaining to individual and business income tax reporting. Major topics include income inclusions, exclusions, exemptions, capital gains and losses, and business and individual deductions.
Prerequisite:	BUS 150 with a minimum grade of C or equivalent experience
Co-requisite:	
Recommended Preparation:	
Enrollment Limitation:	
Hours Lecture (per week):	4
Hours Laboratory (per week):	0
Outside Study Hours:	8
Total Course Hours:	72
Course Units:	4
Grading Method:	Letter Grade only
Credit Status:	Credit, degree applicable
Transfer CSU:	Yes
Effective Date:	
Transfer UC:	No
Effective Date:	
General Education: ECC	
Term:	
Other:	
CSU GE:	
Term:	
Other:	
IGETC:	
Term:	
Other:	
CalGETC:	
Term:	
Other:	

Student Learning Outcomes:	SLO #1 Preparation Prepare a correct form 1040 tax return including the necessary forms and schedules. SLO #2 Schedule C Prepare a correct Schedule C including the necessary forms and schedules. SLO #3: Schedule E Prepare a correct Schedule E including the necessary forms and schedules.
Course Objectives:	1. Analyze and evaluate federal income tax laws and regulations in reference to the individual business tax returns. 2. Calculate gross income, including items that are taxable and non-taxable. 3. Identify and calculate adjustments to gross income, such as moving expenses, travel expenses, and individual retirement accounts. 4. Identify and calculate capital gains and losses with emphasis on installment sales and like-kind exchanges. 5. Compute deductions: medical, taxes, interest, charitable contributions, and miscellaneous expenses. 6. Describe accounting periods, accounting methods, and appeal rights. 7. Prepare individual income tax returns. 8. Discuss basic tax planning to reduce an individual's income tax liability.
Major Topics:	I. Introduction and basic tax model (4 hours, lecture) A. Components of the taxable income formula II. Filing status, exemptions (12 hours, lecture) A. Individual taxpayers and business taxpayers B. Definition of exemptions and exemption types C. The five filing status groups D. Filing requirements III. Gross income (8 hours, lecture) A. The definition of gross income by the Internal Revenue Code B. The twelve gross income sources C. Gross income calculation. D. Gross income threshold for filing and income tax return IV. Deductions (16 hours, lecture) A. AGI (Adjusted Gross Income) B. Deductions for AGI C. Deductions from AGI D. Standard deductions E. Standard deductions for dependents F. Deduction worksheets V. Special tax computations methods, payment procedures and tax credits (8 hours, lecture) A. Tax determination B. Index for inflation C. Tax credits including foreign tax credit, dependent and child care, higher education credits, child tax credit, and retirement savings credit VI. Property transactions (12 hours, lecture) A. Capital gains and losses B. Rental activities C. Depreciation and amortization D. Basis and non-taxable exchanges VII. Accounting periods, accounting methods, and deferred compensation (8 hours, lecture)

	A. Accounting period alternatives B. Choosing an accounting method C. Reporting of deferred compensation VIII. Corporations and partnerships (4 hours, lecture) A. Forming a corporation B. Definition of the nature of a partnership C. Corporate tax returns D. Transactions between partnerships and partners
Total Lecture Hours:	72
Total Laboratory Hours:	0
Total Hours:	72
A.1. Primary Methods of Evaluation (Part 1 - CCN courses only):	
A.2. Primary Method of Evaluation (Part 2 - all courses; choose one):	2) Problem solving demonstrations (computational or non-computational)
Typical Assignment Using Primary Method of Evaluation:	Agnes exchanges a warehouse and the related land with Damon for an office building and the related land. Agnes's adjusted basis for her warehouse and land is \$420,000. The fair market value of Damon's office building and land is \$410,000. Agnes's property value has a \$90,000 mortgage that Damon assumes. a. Calculate Agnes's realized and recognized gain or loss. b. Calculate Agnes's adjusted basis for the office building and land received. c. As an alternative, Damon has proposed that rather than assuming the mortgage, he will transfer cash of \$90,000 to Agnes. Agnes would use the cash to pay off the mortgage. Prepare a one-page paper advising Agnes on whether this alternative would be beneficial to her from a tax perspective.
Critical Thinking Assignment 1:	Rocky sells his residence for \$600,000. The adjusted basis was \$120,000. The selling expenses were \$36,000. Repair expenses incurred to get the house ready to sell were \$15,000. Calculate the taxable gain on this sale. Prepare a one-page paper describing the tax issues and what impact this will have on Rocky's tax return and taxable income.
Critical Thinking Assignment 2:	Liz sued an overzealous bill collector and received the following settlement: -Damage to her automobile the collector attempted to repossess -- 1,000 -Physical damage to her arm caused by the collector -- 8,000 - Loss of income while her arm was healing -- 6,000 - Punitive damages -- 30,000 a. Under the current tax code what effect does the settlement have on Liz's gross income? b. Assume Liz also collected \$40,000 of damages for slander to her personal reputation caused by the bill collector misrepresenting the facts to Liz's employee and other

