



El Camino College
COURSE OUTLINE OF RECORD – Official

Course Acronym:	BUS
Course Number:	161
Descriptive Title:	Business Taxation
Division:	Business
Department:	Accounting
Course Disciplines:	Accounting
Catalog Description:	The course involves an examination of the federal income taxation of corporations, partnerships and their owners. Topics include choice of entity, business formation, operating rules, distributions, and liquidations.
Prerequisite:	BUS 150 with a minimum grade of C or equivalent experience
Co-requisite:	
Recommended Preparation:	
Enrollment Limitation:	
Hours Lecture (per week):	3
Hours Laboratory (per week):	0
Outside Study Hours:	6
Total Course Hours:	54
Course Units:	3
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 Knowledge of Federal Tax Law To achieve a practical and academic knowledge of federal tax law. SLO #2 Application of Tax Law - Corporations To apply federal tax law to the business formation, operations, and liquidation of corporations. SLO #3 Application of Tax Law - Flow-Through Entities To apply federal tax law to the business formation, operations, and liquidation of flow-through entities, including partnerships and S-corporations.
Course Objectives:	1. To describe the nature of business income, deductions, and accounting methods. 2. To properly assess the tax implications related to the acquisition and cost recovery of corporate property. 3. To properly assess the tax implications related to the disposition of corporate property. 4. To describe the various legal taxable and non-taxable classifications of corporate entities. 5. To apply federal tax law to the operations of corporate entities. 6. To properly calculate and account for the income tax liabilities of corporate entities. 7. To properly calculate and account for income tax liabilities related to non-liquidating distributions of corporate entities. 8. To apply federal tax law to the formation, reorganization, and liquidation of corporate entities. 9. To explain federal tax law as it applies to flow-through entities. 10. To properly calculate and account for the tax implications partnership distributions and dispositions. 11. To apply federal tax law to the formation, operation, and dissolution of S-Corporations.
Major Topics:	I. Introduction to business taxation (2 hours, lecture) A. Business taxation vs. personal taxation B. Components of business taxation II. Business income, deductions, and accounting methods (4 hours, lecture) A. Gross income B. Deductions C. Limitations on business deductions D. Specific deductions E. Accounting periods F. Accounting methods III. Property acquisition and cost recovery (4 hours, lecture) A. Cost recovery and tax basis B. Depreciation C. Amortization D. Depletion IV. Property dispositions (4 hours, lecture) A. Dispositions B. Character of gain or loss C. Depreciation recapture D. Other provisions affecting tax rate on gains E. Calculating net 1231 gains F. Gain or loss summary

	G. Non-recognition transactions V. Entities overview (4 hours, lecture) A. Entity legal classification and non-tax characteristics B. Entity tax classification C. Entity tax characteristics D. Other tax characteristics VI. Corporate operations (6 hours, lecture) A. Corporate taxable income formula B. Computing corporate taxable income C. Compliance VII. Accounting for income taxes (6 hours, lecture) A. Accounting for income taxes and the tax provision process B. Calculating a company's income tax provision C. Determining the need for a valuation allowance D. Accounting for uncertainty in income tax provisions E. Financial statement disclosure and computing a corporation's effective tax rate F. FASB projects related to accounting for income taxes VIII. Corporate taxation: non-liquidating distributions (6 hours, lecture) A. Taxation of property distributions B. Determining the dividend amount from earnings and profits C. Stock distributions D. Stock redemptions E. Partial liquidations IX. Corporate formation, reorganization, and liquidation (6 hours, lecture) A. Review of the taxation of property distributions B. Tax-deferred transfers of property to a corporation C. Taxable and tax-deferred corporate acquisitions D. Tax consequences to a corporate acquisition E. Complete liquidation of a corporation X. Forming and operating partnerships (4 hours, lecture) A. Flow-through entities overview B. Partnership formations and acquisitions of partnership interests C. Partnership accounting: Tax elections, accounting periods, and accounting methods D. Reporting the results of partnership operations E. Partner's adjusted tax basis in partnership interest F. Loss limitations XI. Dispositions of partnership interests and partnership distributions (4 hours, lecture) A. Basics of sales of partnership interests B. Basics of partnership distributions C. Disproportionate distributions D. Special basis adjustments XII. S Corporations (4 hours, lecture) A. S Corporation elections B. S Corporation terminations C. Operating issues D. Shareholders' basis E. Loss limitations F. Distributions G. S Corporation taxes and filing requirements H. Comparing C and S Corporations and partnerships
Total Lecture Hours:	54

Total Laboratory Hours:	0
Total Hours:	54
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:	In January, Prahbu purchased a new machine for use in an existing production line of his manufacturing business for \$90,000. Assume that the machine is a unit of property and is not a material or supply. Prahbu pays \$2,500 to install the machine, and after the machine is installed, he pays \$1,300 to perform a critical test on the machine to ensure that it will operate in accordance with quality standards. On November 1, the critical test is complete, and Prahbu places the machine in service on the production line. On December 3, Prahbu pays another \$3,300 to perform periodic quality control testing after the machine is placed in service. In an Excel spreadsheet, calculate the amount Prahbu must capitalize as the cost of the machine.
Critical Thinking Assignment 1:	W Corporation will acquire all of the assets and liabilities of Z Corporation in a Type A merger, after which W Corporation will sell off all of its assets and liabilities and focus solely on Z Corporation's business. In a one-page paper, explain how the transaction must be treated if W Corporation fails the continuity of business enterprise (COBE) test.
Critical Thinking Assignment 2:	In a one-page paper, compare and contrast S corporations, C corporations, and partnerships in terms of tax consequences at formation, shareholder restrictions, income allocation, basis calculations, compensation to owners, taxation of distributions, and accounting periods.
Other Evaluation Methods:	Essay Exams, Homework Problems, Objective Exam, Quizzes, Written Homework
Instructional Methods:	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:	Raabe, Nellen, et al, <u>South-Western Federal Taxation 2024: Corporations, Partnerships, Estates and Trusts</u> , 47th Edition, Cengage, 2024
Alternative Texts:	
Required Supplementary Readings:	
Other Required Materials:	Materials provided by the instructor.
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).	Students must have knowledge of financial accounting in order to comprehend the more complex issues in the taxation of corporations and flow-through entities. BUS 150 - Define accounting terminology. BUS 150 - Analyze financial transactions. BUS 150 - Identify the characteristics of corporations and the stockholders' equity section of balance sheets.
Requisite Skill:	Prerequisite
Requisite Skill and Matching Skill(s): Bold the requisite skill(s). If applicable	Students must have knowledge of financial accounting in order to comprehend the more complex issues in the taxation of corporations and flow-through entities. Define accounting terminology. Analyze financial transactions. Identify the characteristics of corporations and the stockholders' equity section of balance sheets.
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:	Kurt M. Hull
Date:	06/18/19
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