



Professor Braden Williams, Ph.D.
Office Hours Mondays/Wednesdays 11:00 am -12:00 pm or by appointment, 4M.226
Phone (512) 471-5315
E-Mail brady.williams@mcombs.utexas.edu
Course Meet MW 8:00/9:30 a.m. in GSB 3.138 and MW 12:30 p.m. in UTC 4.104
Course Web Page via Canvas <http://canvas.utexas.edu>
Teaching Assistants:

Anthony Welch	Anthony.Welsch@mcombs.utexas.edu	Tuesday 9-10 am	CBA 5.324A
Diane Sun	Dianesun@utexas.edu	Thursday 11-Noon	CBA 4.304A-A
Ryan Hess	Ryan.Hess@mcombs.utexas.edu	Friday 10-11 am	CBA 1.310C

Course Objectives

- ◆ Gain an understanding of the theory and “language” of taxation.
- ◆ Establish a broad understanding of the tax policy framework from which we can make informed decisions as voters. Identify tax policy issues suggested by or underlying particular provisions of the tax law.
- ◆ Show how taxation affects the economic decisions of multiple parties to a transaction. Build an appreciation for the importance of tax considerations in financial transactions.
- ◆ Teach sufficient detail about tax laws to provide a basic knowledge for all the students who are future taxpayers and the subset of students who become tax advisors. Apply basic tax rules and regulations to compute the taxable income and federal income tax liability for individual and corporate taxpayers.

Required Materials

Principles of Taxation for Business and Investment Planning by Jones, Rhoades-Catanach, and Callaghan. I will be using the 2019 version. While I typically don’t mind students using older version of the textbook, the Tax Cuts and Jobs Act was a major change to many aspects of the tax law so prior materials will be inaccurate. The recommended practice problems correspond with the 2019 version of the book. You do not have to buy access to McGraw Hill’s Connect software, but I will make some problems available on Connect. It was less expensive to get the textbook if it came along with access to Connect.

Chapter 17 (Accounting for Income Taxes) of Taxation of Individuals and Business Entities by Spilker et al. This individual chapter can be purchased from McGraw Hill as an ebook for \$7.31. To purchase this ebook, go to <http://create.mheducation.com/shop/> then enter ISBN: 9781307293647.

Course Requirements and Grading

Your grade in the course will be determined as follows:

Exam 1 in class	100
Exam 2 in class	100
Final Exam	200
Tax return projects (2 projects/quizzes—15 pts and 25 pts)	40
Group project and presentation	50
Electronic assignments/quizzes (best 12 out of 16 x 5 pts each)	<u>60</u>
Total	550

Note: there may also be an opportunity to help Prof. Williams with some of his research and get extra credit for doing so.

Grades will be based on mastery of the material. I have adopted plus/minus grading as the standard for all sections of the course. I expect to award a few B-'s and C's, many B's, and some B+/A-/A's with an overall course GPA around 3.3. I reserve the right to curve grades upward if needed.

Exams:

The exams will be a combination of multiple choice/matching questions (which may be theoretic or numeric), short essay questions, and workout problems. The comprehensive final exam will be all multiple choice and matching.

One 4 inch x 6 inch notecard full of notes (two-sided front and back) will be allowed for each midterm exam. Use of the card is optional and not required. I will ask you to hand in your notecard with your exam. I will provide any present value, MACRS, or tax rate information needed to solve the problems on the exam. You will not be allowed to use your book or any other notes during exams. For the final exam, you will be able to use one standard 8.5"x11" sheet of paper (two-sided front and bank).

Regrade requests for the midterm exams must be submitted to me in writing within 3 business days after exams are returned in class.

Tax return projects:

The syllabus also lists two tax return projects. For each project, there will be a five point electronic quiz on Canvas. The remainder of the grade will be based on submission of the correct and completed tax forms. You may not use tax return software to complete these projects. The purpose of these projects is to give you opportunities to (1) get comfortable finding your way around the IRS website, (2) read tax form instructions, and (3) see how various forms work and flow together.

Group project and presentation:

One class session near the end of the semester will be dedicated to group project presentations. I will assign you into groups of approximately four people. For the project, your group will take on the role of a lobbying firm that is trying to persuade a lawmaker how to vote on a particular policy issue. Each group will be assigned to an issue and must prepare to lobby both for and against the policy. We will randomly select groups beforehand to see which group will lobby for and which group will lobby against the policy. Groups will have five minutes to present and five minutes to answer questions.

