



**BAKER COLLEGE**  
**STUDENT LEARNING OUTCOMES**  
**ACC 4210 Taxation II**  
**3 Semester Hours**

---

**Student Learning Outcomes and Enabling Objectives**

1. Analyze and apply the basic income tax formula and rules for businesses, estates, and trusts.
  - a. Distinguish the tax treatment of C corporations from that of S corporations, and Partnerships.
    - i. Summarize the tax treatment of various forms of conducting business.
    - ii. Describe the special rules that apply when a corporation assumes shareholder liabilities.
    - iii. Explain the role that earnings and profits play in determining the tax treatment of distributions.
    - iv. Calculate a corporation's earnings and profits (E & P).
    - v. Determine the tax consequences of a corporate reorganization.
    - vi. Explain and illustrate the tax implications for flow-through entities.
    - vii. Identify and apply the methods for determining a partnership's tax year.
    - viii. Describe the situations in which a partnership would be terminated for federal income tax purposes.
    - ix. Analyze the accumulated earnings and profits account of an S corporation that has been converted from a C corporation.
    - x. Describe factors that cause a built-in gains tax to apply for federal income tax purposes.
    - xi. Compare the tax implications of distributions (including stock redemption and liquidations) from different business entities.
  - b. Apply the appropriate tax treatment to estates and trusts.
    - i. Explain the differences between simple and complex trusts for federal income tax purposes.
    - ii. Calculate the total amount of income items reportable on a federal Form 1041 — U.S. Income Tax Return for Estates and Trusts.
    - iii. Calculate the total amount of deductible expenses reportable on a federal Form 1041 — U.S. Income Tax Return for Estates and Trusts.
    - iv. Define assets includible in a decedent's estate for federal estate tax purposes.
      1. Calculate the gross estate.
      2. Identify allowable estate tax deductions in a decedent's estate.
      3. Calculate the taxable estate.
      4. Calculate the allowable estate tax deductions.
      5. Calculate the beneficiary's share of taxable income from a trust.
  - c. Calculate the amount and classification of a gift for federal gift tax purposes.
    - i. Identify transfers of property subject to federal gift tax.
    - ii. Calculate the amount of a gift subject to federal gift tax.

- iii. Discuss allowable gift tax deductions and exclusions.
  - iv. Explain situations involving the gift tax annual exclusion, gift-splitting and the impact on the use of the lifetime exclusion amount.
  - v. Compute the amount of taxable gifts.
  
- 2. Explain the interrelationships and differences between financial accounting and tax accounting.
  - a. Reconcile the differences between book and taxable income (loss) of a business entity.
  - b. Prepare a Schedule M-1 or M-3 for a business entity.
    - i. Identify permanent vs. temporary differences to be reported on Schedule M-1 and/or M-3.
    - ii. Calculate the book/tax differences to be reported on a Schedule M-1 or M-3.
  
- 3. Assess how taxes affect economic decisions.
  - a. Reconcile an owner's beginning and ending basis in C corporation stock for federal income tax purposes.
    - i. Identify the basis issues relevant to the shareholders and the corporation.
    - ii. Calculate an owner's basis in C corporation stock.
    - iii. Calculate the tax gain (loss) realized and recognized by both the shareholders and the corporation on a contribution or on a distribution in complete liquidation of a C corporation.
    - iv. Calculate the tax gain (loss) realized and recognized on a non-liquidating distribution by both a C corporation and its shareholders.
    - v. Calculate the amount of the cash distributions to shareholders of a C corporation that represents a dividend, return of capital or capital gain.
  - b. Analyze partner transactions with a partnership to determine the impact on the partner's basis for federal income tax purposes.
    - i. Calculate the partner's basis in the partnership.
    - ii. Calculate the partnership's basis in assets contributed by the partner.
    - iii. Calculate the tax implications of certain transactions between a partner and partnership (such as services performed by a partner or loans).
    - iv. Calculate the impact of increases and decreases of partnership liabilities on a partner's basis.
    - v. Analyze the impact of partnership liabilities as they relate to the general partners and limited partners.
    - vi. Calculate the realized and recognized gains (losses) by the partnership and partners of liquidating distributions from the partnership.
    - vii. Calculate the realized and recognized gains (losses) by the partnership and partners of non-liquidating distributions from the partnership.
    - viii. Calculate the partner's basis of partnership assets received in a liquidating distribution.
    - ix. Calculate the partner's basis of partnership assets received in a non-liquidating distribution.
    - x. Calculate the allocation of partnership income (loss) after the sale of a partner's share in the partnership.
    - xi. Calculate the revised basis of partnership assets due to a transfer of a partnership interest.
  - c. Analyze shareholder transactions with an S corporation to determine the impact on the shareholder's basis for federal income tax purposes.
    - i. Calculate the shareholder's basis in S corporation stock.

