

**San José State University**  
**College of Business**  
**Accounting and Finance Department**

**Taxation of Individuals and Pass-Through Entities**

**Business 123C**  
**Section 1 & 2**  
**Spring 2016**

<b>Instructor:</b>	Thomas Moschetti
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<b>Office Hours:</b>	M & W 8:00 – 8:45 am & noon – 12:30 pm & by appointment And by appointment
<b>Class Days/Time:</b>	MW 1:30 – 2:45 pm MW 3:00 – 4:15 pm
<b>Classroom:</b>	BBC 108
<b>Prerequisites:</b>	Completion of Bus. 123A with a grade of C or better

**Course Description**

This course covers basic income tax concepts that are applicable to individual taxpayers including filing requirements, filing status, exemptions, standard deduction, gross income, exclusions, deductions, losses, employee expenses, net operating losses, casualty losses, investment losses, hobby losses, alternative minimum tax, personal tax credits, employee compensation, selected retirement plans, taxation of partnership, taxation of S corporations, and the income taxation of estates and trusts. Problems have been selected to give the student exposure to a variety of tax subjects that are common to many taxpayers.

**Course Goals and Student Learning Objectives**

**Learning Objective:** Upon completion of this course you should be able to:

1. Understand the basics of individual taxation and to minimize individual tax liability including filing requirements, filing status, exemptions, gross income, exclusions, deductions, employee expenses, losses, sale of a residence, employee compensation, and selected tax credits

2. Understand the basics of income taxation of partnerships, S corporations, trusts and estates including asset transfers, income allocations, loss allocations, and distributions
3. Prepare a basic individual income tax return

### **Course Content Learning Outcomes**

Upon successful completion of this course, students will be able to:

1. Understand the basic income tax implications of various personal transactions.
2. Understand the basic income tax implications of various partnership, "S" corporate, estate and trust transactions.

### **Required Texts/Readings**

#### **Textbook:**

The required text is *Federal Taxation, 2016 Edition* by Pratt and Kulsrud **published by Van-Griner Publishing (ISBN 9781617402531)**. If you wish to use *Federal Taxation, 2015 edition* (9781617401619) or the *2014 edition* (ISBN 9781617400957) instead of the *2016 edition*, you may do so. However, some minor differences may exist, including the end-of-chapter problems. The syllabus and Course Outline indicate the differences.

I have prepared a course outline that you may purchase from the Associated Student's Print Shop or you may obtain an electronic version at no cost by requesting it from me. Some material in the outline is not in the textbook. Using the outline should save you a substantial amount of time.

#### **Library Liaison**

Ann Agee is the library liaison. Her email address is [ann.agee@sjsu.edu](mailto:ann.agee@sjsu.edu).

#### **Classroom Protocol**

Attendance is extremely important, as we will cover a substantial amount of material each session and some of the material is not in the text. If you are unable to attend class you should obtain notes from a class member. If you know you will miss class in advance, you may want to have someone record the lecture for you. You should also call me to remain current on what was covered in class.

Please arrive to class on time. Late arrivals can be a disruption. Also, please avoid any other behavior that may disrupt other students and detract from the learning process.

#### **Dropping and Adding**

Students are responsible for understanding the policies and procedures about add/drops, academic renewal, etc. Information on add/drops are available at <http://info.sjsu.edu/web-dbgen/narr/soc-fall/rec-324.html>

Information about late drop is available at <http://www.sjsu.edu/sac/advising/latedrops/policy/>. Students should be aware of the current deadlines and penalties for adding and dropping classes.

## Assignments and Grading Policy

**Project:** A tax return project is required. The project is designed to give students practical experience in preparing an individual income tax return and to demonstrate their written communication skills as applied to taxation. Details of the paper will be distributed after the first examination. The project will be graded on content and professional appearance (spelling, grammar, and word usage).

**Exams:** Three midterms and a final examination will be given. All examinations are closed book. Also, no photocopies of the text may be used. However, you will be allowed to use notes and the course outline during examinations.

**Quizzes:** At least 14 quizzes will be given. Only the highest 9 will count toward the final grade. All quizzes are closed book and closed notes. The quizzes are designed to encourage students to have read the material in advance of each class meeting. Generally, no makeup quizzes will be given.

**Homework:** Various readings and problems will be assigned each session. Although these assignments will not be collected for grading, you will learn more and gain a better understanding of the material if you complete the assigned problems prior to each class meeting.

**Class Participation:** While you are encouraged to ask or answer questions in class, points will not be awarded for participating.

**Grades:** Course grades will be determined on the basis of total points earned in the class. Please see below for additional information on grading.

Midterms	200 points (67, 67, 66)	50%
Research Project	40 points	10%
Quizzes	45 points	11%
Final Exam	115 points	29%
Total	400 points	100%

Your course grade will depend on the percentage of points earned for the class.

92% and above	A
90% - 91%	A-
88% - 89%	B+
81% - 87%	B
79% - 80%	B-
77% - 78%	C+
70% - 76%	C
60% - 69%	D
Below 60%	F

I may lower the percentage required to earn a certain grade, however, I will not raise the percentage.

I may give grades of C- or D+. Bonus points may be offered from time to time. However, you must be present in class to earn bonus points. No other extra credit will be allowed.

