



El Camino College
COURSE OUTLINE OF RECORD – Approved

I. GENERAL COURSE INFORMATION

Subject and Number: Business 5A

Descriptive Title: Income Tax Accounting

Course Disciplines: Accounting or Business

Division: Business

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.

Conditions of Enrollment:

Prerequisite: Business 1A with a minimum grade of C or equivalent experience

Course Length: ☒ Full Term ☐ Other (Specify number of weeks):

Hours Lecture: 4.00 hours per week ☐ TBA

Hours Laboratory: 0 hours per week ☐ TBA

Course Units: 4.00

Grading Method: Letter

Credit Status: Associate Degree Credit

Transfer CSU: ☒ Effective Date: Prior to 7/1992

Transfer UC: ☐ No

General Education:

El Camino College:

CSU GE:

IGETC:

II. OUTCOMES AND OBJECTIVES

A. COURSE STUDENT LEARNING OUTCOMES (The course student learning outcomes are listed below, along with a representative assessment method for each. Student learning outcomes are not subject to review, revision or approval by the College Curriculum Committee)

1. SLO #1 Preparation

Prepare a correct form 1040 tax return including the necessary forms and schedules.

2. SLO #2 Schedule C

Prepare a correct Schedule C including the necessary forms and schedules.

3. SLO #3 Schedule E

Prepare a correct Schedule E including the necessary forms and schedules.

The above SLOs were the most recent available SLOs at the time of course review. For the most current SLO statements, visit the El Camino College SLO webpage at <http://www.elcamino.edu/academics/slo/>.

B. Course Student Learning Objectives (The major learning objective for students enrolled in this course are listed below, along with a representative assessment method for each)

1. Analyze and evaluate federal income tax laws and regulations in reference to the individual business tax returns.
 - Objective Exams
2. Calculate gross income, including items that are taxable and non-taxable.
 - Other (specify)
 - Problem-solving
3. Identify and calculate adjustments to gross income, such as moving expenses, travel expenses, and individual retirement accounts.
 - Objective Exams
4. Identify and calculate capital gains and losses with emphasis on installment sales and like-kind exchanges.
 - Objective Exams
5. Compute deductions: medical, taxes, interest, charitable contributions, and miscellaneous expenses.
 - Objective Exams
6. Describe accounting periods, accounting methods, and appeal rights.
 - Objective Exams
7. Prepare individual income tax returns.
 - Objective Exams
8. Discuss basic tax planning to reduce an individual's income tax liability.
 - Objective Exams

III. OUTLINE OF SUBJECT MATTER (Topics are detailed enough to enable a qualified instructor to determine the major areas that should be covered as well as ensure consistency from instructor to instructor and semester to semester.)

Lecture or Lab	Approximate Hours	Topic Number	Major Topic
Lecture	4	I	Introduction and basic tax model A. Components of the taxable income formula
Lecture	12	II	Filing status, exemptions A. Individual taxpayers and business taxpayers B. Definition of exemptions and exemption types C. The five filing status groups D. Filing requirements
Lecture	8	III	Gross income 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
Lecture	16	IV	Deductions A. AGI (Adjusted Gross Income) B. Deductions for AGI C. Deductions from AGI D. Standard deductions E. Standard deductions for dependents F. Deduction worksheets
Lecture	8	V	Special tax computations methods, payment procedures and tax credits 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
Lecture	12	VI	Property transactions A. Capital gains and losses B. Rental activities C. Depreciation and amortization D. Basis and non-taxable exchanges
Lecture	8	VII	Accounting periods, accounting methods, and deferred compensation A. Accounting period alternatives B. Choosing an accounting method C. Reporting of deferred compensation
Lecture	4	VIII	Corporations and partnerships 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

IV. PRIMARY METHOD OF EVALUATION AND SAMPLE ASSIGNMENTS

A. PRIMARY METHOD OF EVALUATION:

Problem solving demonstrations (computational or non-computational)

B. 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.

- Calculate Agnes's realized and recognized gain or loss.
- Calculate Agnes's adjusted basis for the office building and land received.
- 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.

C. COLLEGE-LEVEL CRITICAL THINKING ASSIGNMENTS:

- 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.
- 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
 - Under the current tax code what effect does the settlement have on Liz's gross income?
 - 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.

D. OTHER TYPICAL ASSESSMENT AND EVALUATION METHODS:

Quizzes
Laboratory reports
Class Performance
Homework Problems
Multiple Choice
Completion
Matching Items
True/False
Other (specify):
Analyzing and solving problems and cases

V. INSTRUCTIONAL METHODS

Demonstration
Discussion
Lecture
Multimedia presentations

Note: In compliance with Board Policies 1600 and 3410, Title 5 California Code of Regulations, the Rehabilitation Act of 1973, and Sections 504 and 508 of the Americans with Disabilities Act, instruction delivery shall provide access, full inclusion, and effective communication for students with disabilities.

VI. WORK OUTSIDE OF CLASS

Study
Answer questions
Skill practice
Required reading
Problem solving activities
Written work

Estimated Independent Study Hours per Week: 8

VII. TEXTS AND MATERIALS

A. UP-TO-DATE REPRESENTATIVE TEXTBOOKS

Linda Johnson. Essentials of Federal Income Taxation for Individuals and Business. Wolters Kluwer, 2018.

B. ALTERNATIVE TEXTBOOKS

C. REQUIRED SUPPLEMENTARY READINGS

D. OTHER REQUIRED MATERIALS

VIII. CONDITIONS OF ENROLLMENT

A. Requisites (Course and Non-Course Prerequisites and Corequisites)

Requisites	Category and Justification
Course Prerequisite Business-1A or	Sequential
Non-Course Prerequisite	Federal income tax regulations are highly complex and an understanding of both the tax laws and the reporting of taxes is required.

B. Requisite Skills

Requisite Skills
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 1A - 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 1A - 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 1A - 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.

C. Recommended Preparations (Course and Non-Course)

Recommended Preparation	Category and Justification
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D. Recommended Skills

Recommended Skills

E. Enrollment Limitations

Enrollment Limitations and Category	Enrollment Limitations Impact
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Course created by J. Okada on 06/01/1973.

BOARD APPROVAL DATE:

LAST BOARD APPROVAL DATE: 12/16/2019

Last Reviewed and/or Revised by: Sidney Porter

Date: 10/1/2019

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