Each group will be required to submit a four page written document that presents and supports the most compelling arguments for and against the proposed policy. Each group will also submit a short power point presentation (3 slides or less) that can be used in their presentation.

More details to follow later in the semester.

Quizzes:

An assignment is due for nearly every class—either an exam, an electronic quiz or a project. Electronic quizzes will be posted on Canvas. The main objective of the quizzes is to make sure you are reading the material before class. Of the 16 quizzes on the assigned chapters, I will count the best 12. All quizzes must be completed by 8:00 am on the date they are assigned. You should read chapter material and consider recommended exercises prior to attempting the quizzes, because the quizzes have time limits.

Homework:

Finally, the attached schedule recommends end-of-chapter questions for class discussion and preparation for quizzes and exams, but I will not collect these. Solutions will be posted on Canvas, but you should invest effort in working them independently – I will adapt some exam questions from the assigned homework, so your effort will be rewarded.

By UT-Austin policy, you must notify me of your pending absence at least fourteen days prior to the date of observance of a religious holy day. If you must miss a class, an examination, a work assignment, or a project in order to observe a religious holiday, you will be given an opportunity to complete the missed work within a reasonable time after the absence.

Description of Requirements

Class Participation

Group sharing and problem-solving activity will be an integral component of your in-class experience. You contribute to the class learning environment in the following ways:

- ◆ helping classmates solve recommended out-of-class problems,
- ◆ expressing your opinion in class discussions and volunteering answers to problems worked in class,
- ◆ posting questions, solutions, or current events links and summaries to the class web site,
- ◆ asking questions during class or posting questions to the class web site. I (and the rest of the class) appreciate the student who says “slow down, I’m confused.”

Class Web Site and Student Privacy

Password-protected class sites will be available for all accredited courses taught at The University. Syllabi, handouts, assignments and other resources are types of information that may be available within these sites. Site activities could include exchanging email, engaging in class discussions and chats, and exchanging files. In addition, class email rosters will be a component of the sites. Students who do not want their names included in these electronic class rosters must restrict their directory information in the Office of the Registrar, Main Building, Room 1. For information on restricting directory information, see: <http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09/html>.

Students with Disabilities

Upon request, the University of Texas at Austin provides appropriate academic accommodations for qualified students with disabilities. Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities, 512-471-6259, <http://www.utexas.edu/diversity/ddce/ssd/>. Please notify me of any such needs within two weeks of the first exam.

McCombs Classroom Professionalism Policy

The highest professional standards are expected of all members of the McCombs community. Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas MPA classroom experience is enhanced when:

- **Students arrive on time.**
- **Students display their name cards.**
- **Students minimize unscheduled personal breaks.**
- **Students are fully prepared for each class.**
- **Students respect the views and opinions of their colleagues.**
- **Laptops are closed and put away.**
- **Phones and wireless devices are turned off.**

Academic Dishonesty

The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to scholastic dishonesty are described in detail in the BBA Program's Statement on Scholastic Dishonesty at <http://www.mcombs.utexas.edu/BBA/Code-of-Ethics.aspx>. By teaching this course, I have agreed to observe all faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all student responsibilities described in that document. If the application of the Statement on Scholastic Dishonesty to this class or its assignments is unclear in any way, it is your responsibility to ask me for clarification. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, the integrity of the University, and the value of our academic brand, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at <http://deanofstudents.utexas.edu/sjs/> to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.

I owe it to you to set rules that I can enforce, so that you don't worry that you are honest but that other classmates gain an advantage from dishonesty.

Exams: Each student must complete the exams independently during the designated exam period. Do not refer to other students' exam solutions or discuss the exam with other students during the exam period. Do not send text messages or access prohibited materials during the exam. Students who have taken an exam are prohibited from discussing the exam with students who have not yet taken the exam.

Electronic assignments/quizzes and tax return projects: On outside assignments, including electronic quizzes, you may obtain outside help and work with others, including classmates, former students, finding copies of solutions, etc. Because I permit collaboration, I do not make outside work a large component of the grade.

