

Minnesota State College Southeast

ACCT 2235: Income Tax

A. COURSE DESCRIPTION

Credits: 4

Lecture Hours/Week: 4

Lab Hours/Week: *.*

OJT Hours/Week: *.*

Prerequisites: None

Corequisites: None

MnTC Goals: None

This course covers individual and business income tax law as prescribed in the Internal Revenue code of 1986 and subsequent changes in the tax code. A brief overview of federal tax legislation provides a framework for understanding the law. The components of the tax formula are defined and discussed. The incremental nature of tax rates is explained, and tax rate schedules are used to compute sample cases. Gross income is defined along with exclusions and deductions as well as various tax credits. Business deductions including depreciation are described and calculated. Employee and self-employed related expenses are discussed as well as investor gains and losses. Property transactions and the many different classifications and treatments are discussed. Intuit Proconnect software, which is included with the text, is utilized to acquaint students with professional tax software and assist in return preparation. (Prerequisite: none) (4 credits: 4 lecture/0 lab)

B. COURSE EFFECTIVE DATES: 02/06/2018 - Present

C. OUTLINE OF MAJOR CONTENT AREAS

1. The history of US Individual Income tax and the Internal Revenue Code of 1986 and subsequent tax code changes and updates
2. The tax formula, filing statuses, and claiming personal and dependent exemptions
3. Gross income, exclusions, deductions, credits and business expenses
4. Employee and self-employed related expenses and individual investor gains and losses
5. Property transactions including basis calculations, nontaxable exchanges and capital gains and losses
6. Alternative minimum tax, tax credits and tax periods and methods
7. Preparation of individual tax returns manually and utilizing computerized tax preparation software

D. LEARNING OUTCOMES (General)

1. Describe the history of the US Individual income taxes starting with the passage of the 16th amendment to the US Constitution. Outline the various administrative sources of income tax law and the Internal Revenue Code of 1986 as amended by all subsequent legislation. A brief overview of the judicial system for the tax law is also included
2. Describe the tax formula and all of its components. Define the various individual filing statuses for taxpayers and when each status should be used. Personal and dependency exemptions are covered. The tax rate schedules for the various filing statuses are covered and sample cases allow students to see how the application of tax law impacts individuals
3. Discuss the concept of gross income and why the IRS chooses such a vague definition of the term. Exclusions from gross income like life insurance proceeds are covered. A discussion of deductions includes comparing the standard deduction with itemized deductions and when it is best to use each method. Define business expense deductions including depreciation of fixed assets. Explain tax credits and how they differ from tax deductions
4. Define and calculate gross income
5. Define and calculate Interest and dividend income
6. Define other types of income and exclusions from income
7. Prepare a schedule C with corresponding income and expenses
8. Prepare a form 8829- business use of home
9. Understand the difference between a business and a hobby
10. Prepare rental property schedules
11. Calculate and understand various retirement plans and tax treatments
12. Calculate itemized deductions
13. Define phase-out and exemptions for higher income taxpayers
14. Define and understand tax credits
15. Define Alternative minimum tax (AMT)
16. Understand community property concepts
17. Prepare depreciation schedules
18. Understand the 179 deduction
19. Define capital assets and treatment of these assets
20. Be able to prepare an electronic individual tax return and all corresponding schedules and forms based on documents provided
21. Be able to research tax code changes effectively utilizing the Internal Revenue Service website and other resources

E. Minnesota Transfer Curriculum Goal Area(s) and Competencies

None

F. LEARNER OUTCOMES ASSESSMENT

As noted on course syllabus

G. SPECIAL INFORMATION

None noted