

**UNIVERSITY OF ALBERTA
SCHOOL OF BUSINESS
DEPARTMENT OF ACCOUNTING AND OIS**

**Accounting 468/668 - Corporate Income Tax
Winter 2017 – Lecture X50**

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Office Hours: by appointment

Course Objectives:

This is the second of two courses in federal income tax law designed to achieve the following objectives:

- Explain the theoretical concepts behind the specific provisions of the law.
- Apply the law in practical and case settings.
- Introduce tax planning concepts through practical problem application to enable students to prepare, use and to evaluate critically management accounting data for tactical decision making, strategic decision making, and performance evaluation and control.

This course incorporates the Learning Goals of the BCom Program, in particular Critical Thinking and Quantitative Skills.

Prerequisite: Accounting 467

It is assumed that students taking this course have an in depth understanding of the following:

- Calculation of net income for tax purposes for a business including the calculation of capital cost allowance and cumulative eligible capital.
- Calculation of property income for a corporation and the ability to distinguish property income from active business income.
- Calculation of capital gains and losses and deductibility of losses.

Required Materials:

Textbook:

- C. Byrd, I. Chen. *Canadian Tax Principles*, 2016 - 2017 Edition, Prentice Hall Canada Inc., Scarborough, Ontario, 2016.
- You must use this version of the text. Various tax rules from previous versions of the text are either outdated or no longer in effect.

Course Notes: All classroom materials will be posted to ULearn. Please download and/or print the notes prior to coming to class.

Evaluation:

Your grade in this course will be based on the marks you obtain on one midterm exam, one hand in assignments, and a final exam. These marks will be weighted as follows to determine your percentage mark in the course:

Midterm	Thursday, March 2 – 6:00pm	35 %
Project	Due by end of day Friday, March 24	15 %
Final exam	Monday, April 10 6:00 pm	50 %

These grades represent the only marks available to students. No additional work or extra credit is available.

Exams:

The midterm examination will be consolidated across all sections of the course offered this term. Note that the midterm examination will be held outside of regular class times and will be starting at 6:00 PM on the date specified above. If you have a conflict with the scheduled time, you must notify me, in writing, 2 weeks prior to the exam date so that alternate arrangements can be made.

All exams are closed book. For each exam, you will be provided with a formula sheet that will be distributed at the exam. A copy of the formula sheet will posted on the course website on a timely basis before the exam so you can use it for studying.

Project:

The project will require you to calculate and prepare a company's tax provision. The project may be completed either individually or with a partner (from any section). Further details will be provided on ULearn.

Responses must be uploaded to ULearn by the due date noted above. Hard copy submissions are not required but will be accepted. Please ensure you allow yourself enough time to upload your assignment, should you encounter technical difficulties. Late assignments will not be graded and will be assigned a grade of zero.

Final course grade:

Letter grades will be assigned to the percentage marks in accordance with University Regulations [Section 23.4(5) of the University Calendar]. Grades in this course will be based on a combination of absolute achievement and relative performance. See p.5 for a description of how grading will be done and also

<https://policiesonline.ualberta.ca/PoliciesProcedures/Pages/DispPol.aspx?PID=101>

Absences and Missed Work

If you are absent from the midterm exam for an acceptable reason (illness or family emergency) you are required to send an email to me, within one week of the exam, informing me that you were unable to attend the midterm and explaining the nature of your difficulty. I may, at my discretion, require proof supporting your stated reason for missing the midterm, either in the form of a statutory declaration or other supporting documentation. I follow the policy of sending all requests for deferral to the undergraduate office. In the event that the midterm examination is missed for an acceptable reason, no make-up will be given. Instead, the credit assigned to the midterm will be reallocated to the final.

Once you have written an exam, I will not re-allocate marks because of explanations given after the fact.

If you miss the final exam, you must apply to the undergraduate office for an exam deferral. The deferred exam will be held on May 5, 2017 beginning at 10:00 am.

Preparing for Class

The assigned text readings should be done before class. In the event that time pressure prevents you from doing the assigned readings before class, a review of the posted notes will significantly enhance in-class learning.

