

**ACC 130**  
**BUSINESS INCOME TAXES**

**COURSE DESCRIPTION:**

Prerequisites: ACC 129

Corequisites: None

This course introduces the relevant laws governing business and fiduciary income taxes. Topics include tax law relating to business organizations, electronic research and methodologies, and the use of technology for the preparation of business tax returns. Upon completion, students should be able to analyze basic tax scenarios, research applicable tax law, and complete various business tax forms. Course Hours Per Week: Class, 2. Lab, 2. Semester Hours Credit, 3.

**COURSE OBJECTIVES:**

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

- a. Research tax issues using available methods
- b. Prepare federal tax returns for the various business entities.
  - i. Understand components of corporate taxation
  - ii. Understand components of partnership taxation
  - iii. Recognize S corporation requirements and resulting tax advantages
  - iv. Apply the Unified Transfer Tax System rules related to gifts and inheritances
  - v. Understand the income taxation of trusts and estates
- c. Understand professional responsibility as it relates to tax engagements

**OUTLINE OF INSTRUCTION:**

- I. Accounting periods, methods, and depreciation
  - A. Tax year
  - B. Accounting methods
    - 1) Cash
    - 2) Hybrid
    - 3) Accrual
  - C. Depreciation
    - 1) Personal property
    - 2) Real property
    - 3) Section 179
    - 4) Listed property
    - 5) Luxury auto limits
  - D. Intangible assets
  - E. Related party transactions
- II. Capital gains and losses

- A. Capital asset
  - B. Holding period
  - C. Property disposition
    - 1) Gain or loss realized
    - 2) Adjusted basis
    - 3) Netting procedure
    - 4) Tax treatment
  - D. Qualified small business stock
  - E. Section 1231 assets
  - F. Depreciation recapture
  - G. Casualty gains and losses
  - H. Installment sales (Form 6252)
  - I. 1031 Like-kind exchanges
  - J. Involuntary conversions
  - K. Sale of personal residence
- III. Withholding, estimated payments, and payroll taxes
- A. Form W-4—Employee’s Withholding Allowance Certificate
  - B. Withholding methods
  - C. Withholding on tips
  - D. Estimated payments
  - E. FICA—Federal Insurance Contributions Act
  - F. Federal tax deposit system
  - G. Reporting requirements
  - H. FUTA—Federal Unemployment Tax Act
  - I. Self-employment tax (Schedule SE)
  - J. The nanny tax
- IV. Partnership taxation
- A. Partnerships
    - 1) Definition
    - 2) Formation
    - 3) Basis in partnership interest
  - B. Partnership income reporting
    - 1) Form 1065
    - 2) K-1
  - C. Guaranteed payments
  - D. Tax years
  - E. Transactions between partners and partnerships
  - F. At risk limitations
  - G. Limited liability companies (LLCs)
- V. Corporate income tax
- A. Corporate formation
  - B. Corporate tax rate
  - C. Personal service companies

- D. Corporate capital gains and losses
  - E. Dividend received deduction
  - F. Amortization of organizational expenditures
  - G. Corporate charitable contributions deduction
  - H. Reconciliation of tax to accounting income (Schedule M-1)
  - I. Filing requirements—Form 1120
  - J. S-corporations
    - 1) Income and loss reporting
    - 2) Pass through items
    - 3) Special taxes
  - K. Special corporate taxes
    - 1) Accumulated earnings tax
    - 2) Personal holding company tax
    - 3) Corporate AMT
- VI. Tax administration and tax planning
- A. Organization of IRS
  - B. IRS restructuring act of 1998
  - C. IRS audits
  - D. Penalties for taxpayers and preparers
  - E. Statute of limitations
  - F. E-filing
  - G. Taxpayer bill of rights
  - H. Tax planning
- VII. Gift tax
- A. Gift tax formula
  - B. Transfers subject to gift tax
  - C. Exclusions
  - D. Gift tax deductions
  - E. Computation of gift tax liability
- VIII. Estate tax
- A. Estate tax formula
  - B. Gross estate
  - C. Computation of tax liability
  - D. Generation-skipping transfer tax
- IX. Income taxation of estates and trusts
- A. Basic concepts
  - B. Principles of fiduciary accounting
  - C. Formula for taxable income and tax liability
  - D. Distributable net income
  - E. Determining a simple trust's taxable income
  - F. Income in respect of a decedent

**REQUIRED TEXTBOOK AND MATERIALS:**

Whittenburg, Gerald E., and Martha Althus-Buller, Income Tax Fundamentals 2003 Edition, South-Western/Thompson Learning, 2003.

**STATEMENT FOR STUDENTS WITH DISABILITIES:**

Students who require academic accommodations due to any physical, psychological, or learning disability are encouraged to request assistance from a disability services counselor within the first two weeks of class. Likewise, students who potentially require emergency medical attention due to any chronic health condition are encouraged to disclose this information to a disability services counselor within the first two weeks of class. Counselors can be contacted by calling 686-3652 or by visiting the Student Development Office in the Phail Wynn Jr. Student Services Center, room 1309.