

**PALOMAR COLLEGE**  
**COURSE OUTLINE OF RECORD FOR**  
**DEGREE CREDIT COURSE**

\_\_\_\_\_ Transfer Course X A.A. Degree applicable course  
(check all that apply)

**COURSE NUMBER AND TITLE:** ACCT 107 Taxation of Business Entities

**UNIT VALUE:** 4

**MINIMUM NUMBER OF SEMESTER HOURS:** 64

**BASIC SKILLS REQUIREMENTS:** Appropriate language and computational skills

**ENTRANCE REQUIREMENTS**

**PREREQUISITE:** None

**COREQUISITE:** None

**RECOMMENDED PREPARATION:** None

**SCOPE OF COURSE:**

Taxation from a business entities approach including business deductions, losses, property transactions, and tax credits. Topics will include rules related to corporations, partnerships, and S corporations.

**SPECIFIC COURSE OBJECTIVES:**

Successful students will learn how to:

1. understand the tax considerations in starting a corporation, partnership or S corporation
2. understand the tax considerations in operating a corporation, partnership or S corporation
3. understand the tax considerations in taking distributions from a corporation, partnership, or S corporation
4. understand the tax considerations in dissolving a corporation, partnership, or S corporation

**CONTENT IN TERMS OF SPECIFIC BODY OF KNOWLEDGE:**

- I. Introduction to Taxation
  - A. The Structure of Taxes

- B. Types of Taxes
- C. Income Taxation of Business Entities
- D. Tax Planning Fundamentals
- E. Understanding the Federal Tax Law

## II. Gross Income

- A. The Tax Formula
- B. Gross Income-What Is It?
- C. Year of Inclusion
- D. Income Sources
- E. Global Tax Issues
- F. Specific Items of Gross Income

## III. Business Deductions

- A. Overview
- B. Timing of Expense Recognition
- C. Disallowance Possibilities
- D. Charitable Contributions
- E. Research and Experimental Expenditures
- F. Other Expense Rules
- G. Cost Recovery Allowances
- H. Amortization
- I. Depletion

## IV. Losses and Loss Limitations

- A. Bad Debts
- B. Worthless Securities
- C. Casualty and Theft Losses
- D. Net Operating Losses
- E. The Tax Shelter Problem
- F. At-Risk Limitations
- G. Passive Loss Limits

## V. Property Transactions; Basis, Gain and Loss, and Nontaxable Exchanges

- A. Determination of Gain or Loss
- B. Basis Considerations
- C. General Concept of a Nontaxable Exchange
- D. Like-Kind Exchanges
- E. Involuntary Conversions
- F. Other Nonrecognition Provisions

## VI. Property Transactions: Capital Gains and Losses, Section 1231, and Recapture

- A. General Considerations
- B. Capital Assets
- C. Sale or Exchange
- D. Holding Period

- E. Tax Treatment of Capital Gains and Losses
- F. Recapture Provisions
- G. Reporting Procedures

## VII. Corporations: Organization, Capital Structure, and Operating Rules

- A. Introduction to Global Tax Issues
- B. Organization and Transfers to Controlled Corporations
- C. Capital Structure of a Corporation
- D. Corporate Operations
- E. Procedural Matters

## VIII. Corporations: Earnings and Profits and Dividend Distributions

- A. Taxable Dividends-In General
- B. Earnings and Profits
- C. Property Dividends
- D. Constructive dividends
- E. Stock Dividends
- F. Stock Redemptions
- G. Restrictions on Corporate Accumulations

## IX. Partnerships and Limited Liability Entities

- A. Overview of Partnership Taxation
- B. Formation of a Partnership
- C. Operations of the Partnership
- D. Transactions between Partner and Partnership
- E. Limited Liability Entities

## X. S Corporations

- A. Overview
- B. Qualifying for Status
- C. Operational Rules

## XI. Business Tax Credits and Corporate Alternative Minimum Tax

- A. Tax Policy and Tax Credits
- B. Specific Business-Related Tax Credit Provisions
- C. Corporate Alternative Minimum Tax

### **REQUIRED READING:**

Texts appropriate for the course, such as the following:

Smith, Jones, et al. Taxation of Business Entities. U. S.: Thomson Learning, 2004.

**SUGGESTED READING:** None

**REQUIRED WRITING:**

Problem-solving exercises and problems covering all topics covered in the “content in Terms of Specific Body of Knowledge.”

Comprehensive Practice Tax Return(s)

**OUTSIDE ASSIGNMENTS:**

**Students are expected to spend a minimum of three hours per unit per week in class and on outside assignments, prorated for short-term classes.**

Reading the text and working problems.

**INSTRUCTIONAL METHODOLOGY:**

**Check all that apply:**

- lecture
- laboratory
- lecture-laboratory combination
- directed study

**DISTANCE LEARNING:**

**This course may be offered as a distance learning course and meets Title 5 regulations 55370, 55372, 55374, 55376, 55378, and 55380.**

Yes  No

**If yes, check all that apply:**

- Television Course (Video one-way, e.g. ITV, video cassette, etc.)
- Online Course (Text one-way, e.g. newspaper, correspondence, electronic file, etc.)
- Two-Way Video Conferencing (Two-way interactive video and audio)
- One-Way Video Conferencing (One-way interactive video and two-way interactive audio)
- Computer Assisted Instruction (A specialized form of mediated instruction relying primarily on student access to information and prepared lessons or teaching materials through a computer terminal, but not under immediate supervision of a qualified instructor.)

**GRADING POLICY AND STANDARDS** (include methods of determining whether the stated objectives have been met by students):

Exercises	60%
Project(s)	30%
Participation	<u>10%</u>
Total	100%

**IS COURSE REPEATABLE FOR REASON(S) OTHER THAN DEFICIENT GRADE?**

Yes  No  Number of times course may be taken for credit: 1

If yes, identify specific provision of Title 5 Division 2 section(s), 55761-55763 and 58161 which qualifies course as repeatable:

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**SIGNATURES ON FILE:**