



# BAKER COLLEGE

## STUDENT LEARNING OUTCOMES

ACC 4210 Taxation II

3 Semester Hours

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### 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).

These SLOs are not approved for experiential credit.

**Effective: Fall 2019**