

NEW MEXICO STATE UNIVERSITY
ACCT 403
FEDERAL TAXATION I
SPRING 2009

INSTRUCTOR: Bill Smith

OFFICE: GU 207

OFFICE HOURS: Tuesday & Thursday: 10:30 – 12:00
Wednesday: 10:30 – 12:00
Other times by appointment

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PREREQUISITES: ACCT 252 & BCIS 338

REQUIRED TEXT: CCH Federal Taxation – Comprehensive Topics, 2009 Edition.
Smith, Harmelink, & Hasselback.

CATALOG DESCRIPTION

Basic federal income tax law; emphasis on determination of taxable income of individuals.

COURSE OBJECTIVE

This course will serve as an important foundational introductory course in tax accounting. You have probably heard the saying “The two things that everyone has in common are death and taxes”. The material covered in this course will serve as an important first step in your knowledge of tax accounting, which is both challenging and rewarding.

At the end of this course, you should have a basic understanding of federal income tax as it applies to individuals. Accordingly, you should be able to apply the basic tax formula to calculate taxable income; identify the numerous common items that are included in and excluded from gross income; identify the various itemized deductions and the related limitations; apply the correct treatment to various business related deductions; identify and apply various tax credits with applicable limitations; understand property transactions and apply the appropriate tax treatment; understand and appreciate the complexity of the federal income tax structure; and distinguish some of the other taxable entities used by business and their tax treatment.

In addition, this course will cover many of the basic foundational individual income tax topics incorporated on the CPA exam. Accordingly, this course should be beneficial for those students who plan to eventually sit for the CPA exam.

GRADING

The total points available for this course are as follows:

Exams (2 @ 100 pts.)	200
Comprehensive Final	200
Quizzes & Homework	100
Income Tax Returns	100

Total Points	600
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Letter grades will be determined as follows:

540 – 600 = A
480 – 539 = B
420 – 479 = C
360 – 419 = D
0 – 359 = F

If you are taking this course on the S/U grading basis, your grade will be computed in the same manner as those of the other students. You must receive a grade of "C" or better for satisfactory completion of the course. An incomplete "I" grade will only be assigned under circumstances that clearly comply with university regulations as set forth in the catalog.

EXAMS

There will be three exams given during the semester, which will include a comprehensive final exam to be administered during finals week. The exams may consist of multiple choice, short answer essay, and structured problems. There is **NO** provision for a make-up exam during the semester. In the event that a student has a **DOCUMENTED** university excused absence, an alternative exam will be provided; however, the student **MUST** provide written notification in advance of the missed exam. The specific time and date will be provided to any student that qualifies for and is thus in need of an alternative exam. Also, programmable calculators or any other text capable devices are **NOT** allowed for any exam and sharing of calculators during an exam is forbidden.

ASSIGNMENTS

Students will be responsible for the assigned chapter and related problems set forth on the assignment sheet. Homework problems are due on the assigned date and may be randomly collected throughout the term. Problems should be PRINTED LEGIBLY on four-column accounting work paper. Late homework will **NOT** be accepted. Students are strongly encouraged to stay current with the class. Should problems be encountered, you will need to seek out immediate help. **DO NOT FALL BEHIND!** Also, the instructor may assign additional problems not listed on the assignment sheet. This will be announced in advance during class; and accordingly, you will be responsible for completing. Failure to timely submit homework problems may have an adverse impact on your final grade.

COURSE EXPECTATIONS

Welcome to Federal Taxation I. For many of you, this course will be both challenging and time consuming as there are numerous details and rules and exceptions to rules that you must master in order to gain the necessary proficiency and understanding that individual income taxation requires. Further, as future accountants and CPAs, many of you will be involved in or have successful careers in tax accounting. It is important to understand that tax accounting cannot be learned by merely reading the text; you must carefully and thoroughly read ALL the text material. Then you must work, rework, analyze and then perhaps work again the assigned problems before you truly understand the material. Simply showing up to the lecture and copying the exercises covered in class as the professor is presenting them and then later attempting to work the assigned homework problems will not ensure your success in this course. Thus, you **MUST** prepare for each class in advance. Your success in this course is directly related to your preparation and effort. Accordingly, **YOU** must assume the responsibility for your learning. This course will require a substantial time commitment on your part if you intend on successfully completing and understanding the material.