Campus Safety

Please note the following recommendations regarding emergency evacuation from the Office of Campus Safety and Security, 512-471-5767, <http://www.utexas.edu/safety/>:

- Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside.
- Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building.
- Students requiring assistance in evacuation should inform their instructor in writing during the first week of class.
- In the event of an evacuation, follow the instruction of faculty or class instructors.
- Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office.
- Behavior Concerns Advice Line (BCAL): 512-232-5050 (or <https://operations.utexas.edu/units/csas/bcal.php>).
- Further information regarding emergency evacuation routes and emergency procedures can be found at: www.utexas.edu/emergency.

CAVEAT: This syllabus includes policies and plans for the course that may require adjustment as the course progresses. The instructor reserves the right to make changes at any time during the semester *with notice* to the class.

Reminder: All electronic quizzes are due by 8:00 am on the day assigned.

Note: QPD=Questions and Problems for Discussion; AP=Application Problems; etc.

August 29	Introduction: Types of taxes
Learning Objectives	Course overview What types of taxes exist and what jurisdictions use them?
Book Recommended	Chapter 1, Taxes and Taxing Jurisdictions CH1: QPD: 5, 7, 13; AP: 2, 4, 5, 6, 8, 14; IRP 3
September 5	Tax policy issues, NPV review
Learning Objectives	What are standards for a good tax system? What influences tax policy? Review intuition behind and calculation of NPV, FV
Book	Chapter 2, Policy Standards for a Good Tax and Chapter 3, Taxes as Transaction Costs
Assignment Recommended	Quiz 1 on Canvas (5 pts) – Covers Chapter 2 CH2: QPD: 3, 10, 11, 13; AP: 3, 4, 5, 7, 8, 9, 10 CH3: AP 3, 6, 7, 11, 16; IRP 8; TPC 1
September 10	Tax Planning
Learning Objectives	Transaction cost perspective Fundamentals of tax planning
Book	Chapter 3, Taxes as Transaction Costs, and Chapter 4, Maxims of Income Tax Planning
Assignment Recommended	Quiz 2 on Canvas (5 pts) – Covers both Chapters 3 and 4 CH3: AP 3, 6, 7, 11, 16; IRP 8; TPC 1 CH4: QPD 1, 8, 9, 11; AP 2, 4, 9, 10, 16, 18, 22; TPC 1, 2
September 12	Taxable Income from Business Operations
Learning Objectives	Apply the cash method to measure taxable income Apply the accrual method to measure taxable income
Book	Chapter 6, Taxable Income from Business Operations
Assignment Recommended	Quiz 3 on Canvas (5 pts) – Covers the first half of Chapter 6 CH6: QPD 1, 3, 6, 12; AP 1, 2, 5, 6, 10, 12, 14, 16, 17, 19, 27, 32, 37; TPC 2

September 17	Taxable Income from Business Operations, Property Acquisitions
Learning Objectives	<p>Understand choices for taxable year and accounting methods</p> <p>Understand what types of inflows are considered taxable</p> <p>Understand what types of outflows are considered deductible</p> <p>Decide if expenditures should be expensed or capitalized</p> <p>Understand how cost recovery reduces tax</p>
Book	Chapter 6, Taxable Income from Business Operations
Assignment	Chapter 7, Property Acquisitions and Cost Recovery Deductions
Recommended	<p>Quiz 4 on Canvas (5 pts) – Covers the second half of Chapter 6</p> <p>CH6: QPD 1, 3, 6, 12; AP 1, 2, 5, 6, 10, 12, 14, 16, 17, 19, 27, 32, 37; TPC 2</p> <p>CH7: QPD 3, 5, 9; AP 2, 4, 6, 7, 9, 10, 12, 14, 20, 29, 30, 34; TPC 1, 4</p>
September 19	Property Acquisitions
Learning Objectives	<p>Explain how leverage can reduce the after-tax cost of assets</p> <p>Property classifications: planning with cost segregation</p> <p>Understand the MACRS framework</p> <p>Section 179 expense, bonus depreciation</p> <p>Incorporate depreciation into NPV computations</p> <p>Cost recovery of intangibles and natural resources</p>
Book	Chapter 7, Property Acquisitions and Cost Recovery Deductions
Assignment	Quiz 5 on Canvas (5 pts) – Covers all of Chapter 7
Recommended	CH7: QPD 3, 5, 9; AP 2, 4, 6, 7, 9, 10, 12, 14, 20, 29, 30, 34; TPC 1, 4
September 24	Property Dispositions
Learning Objectives	<p>Distinguish between gain or loss realization and recognition</p> <p>Apply the installment method of accounting</p> <p>Identify capital gains and losses</p> <p>Identify and plan for Section 1231 assets</p> <p>Nonrecognition for related party losses and wash sales</p>
Book	Chapter 8, Property Dispositions
Assignment	Quiz 6 on Canvas (5 pts) – Covers all of Chapter 8
Recommended	CH8: QPD 2, 5, 7, 10, 11, 14; AP 1, 4, 7, 8, 14, 20, 29, 30, 34, 45; TPC 2
September 26	Property Dispositions
Learning Objectives	<p>Recapture of prior depreciation and prior year 1231 losses</p> <p>Netting and capital loss limitations</p>
Book	Chapter 8, Property Dispositions
Recommended	CH8: QPD 2, 5, 7, 10, 11, 14; AP 1, 4, 7, 8, 14, 20, 29, 30, 34, 45; TPC 2
October 1	Midterm Exam #1 in Class (100 pts)
	This is exam will cover materials from Chapters 1-4 & 6-8 including topics discussed in class.