	creditors. Prepare a one-page paper describing the tax issues and what impact this will have on Liz's gross income.
Other Evaluation Methods:	Class Performance, Completion, Homework Problems, Laboratory Reports, Matching Items, Multiple Choice, Quizzes, True/False
Instructional Methods:	Demonstration, Discussion, Lecture, Multimedia presentations
If other:	
Work Outside of Class:	Answer questions, Problem solving activity, Required reading, Skill practice, Study, Written work (such as essay/composition/report/analysis/research)
If Other:	
Up-To-Date Representative Texts:	Young, Raabe, et al, <u>South-Western Federal Taxation 2025: Individual Income Taxes</u> , 48th Edition, Cengage, 2025
Alternative Texts:	
Required Supplementary Readings:	
Other Required Materials:	
Requisite:	Prerequisite
Category:	sequential
Requisite course(s): List both prerequisites and corequisites in this box.	BUS 150
Requisite and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s).	Interpret, analyze, record, and process a wide array of business transactions through a double-entry accounting systems in accordance with acceptable accounting practices, rules, government relations, tax law, and generally accepted accounting principles. BUS 150 - Interpret, analyze, record, and process a wide array of business transactions in accordance with acceptable accounting theory, principles and practices as well as government regulation, federal tax laws, and generally accepted accounting principles. Prepare basic financial statements and accounting reports for a service or merchandising type of business with a focus on the sole proprietorship and partnership forms of ownership. BUS 150 - Describe and perform the accounting functions of the accounting cycle for service and merchandising businesses. Possess the necessary analytical skills, accounting terminology, accounting theory, and principles to read, interpret, and evaluate basic financial statements and accounting reports and come to a conclusion on the profitability, liquidity, and overall performance of the business. BUS 150 - Interpret, analyze, record, and process a wide array of business transactions in accordance with acceptable accounting theory, principles and practices as well as government regulation, federal tax laws, and generally accepted accounting principles.
Requisite Skill:	Prerequisite
Requisite Skill and Matching Skill(s): Bold	Interpret, analyze, record, and process a wide array of business transactions through a double-entry accounting systems in accordance with acceptable accounting practices, rules, government relations, tax law, and generally accepted accounting principles.

the requisite skill(s). If applicable	Interpret, analyze, record, and process a wide array of business transactions in accordance with acceptable accounting theory, principles and practices as well as government regulation, federal tax laws, and generally accepted accounting principles. Prepare basic financial statements and accounting reports for a service or merchandising type of business with a focus on the sole proprietorship and partnership forms of ownership. Describe and perform the accounting functions of the accounting cycle for service and merchandising businesses. Possess the necessary analytical skills, accounting terminology, accounting theory, and principles to read, interpret, and evaluate basic financial statements and accounting reports and come to a conclusion on the profitability, liquidity, and overall performance of the business. Interpret, analyze, record, and process a wide array of business transactions in accordance with acceptable accounting theory, principles and practices as well as government regulation, federal tax laws, and generally accepted accounting principles.
Requisite course:	
Requisite and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s).	
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Enrollment Limitations and Category:	
Enrollment Limitations Impact:	
Course Created by:	J. Okada
Date:	06/01/1973
Original Board Approval Date:	
Last Reviewed and/or Revised by:	Sidney Porter
Date:	10/15/2025
Last Board Approval Date:	01/21/2026
Effective Term:	FA 2026