

BUTTE COLLEGE

COURSE OUTLINE

I. CATALOG DESCRIPTION

ACCT 105 - Income Tax Preparation

4 Unit(s)

Prerequisite(s): NONE

Recommended Prep: ACCT 20 or Reading Level IV; English Level III; Math Level II

Transfer Status: NT

68 hours Lecture

This course is a study of the Federal and California income tax laws that apply to taxpayers, the application of the laws by computation of various practical problems and the completion of forms required by the Internal Revenue Service and the California State Franchise Tax Board. The requirements for becoming a licensed tax preparer and the rules and regulations governing licensed tax preparers are reviewed. This course is primarily designed for the vocational student. It will orient the student toward working with tax problems in an accounting office, a financial institution, an enrolled agent's office, the Internal Revenue Service, the California State Franchise Tax Board, a state licensed tax preparers' office or in their own office.

II. OBJECTIVES

Upon successful completion of this course, the student will be able to:

- A. Prepare a moderately complex Internal Revenue Service Form 1040 and California Franchise Tax Board Form 540 and their associated and supporting forms.
- B. Calculate, compare, analyze and select the appropriate tax provision that would most benefit the taxpayer's circumstances.
- C. Plan and anticipate potential income tax consequences of financial events.
- D. Identify issues and potential tax liabilities or benefits.
- E. Locate and interpret various sources of technical income tax research data.

III. COURSE CONTENT

A. Unit Titles/Suggested Time Schedule

Lecture	
<u>Topics</u>	<u>Hours</u>
1. Overview of the tax structure	2.00
2. Tax calculation, payments and reporting procedures	4.00
3. Gross income inclusions	4.00
4. Gross income exclusions and adjustments to income	4.00
5. Personal and other itemized deductions	5.00
6. Self-employed tax issues	6.00
7. Depreciation and Amortization	5.00
8. Rental activities	6.00
9. Property: basis and nontaxable exchanges	5.00
10. Property: capital gains, losses, and depreciation recaptures	6.00
11. Net Operating Loss (NOL), Alternative Minimum Tax (AMT), and business tax credits	4.00
12. Withholding, payroll, and estimated taxes	5.00

13. California nonresidents	5.00
14. California tax practitioner requirements	3.00
15. Estates and trusts	2.00
16. Taxation of other business entities such as Subchapter S-Corporation, Corporation, Partnership, and Limited Liability Company (LLC)	2.00
Total Hours	68.00

IV. METHODS OF INSTRUCTION

- A. Lecture
- B. Class Activities
- C. Homework: Students are required to complete two hours of outside-of-class homework for each hour of lecture
- D. Discussion
- E. Demonstrations
- F. Problem-Solving Sessions
- G. Reading Assignments

V. METHODS OF EVALUATION

- A. Exams/Tests
- B. Quizzes
- C. Research Projects
- D. Projects
- E. Homework
- F. In-class assignments
- G. Classroom participation

VI. EXAMPLES OF ASSIGNMENTS

- A. Reading Assignments
 - 1. Read the chapter on Gross Income Exclusions and Deductions for Adjusted Gross Income (AGI). Be prepared to discuss the items that affect AGI in class.
 - 2. Read the chapter on Personal Itemized Deductions. Prepare the homework related to home mortgage interest.
- B. Writing Assignments
 - 1. Prepare a form 1040 based on information provided by the instructor, and be prepared to discuss deductions in class.
 - 2. After reading the chapter on Self-employed tax issues complete a one-two page paper describing what items are included and what items are limited in calculating these taxes.
- C. Out-of-Class Assignments
 - 1. Using the cumulative problems 1-4, prepare an individual tax return for a hypothetical client with information provided by the instructor.
 - 2. Using the IRS website, research the rules related to rental income and rental expenses and their placement on a form 1040. Be prepared to discuss rental activities in class.

VII. RECOMMENDED MATERIALS OF INSTRUCTION

Textbooks:

- A. Linda M. Johnson, Ph.D., CPA. Essentials of Federal Income Taxation for Individuals and Business. 2012 Edition. CCH, 2012.

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