October 3	Nontaxable exchanges
Learning Objectives	Generic framework for nonrecognition and basis substitution Exceptions for receipt of nonqualified property
Book	Chapter 9, Nontaxable Exchanges
Assignment	Quiz 7 on Canvas (5 pts) – Covers all of Chapter 9
Recommended	CH9: QPD 2, 3, 4; AP 1, 5, 7, 8, 11, 14, 18, 22, 29, 32
October 8	Nontaxable exchanges
Learning Objectives	Like kind exchanges, casualties, corporate and partnership formation Limit losses under the wash sales provisions
Book	Chapter 9, Nontaxable Exchanges
Other reading	example of 1031 facilitator: http://www.1031exchange corp.com/
Recommended	CH9: QPD 2, 3, 4; AP 1, 5, 7, 8, 11, 14, 18, 22, 29, 32
October 10	Sole Proprietorships, Partnerships
Learning Objectives	Understanding the nature of flow-through entities generally Reporting requirements for sole proprietorships Computing payroll and self-employment taxes Differentiating between share of partnership income and cash flows
Book	Chapter 10, Sole Proprietorships, Partnerships, LLCs, and S Corporations
Assignment	Quiz 8 on Canvas (5 pts) – Covers first half of Chapter 10
Recommended	CH10: AP1, 3, 4, 6, 13, 15, 17, 18, 21, 24, 30; TPC 1
October 15	Partnerships, LLCs and S Corporations
Learning Objectives	Basic rules for basis computation Limitations on losses arising from at-risk basis Determining eligibility for S Corporation status Contrasting partnership, LLC and S Corporations
Book	Chapter 10, Sole Proprietorships, Partnerships, LLCs, and S Corporations
Assignment	Quiz 9 on Canvas (5 pts) – Covers second half of Chapter 10
Recommended	CH10: AP1, 3, 4, 6, 13, 15, 17, 18, 21, 24, 30; TPC 1
October 17	Corporations
Learning Objectives	Basic rules for taxing corporations Comparing partnership and corporation investments Reconciling book-tax differences: Schedules M-1 and M-3
Book	Chapter 11, The Corporate Taxpayer
Assignment	Quiz 10 on Canvas (5 pts) – Covers all of Chapter 11
Recommended	CH11: QPD 7, 8, 9, 10; AP 1, 2, 6, 9, 11, 12, 14, 22, 24, 27, 29

October 22 The Corporate Taxpayer/Multijurisdictional Taxation

Learning Objectives	Taxation of corporate distributions Credits that reduce tax Discuss corporate tax return project Compare worldwide vs. territorial taxation schemes Define nexus
Book	Chapter 11, The Corporate Taxpayer Chapters 13, Jurisdictional Issues in Business Taxation
Assignment	Quiz 11 on Canvas (5 pts) – Covers first half of Chapter 13
Recommended	CH11: QPD 7, 8, 9, 10; AP 1, 2, 6, 9, 11, 12, 14, 22, 24, 27, 29 CH13: QPD 3, 6; AP 1, 4, 9, 11, 12, 36, 37

October 24 Overview of Multijurisdictional Taxation

Learning Objectives	Compare worldwide vs. territorial taxation schemes Define nexus
Book	Chapters 13, Jurisdictional Issues in Business Taxation
Assignment	Quiz 12 on Canvas (5 pts) –Covers second half of Chapter 13
Recommended	CH13: QPD 3, 6; AP 1, 4, 9, 11, 12, 36, 37