ATTENDANCE

Accounting is more than just knowing how to work problems. The lecture/discussion will tie everything together; however, you should have read the assigned material and attempted the exercises **BEFORE** coming to class and be prepared to ask and answer questions in class. Regular attendance is expected. You will be held responsible for any announcements made and any material covered during class.

DISABILITIES

If you have a disability that interferes with your performance as a student in this class, you are encouraged for academic reasons to discuss this on a confidential basis with your instructor, in order to provide reasonable accommodations. In addition, you may wish to contact the Services for Students with Disabilities (SSD) office located at Garcia Annex to register. If you have already registered, please make sure your instructor receives a copy of the accommodation memorandum from SSD within the first two weeks of class. It will be your responsibility to inform the instructor and also the SSD representative (in a timely manner) if the services/accommodations provided are not meeting your needs.

ACADEMIC DISHONESTY

Students are expected to conduct themselves with the highest level of integrity. Academic dishonesty in **ANY** form will **NOT** be tolerated. For a definition of academic dishonesty and the related consequences, consult the student handbook. The instructor will pursue every available course of action against any such student. In addition, plagiarism or any other form of unauthorized collaboration will constitute academic dishonesty. **ANY** student caught submitting **ANY** work that is not his or her own will receive a failing grade for the **ENTIRE COURSE – NO EXCEPTIONS!** High academic standards will be adhered to in this course.

INCOME TAX RETURN ASSIGNMENTS

Given that this is an introductory federal taxation course, you will complete individual income tax returns during the semester. The complexity and content will increase with each tax return assignment. Each assignment and respective due date will be announced in class. Further details will be provided.

STUDYING FOR THE EXAMS

Preparation for an exam begins on the first day of class. In other words, to be successful, you must engage in a continuous process of studying. You will quickly learn that there are numerous details in federal income tax that will require a substantial time commitment from you in order to fully understand the material. Slacking off, followed by cramming DOES NOT WORK. There is simply too much integrated and detailed information covered to merely memorize. Assuming you have been diligently keeping up with your work, begin your preparation for a test by reviewing your notes several days before the test. Note items the professor has stressed and items that were either not covered at all or declared to be of lesser importance. Concentrate on the items the professor considered important. Chances are they will be on the exam. Review your notes and the chapter outlines or summaries you prepared. Skim through the chapters that will be covered on the exam. Focus on those items that were declared to be important and if you have forgotten anything or if you are unsure, re-read the relevant sections in depth. Work some comprehensive, difficult problems. If you find them easy, congratulations, you are ready. If however you have difficulties with these problems, go back to the text and your notes. Work some easier problems; now try the harder ones again. Budget your time carefully and NEVER study at the last minute. You must give your mind some time to absorb and understand the material. If you try to cram at the last minute (especially after nine or ten o'clock the night before the exam) you will simply become more befuddled. Make sure you have enough time before the exam to become relaxed. Do not let yourself be trapped in last minute, hysterical sessions with your classmates. Instead go for a walk, relax and collect your thoughts, whatever is enjoyable. Of course, the above only applies if you diligently studied at the appropriate time (EARLIER!!!). If you didn't, you are on your own. Good Luck! You will need it!

ADDITIONAL

A tentative assignment schedule for the term is attached. I reserve the right to make any changes in the assignment schedule. Thus, should there be any changes in this assignment schedule, they will be announced in class, accordingly, you will be held responsible for such changes.

An optional study manual for this course is available entitled CCH Federal Tax Study Manual, 2009. You may contact the bookstore, or the publisher CCH at 1-800-248-3248, or go online at www.CCHGroup.com. In addition, there is also a free online learning center available at www.cchstudymate.com. You will need to provide the access code provided on the tear-out instruction card found in the textbook before Chapter 1. Please let me know if you have any questions.

You will need four-column accounting work paper for completing ALL homework assignments.

WEB CT

Upon registering for this course, you were placed on the Web CT page for the section you are enrolled in. You will use this during the semester for checking grades, obtaining various posted assignments, obtaining another syllabus copy, etc. We will discuss this further in class.

QUIZZES

Pop quizzes will be given during the semester. There is no provision for a make-up. A grade of zero will be given for a missed quiz.

CPA EXAM AND 150-HOUR REQUIREMENT

New Mexico law requires applicants for the CPA Examination to have at least 150 semester hours of education. Texas and most other states also have the 150-hour rule, but the nature of these 150 hours can vary significantly from state to state. For example, in New Mexico, only 30 total hours of accounting are required to sit for the CPA exam, and 3 of these hours can be in business law. In Texas, 30 UPPER DIVISION accounting hours, plus an approved accounting ethics class, are required to sit for the exam. Including sophomore-level accounting courses, this totals 39 hours of Accounting. (NMSU will provide a Texas-approved accounting ethics class beginning in Fall 2005.)