Attendance: It is your responsibility to attend class. Students are responsible for all information provided in class (announcements, lectures, problem analysis, etc.). If you cannot attend a class, it is suggested that you arrange for someone else in the class to provide you with the information you missed. Please do not contact your instructor to find out what you missed.

Practicing Problems

The best way to learn and understand tax law is to apply the rules to problems. The textbook provides three types of problems: exercises, self-study problems and assignment problems. The solutions to the exercises and self-study problems are included with the text book. Solutions to select assignment problems will be posted on the course web-site. In order to master the material, you should practice all available questions.

When practicing problems, you should prepare a complete answer before looking at the solution provided. The solutions should then be reviewed with the objective of identifying the key issues required to be addressed. When these concepts and principles are thoroughly understood, the rules in the legislation fit into place logically. The ability to identify the issue and quickly understand the required approach will save valuable time in exams.

Code of Student Behavior

Absolute and complete academic honesty is expected of you in this course. It is important for you as a student to behave in an ethical manner. The University of Alberta is committed to the highest standards of academic integrity and honesty. Students are expected to be

familiar with these standards regarding academic honesty and to uphold the policies of the University in this respect. Students are particularly urged to familiarize themselves with the provisions of the Code of Student Behaviour (online at www.governance.ualberta.ca) and avoid any behaviour that could potentially result in suspicions of cheating, plagiarism, misrepresentation of facts and/or participation in an offence. Academic dishonesty is a serious offence and can result in suspension or expulsion from the University.

Classroom Etiquette

Courtesy to the instructor, and to other students, is an important part of every class. Because some kinds of behaviour are distracting to both the instructor and to other students, it is expected that students:

- a) will arrive in class before it begins, and will stay until it is over;
- b) will not engage in sidebar conversations with other students;
- c) will not read non-course materials; and
- d) will not use personal communication or entertainment devices in class other than as specified below

Discourteous behaviour may be reflected in a student's overall grade and/or being asked to leave the classroom.

Respect the learning opportunities of others at all times so that lectures not only contribute to your own learning, but also to that of others.

Use of electronic devices in class

Students are permitted the use of laptops or tablet devices in class to take notes or access the course website or other materials relevant to the class. Other uses are disruptive to the class, the instructor and other students and are not permitted. Cellphones should be turned off prior to class.

Audio or video recording, digital or otherwise, of lectures, labs, seminars or any other teaching environment by students is allowed only with the prior written consent of the instructor or as a part of an approved accommodation plan. Student or instructor content, digital or otherwise, created and/or used within the context of the course is to be used solely for personal study, and is not to be used or distributed for any other purpose without prior written consent from the content author(s).

Other

Policy about course outlines can be found in Course Requirements, Evaluation Procedures and Grading of the University Calendar"

Questions by email: Please do feel free to ask questions by email, however, I reserve the right to determine whether or not it would be more appropriate to deal with a particular question in person instead of via email.

Distribution of grades: The following is for your guidance as to how the official University of Alberta grading scale is applied in this course. The approximate percentage of students who get grades in each major grading category is subject to change depending on the overall quality of students in the class and the difficulty of course material. I would be prepared to give a higher proportion of A grades (for example) to a class where the students demonstrated they had reached the standard I look for in assigning an A. The same would apply in the other categories. No one fails without demonstrating a failure to grasp the material at the most basic level. The lowest person in the class will not automatically get an F or even a D. It will depend on the level of knowledge the student displays.