- ii. Calculate the realized and recognized gain or loss to the shareholder of property contribution to an S corporation.
  - iii. Calculate the allocation of S corporation income (loss) after the sale of a shareholder's share in the S corporation.
  - iv. Analyze the shareholder's impact of an S corporation's loss in excess of the shareholder's basis.
  - v. Analyze the federal income tax implication to the shareholders and the S corporation resulting from shareholder contributions and loans as well as S corporation distributions and loans to shareholders.
- 4. Conduct and document tax research and planning.
  - a. Identify and assess tax law sources—statutory, administrative, and judicial.
  - b. Apply research techniques and document the results.
  - c. Identify tax planning opportunities.
  - d. Apply and document appropriate tax planning strategies.
- 5. Evaluate and apply tax-related statutory, regulatory, and professional ethics obligations.
  - a. Summarize the legal and ethical guidelines that apply to those engaged in tax practice.
  - b. Prepare a federal Form 1120 — U.S. Corporation Income Tax Return.
    - i. Explain the requirements for filing a federal Form 1120 — U.S. Corporation Income Tax Return.
    - ii. Describe and illustrate the reporting process for corporations.
    - iii. List and apply the tax rules unique to corporations.
    - iv. Calculate taxable income and tax liability for a C corporation.
    - v. Calculate the credits allowable as a reduction of tax for a C corporation.
    - vi. Calculate the current-year net operating or capital loss of a C corporation.
    - vii. Prepare a net operating and/or capital loss carryforward schedule for a C corporation.
    - viii. Analyze the impact of the charitable contribution and/or dividends received deductions on the net operating loss calculation of a C corporation.
    - ix. Calculate the apportionment percentage used in determining state taxable income.
  - c. Prepare a federal Form 1065 — U.S. Return of Partnership Income.
    - i. Calculate ordinary business income (loss) for a partnership for federal income tax purposes.
    - ii. Calculate separately stated items for a partnership for federal income tax purposes.
    - iii. Analyze components of partnership income/deductions to determine classification as ordinary business income (loss) or separately stated items on federal Form 1065 — U.S. Return of Partnership Income.
  - d. Prepare a federal Form 1120S — U.S. Income Tax Return for an S Corporation.
    - i. Calculate ordinary business income (loss) for an S corporation for federal income tax purposes.
    - ii. Calculate separately stated items for an S corporation for federal income tax purposes.
    - iii. Analyze both the accumulated adjustment account and the other adjustments account of an S corporation for federal income tax purposes.
    - iv. Analyze the accumulated earnings and profits account of an S corporation that has been converted from a C corporation.
    - v. Analyze components of S corporation income/deductions to determine classification as ordinary business income (loss) or separately stated items on federal Form 1120S — U.S. Income Tax Return for an S Corporation.

- e. Determine the amount of interest on a deficiency or refund and when it is due.
  - f. List and explain the various penalties that can be imposed on acts of non-compliance by taxpayers and return preparers.
6. Explain tax policy considerations related to business entities, estates, and trusts.
- a. Describe the objectives of Federal tax law.
  - b. Discuss the influence of economic, social, equity, and political considerations on the development of the tax law.
  - c. Discuss how the IRS has affected tax law.
  - d. Describe the role of the courts in interpreting and shaping tax law.
  - e. Identify the elections available to a partnership.
  - f. Discuss how to make a valid S corporation election.
  - g. Explain how an S corporation election can be terminated.
  - h. Define the general concept and rationale of nexus with respect to multijurisdictional transactions.
  - i. Define the general concept and rationale of apportionment and allocation with respect to state and local taxation.
  - j. Discuss the states' treatment of flow-through entities (S Corporations, Partnerships, and LLCs).
  - k. Explain how different types of foreign income are sourced in calculating the foreign tax credit for federal income tax purposes.
  - l. Identify the federal filing requirements of cross border business investments.
  - m. Identify situations where the base erosion and anti-abuse tax (BEAT) would apply.
  - n. Identify factors that would qualify income as Foreign Derived Intangible Income (FDII).
  - o. Define the components of Global Intangible Low-Taxed Income (GILTI).

### **Big Ideas**

Tax treatment for businesses, estates, and trusts  
Financial accounting and tax accounting differences  
Taxes impact on the economy  
Tax research  
Tax regulation, statutory obligation, and professional ethics  
Business entities income tax reporting

### **Essential Questions**

How do you account for all the components of various business entities regarding taxation rules when analyzing a tax return?  
How does financial accounting and tax accounting differ?  
How does taxation impact economic decisions?  
How do you conduct tax research?  
How do you apply tax-related regulatory, statutory, and professional ethics to tax situations?  
What are the tax policy considerations for business entities, estates, and trusts?

These SLOs are approved for experiential credit.

**Effective: Spring 2024**