To find the requirements for a particular state, see the following AICPA website, which links to the various state boards of accountancy:

<http://www.aicpa.org/yellow/ypsboa.htm>

MASTER OF ACCOUNTANCY

Many who plan to sit for the CPA Exam choose to remain in school for a Master of Accountancy degree. If you are thinking about a career in public accounting, you may wish to consider this program as the most beneficial way to enhance your background and credentials before accepting a career position. The Master of Accountancy degree is fully accredited by the AACSB. In addition, the M.Acc. Degree should allow you to meet the CPA certification requirements in most, if not all, states. If you are interested in entering the M.Acc. program at NMSU, please contact the director, Dr. Cindy Seipel (cseipel@nmsu.edu , Room BC 333, 646-5206) for more information. You should keep in mind, however, that professional certifications other than the CPA are available and may be more appropriate for your career objectives. Should you ever have any questions, please do not hesitate to ask me or any other accounting faculty member. Our primary concern is your success.

NOTABLE QUOTES

"The hardest thing in the world to understand is the income tax." - *Albert Einstein*

"There are two systems of taxation in our country: one for the informed and one for the uninformed." - *Honorable Learned Hand, US Appeals Court Justice*

ASSIGNMENT SHEET

<u>DATE</u>	<u>CHAPTER</u>	<u>ASSIGNMENTS</u>
1/15	Introduction / Ch. 1	
1/20	Ch. 1 / Ch. 3	3 – 31, 32, 33, 34, 35
1/22	Ch. 3	3 – 40, 41, 42, 47
1/27	Ch. 3 / Ch. 4	3 – 50, 60
1/29	Ch. 4	4 – 21, 24, 30, 34, 35
2/3	Ch. 4	4 – 38, 39, 41
2/5	Ch. 4 / Ch. 5	4 – 47, 49 5 – 19, 20, 22, 24
2/10	Ch. 5	5 – 31, 32, 35, 38, 40
2/12	Ch. 5	5 – 48, 49
2/17	EXAM I	
2/19	Ch. 6	6 – 24, 25, 26, 27, 29
2/24	Ch. 6	6 – 37, 38, 39, 40, 53
2/26	Ch. 6 / Ch. 7	6 – 54, 59 7 – 31, 32, 36
3/3	Ch. 7	7 – 37, 38, 41, 43
3/5	Ch. 7	7 – 46, 48, 49
3/10	Ch. 7 / Ch. 8	7 – 51, 60 8 – 24, 26, 29
3/12	Ch. 8	8 – 34, 38, 39, 40, 42
3/17	Ch. 8	8 – 45, 51, 52
3/19	EXAM II	
3/24	SPRING BREAK	

<u>DATE</u>	<u>CHAPTER</u>	<u>ASSIGNMENTS</u>
3/26	SPRING BREAK	
3/31	Ch. 9	9 – 40, 46, 47, 48
4/2	Ch. 9 / Ch. 10	9 – 57, 58
4/7	Ch. 10	10 – 21, 26, 30, 33, 38, 44, 47
4/9	Ch. 10 / Ch. 11	10 – 48, 54 11 – 23, 26
4/14	Ch. 11	11 – 30, 31, 39
4/16	Ch. 11	11 – 40, 44, 50
4/21	Ch. 11 / Ch. 12	12 – 30, 36, 38
4/23	Ch. 12	12 – 49, 50, 52, 54, 55
4/28	Ch. 12	12 – 58, 66, 67
4/30	Ch. 12 / Review	
5/7	COMPREHENSIVE FINAL EXAM (SEC. M01: 8:00 – 10:00) (SEC. M02: 3:30 – 5:30)	

IMPORTANT DATES

January 26 - Last day to add a class
 March 9 - Last day to drop with a “W”
 April 17 - Last day to withdraw from the university

WITHDRAWING FROM THE COURSE

If you are considering withdrawing from the course, I strongly encourage you to please meet with me first to discuss your situation. Should you still decide to withdraw from the course, please be sure to secure a signed course withdrawal form to ensure a “W” is designated for your course grade. Do NOT simply stop coming to class! If you do not formally withdraw from the course, you will most likely receive an “F” for the final course grade.