Grade	General Descriptor	Grade	Detailed Description
A	Excellent Top 35% of class (approximately)	A+	Outstanding grasp of concepts of course in addition to outstanding performance on examinations.
		A	Excellent grasp of concepts of course in addition to excellent performance on examinations.
		A-	As in A above with some weaknesses in conceptual understanding.
B	Good Next 45% of students (approximately)	B+	Very good grasp of concepts of course in addition to very good performance on examinations. Student may have outstanding abilities on one portion of the course, with weaknesses in some other areas.
		B	As in B+ above with more substantial weaknesses in one or more areas of the course.
		B-	As in B above with more marked weaknesses particularly in the area of communication of understanding.
C	Satisfactory Next 15% (approximately)	C+	Satisfactory grasp of concepts of course in addition to satisfactory performance on examinations. Student may have good abilities on one portion of the course, with major weaknesses in some other areas. Understanding may be good but the ability to communicate understanding lacking.
		C	As in C+ above with more substantial weaknesses in one or more areas of the course. Usually an inability to adequately display understanding of concepts.
		C-	As in C above with more marked weaknesses particularly in the area of communication of understanding.
D	Poor Bottom 5% (approximately)	D+	Minimally acceptable basic understanding of course concepts. Minimal ability to demonstrate understanding through examinations. Could also include some major gaps in understanding.
		D	Minimal pass. Minimally acceptable understanding of course material and poor ability to communicate understanding.
F	Failure (Not necessarily anyone)	F	Failure to adequately grasp course material and/or failure to communicate a minimal level of understanding through examinations or papers.

Class Schedule & Topic Coverage

The following is a ***rough estimate*** of the coverage of material. Please note that we may end up moving more quickly or slowly through the material depending on overall class discussions and class comprehension.

Week of:	Planned coverage of material
Monday, January 9	Course introduction; International Issues in Taxation
Monday, January 16	Review of key concepts; Attribution and NAL transactions
Monday, January 23	Attributions and NAL transactions; Taxable income
Monday, January 30	Part I Tax Payable
Monday, February 6	Association; Integration and Taxation of Investment Income
Monday, February 13	Integration/Investment income; Acquisition of Control
Monday, February 20	No Classes – Reading Week
Monday, February 27	Catch up and review <i>Also: Midterm Exam (Thursday 6:00pm – please note the time change!) Room-TBA</i>
Monday, March 6	Tax basis shareholders' equity; Shareholder Tax Planning
Monday, March 13	Shareholder Tax Planning; s. 85 rollovers
Monday, March 20	s. 85 rollovers; Other Rollovers
Monday, March 27	Other rollovers and windups; QSBC and Sale of a Business
Monday, April 3	GST; Course review
Monday, April 10	<i>Final exam</i>

Topics	Textbook Paragraph Numbers	Textbook Problems
International Issues in Taxation	20-1 to 20-41; 20-45 to 20-69; 20-102 to 20-168	SS20-1, 20-2, 20-3, 20-4; AP20-1, 20-3, 20-4, 20-10,
Attribution and Non Arm's Length Transactions	9-141 to 9-171, 9-186 to 9-211	SS 9-7, 9-8, 9-10, 9-11, 9-12; AP 9-6, 9-7, 9-9, 9-10, 9-11
Taxable Income & Part I Tax Payable	Chapter 12; 14-51 to 14 – 69	SS 12-1, 12-2, 12-3, 12-4, 12-5 12-6, 12-7, 12-8, 12-9, 14-5; AP 12-1, 12-2, 12-3, 12-4, 12-7, 12-8, 12-9, 12-10
Association	14-35 to 14-50	SS 14-3, 14-4; AP 14-3, 14-4
Integration and Taxation of Investment Income (Part IV Tax)	7-66 to 7-95; Chapter 13	SS 13-2, 13-3, 13-4, 13-6; AP 13-2, 13-3, 13-4, 13-5, 13-6
Acquisition of Control	14-1 to 14-34; 14-70 to 14-73	SS; 14-1, 14-2; AP 14-1, 14-2
Tax Basis S/H Equity	14-74 to 14-134	SS 14-6, 14-7, 14-8; AP 14-6, 14-7, 14-8
Shareholder Tax Planning	Chapter 15	SS 15-1, 15-2, 15-3, 15-6; AP 15-1, 15-2; 15-5, 15-7
Section 85 Rollovers	Chapter 16	SS 16-1, 16-2, 16-3, 16-5, 16-6, 16-10, 16-11; AP 16-3, 16-5, 16-6, 16-12, 16-13
Other Rollovers & Windups	17-1 to 17-46	SS 17-1, 17-2, 17-3, 17-4; AP 17-1, 17-2, 17-4
QSBC Shares and Sale of a Business	11-55 to 11-93; 17-94 to 17-151	SS 17-8; AP 17-8, 17-9
GST	21-1 to 21-166	SS 21-2; AP 21-2, 21-3, 21-7