



Course Description

TAX2021 | Taxation of Business Organizations | 3.00 credits

This course will cover federal income taxation of corporations, S Corporations, limited liability companies and partnerships. Topics covered include determining the tax consequences of income, expenses, distributions, redemptions and liquidations for business entities. Practical application of the tax law will be emphasized along with analysis of tax procedures

Course Competencies:

Competency 1: The student will demonstrate knowledge of tax issues associated with corporations (Form 1120) by:

1. Summarizing the tax treatment of various forms of conducting a business
2. Listing and applying the tax rules unique to corporations
3. Computing the corporate income tax
4. Describing the reporting process for corporations
5. Determining the impact of tax return positions on corporate financial statements
6. Evaluating corporations as an entity form for conducting a business

Competency 2: The student will analyze additional tax issues associated with corporations (Form 1120) by:

1. Describing the special rules that apply when a corporation assumes liabilities
2. Identifying the basis issues relevant to the shareholder and the corporation
3. Explaining the tax aspects of the capital structure of a corporation
4. Characterizing the tax differences between debt and equity investments
5. Handling the tax treatment of shareholder debt and stock losses
6. Describing the special rules that apply when a corporation assumes liabilities

Competency 3: The student will understand issues with partnerships by:

1. Distinguishing among the various entities treated as partnerships for tax purposes
2. Describing the conceptual basis for partnership taxation and how partnership income is reported and taxed
3. Determining the tax effects of forming a partnership with cash and property contributions
4. Identifying elections available to a partnership and specifying the tax treatment of expenditures of a newly formed partnership
5. Specifying the accounting methods available to a partnership
6. Listing and explaining the methods of determining a partnership's tax year
7. Calculating a partnership's taxable income and separately stated items and describe how the partnership's income is reported
8. Outlining and discussing the requirements for allocating income, gains, losses, deductions, and credits among the partners and describe how that income is reported

Competency 4: The student will understand issues with Subchapter S Corporations by:

1. Explaining the tax effects that S corporation status has on shareholders
2. Identifying corporations that qualify for the S election
3. Explaining how to make an S election
4. Explaining how an S election can be terminated
5. Computing no separately stated income and identify separately stated items
6. Allocating income, deductions, and credits to shareholders
7. Determining how distributions to S corporation shareholders are taxed
8. Calculating a shareholder's basis in S corporation stock
9. Explaining the tax effects that losses have on shareholders
10. Computing the built-in gains and passive investment income penalty taxes

Competency 5: The student will demonstrate knowledge of Tax Practices and Ethics by:

1. Illustrating the organization and structure of the IRS
2. Identify the various administrative pronouncements issued by the IRS and explain how they can be used in tax practice
3. Describing the audit process, including how tax returns are selected for audit and the various types of audits
4. Explaining the taxpayer appeal process, including various settlement options available
5. Determining the amount of interest on a deficiency or a refund and when it is due
6. Listing and explaining the various penalties that can be imposed on acts of noncompliance by taxpayers and return preparers
7. Recognizing and applying the rules governing the statute of limitations on assessments and on refunds
8. Summarize the legal and ethical guidelines for those engaged in tax practice

Learning Outcomes:

- Use quantitative analytical skills to evaluate and process numerical data
- Formulate strategies to locate, evaluate, and apply information
- Demonstrate knowledge of ethical thinking and its application to issues in society