October 29 Accounting for Income Taxes

Learning Objectives	Understand conceptual difference between book and taxable income Contrast tax policy versus GAAP concepts for income measurement Apply specific rules to permanent and temporary differences
Book	Chapter 17, Accounting for Income Taxes, Spilker book.
Assignment	Entity project quiz due (5 pts)
Recommended	TBD

October 31 Accounting for Income Taxes

Learning Objectives	Understand present value effects of NOLs Incentives to forego NOL carryback Determinants of valuation allowances Reserve for Tax Contingencies
Assignment	Entity project forms due (10 pts)
Recommended	TBD

November 5 Midterm Exam #2 in Class (100 pts)

This is exam will cover materials from Chapters 9-11, 13, and 17 from the Spilker et al book including topics discussed in class.

November 7	The Individual Tax Formula
Learning Objectives	Review structure of individual taxation: Filing status, income, deductions
Book Assignment Recommended	Chapter 14, The Individual Tax Formula Quiz 13 on Canvas (5 pts) – Covers Chapter 14 CH14: AP 2, 3, 4, 10, 13, 16, 22, 27, 28
November 12	Compensation
Learning Objectives	Distinguishing employees from contractors Executive compensation limits and reasonable compensation Identify common fringe benefits
Book Assignment Recommended	Chapter 15, Compensation and Retirement Planning Quiz 14 on Canvas (5 pts) –Covers first half of Chapter 15 CH15: QPD 2, 5, AP 1, 3, 4, 6, 7, 8, 11, 14, 18, 22, 23, 24, 25, 30, 32, 38
November 14	Retirement Planning
Learning Objectives	Compare benefits of nonqualified versus qualified plans Distinguish between defined benefit plans and various defined contribution plans Understanding the use of deferred compensation Planning for retirement and college savings Describe the tax consequences of stock options
Book Assignment Recommended	Chapter 15, Compensation and Retirement Planning Quiz 15 on Canvas (5 pts) – Covers second half of Chapter 15 CH15: QPD 2, 5, AP 1, 3, 4, 6, 7, 8, 11, 14, 18, 22, 23, 24, 25, 30, 32, 38
November 19	Options/Investment and Personal Financial Planning
Learning Objectives	Understanding different ways financial instruments are taxed: Interest, dividends, insurance, annuities Computing tax on capital gains and losses Changing tax policy for capital income
Book Assignment Recommended	Chapter 16, Investment and Personal Financial Planning Quiz 16 on Canvas (5 pts) - Covers all of Chapter 16 CH16: 3, 5, 12, 19, 22, 33, 36, 41; TPC 2, 3
November 26	Investment and Personal Financial Planning
Learning Objectives	Planning for passive investments Combining at-risk basis and passive loss limits Taxation of rental real estate, partial personal use of rental property Estate and gift taxation
Book Recommended	Chapter 16, Investment and Personal Financial Planning CH16: 3, 5, 12, 19, 22, 33, 36, 41; TPC 2, 3

November 28	Tax Consequences of Personal Activities
Learning Objectives	Individual deductions, credits Understanding income exceptions for individual taxation
Book	Chapter 17, Tax Consequences of Personal Activities
Assignment	Individual Project Quiz (5 pts)
Recommended	CH17: 1, 4, 6, 9, 11, 15, 18, 22, 27
December 3	Tax Consequences of Personal Activities
Learning Objectives	Understanding deductions unique to individual taxation
Book	Chapter 17, Tax Consequences of Personal Activities
Recommended	CH17: 1, 4, 6, 9, 11, 15, 18, 22, 27
Assignment	Individual Project Forms (20 pts)
December 5	Group Project Presentations
Learning Objectives	Real-life application of tax policy principles learned and discussed through the course.
Assignment	Bring project write ups to class presentations.
December 10	Spillover Topics and Course Review
Learning Objectives	Recap of main, recurring themes from the course and review.
December 14-20	Final Exam Currently as Scheduled by the University, (200 points)

FINAL EXAM mandatory & comprehensive. (200 points)

A common final exam time will be requested for all three sections. As soon as the university assigns this time, I will let you all know. An alternative time will also be provided for those that have conflicts with another university scheduled final. Per university recommendation, please do not schedule any travel until finals are all officially completed.