### **Penalty for late or missed work**

No credit will be earned for missed assignments or bonus point exercises. Also, late submissions of the project will cause the loss of points.

## **University Policies**

### **Academic integrity**

Students should know the University's Academic Integrity Policy that is available at [http://www.sa.sjsu.edu/download/judicial\\_affairs/Academic\\_Integrity\\_Policy\\_S07-2.pdf](http://www.sa.sjsu.edu/download/judicial_affairs/Academic_Integrity_Policy_S07-2.pdf). Your own commitment to learning, as evidenced by your enrollment at San Jose State University and the University's integrity policy, require you to be honest in all your academic course work. Faculty members are required to report all infractions to the office of Student Conduct and Ethical Development. The website for Student Conduct and Ethical Development is available at

[http://www.sa.sjsu.edu/judicial\\_affairs/index.html](http://www.sa.sjsu.edu/judicial_affairs/index.html). Instances of academic dishonesty will not be tolerated. Cheating on exams or plagiarism (presenting the work of another as your own, or the use of another person's ideas without giving proper credit) will result in a failing grade and sanctions by the University. For this class, all assignments are to be completed by the individual student unless otherwise specified. If you would like to include in your assignment any material you have submitted, or plan to submit for another class, please note that SJSU's Academic Policy F06-1 requires approval of instructors.

### **Campus Policy in Compliance with the American Disabilities Act**

If you need course adaptations or accommodations because of a disability, or if you need to make special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. Presidential Directive 97-03 requires that students with disabilities requesting accommodations must register with the DRC (Disability Resource Center) to establish a record of their disability.

### **College of Business Tutorial Center**

The College of Business Tutorial Center is located at the ground level of the Business Tower Building (BBC 082). Highly qualified students are available to help you with specific classes. If you experience difficulty with the material covered in this course, you may want to seek assistance from the Tutorial Center.

### **SJSU Writing Center**

The SJSU Writing Center is located in Room 126 in Clark Hall. It is staffed by instructors and upper-division or graduate-level writing specialists from each of the seven SJSU colleges. The writing specialists have met a rigorous GPA requirement, and they are well trained to assist all students at all levels within all disciplines to become better writers. The Writing Center website is located at <http://www.sjsu.edu/writingcenter/>

## **Peer Mentor Center**

The Peer Mentor Center is located on the 1<sup>st</sup> floor of Clark Hall in the Academic Success Center. The Peer Mentor Center is staffed with Peer Mentors who excel in helping students manage university life, tackling problems that range from academic challenges to interpersonal struggles. On the road to graduation, Peer Mentors are navigators, offering "roadside assistance" to peers who feel a bit lost or simply need help mapping out the locations of campus resources. Peer Mentor services are free and available on a drop -in basis, no reservation required. The Peer Mentor Center website is located at <http://www.sjsu.edu/muse/peermentor/> .

## **College of Business Policies:**

To ensure that every student, current and future, who takes courses in the Boccardo Business Center has the opportunity to experience an environment that is safe, attractive, and otherwise conducive to learning, the College of Business at San José State has established the following policies:

### **Eating:**

Eating and drinking (except water) are prohibited in the Boccardo Business Center. Students with food will be asked to leave the building. Students who disrupt the course by eating and do not leave the building will be referred to the Judicial Affairs Officer of the University.

### **Cell Phones:**

Students will turn their cell phones off or put them on vibrate mode while in class. They will not answer their phones in class. Students whose phones disrupt the course and do not stop when requested by the instructor will be referred to the Judicial Affairs Officer of the University.

### **Computer Use:**

In the classroom, faculty allow students to use computers only for class-related activities. These include activities such as taking notes on the lecture underway, following the lecture on Web-based PowerPoint slides that the instructor has posted, and finding Web sites to which the instructor directs students at the time of the lecture. Students who use their computers for other activities or who abuse the equipment in any way, at a minimum, will be asked to leave the class and will lose participation points for the day, and, at a maximum, will be referred to the Judicial Affairs Officer of the University for disrupting the course. (Such referral can lead to suspension from the University.) Students are urged to report to their instructors computer use that they regard as inappropriate (i.e., used for activities that are not class related).

### **Academic Honesty:**

Faculty will make every reasonable effort to foster honest academic conduct in their courses. They will secure examinations and their answers so that students cannot have prior access to them and proctor examinations to prevent students from copying or exchanging information. They will be on the alert for plagiarism. Faculty will provide additional information, ideally on the green sheet, about other unacceptable procedures in class work and examinations. Students who are caught cheating will be reported to the Judicial Affairs Officer of the University, as prescribed by Academic Senate Policy S04-12.

**Tentative course calendar including assignment due dates, exam dates, date of Final exam: (Please note that the course calendar is "subject to change with fair notice")**

<b>Session</b>	<b>Date</b>	<b>Reading</b>	<b>Assignment</b>
1	Feb. 1	Introduction	
2	Feb. 3	Chapters 3 & 4 Review of basic concepts	3-37  Filing requirements, filing status, exemptions, standard Deduction. (Chapter 3 read pages 1-29 only)
3	Feb. 8	Chapters 3 & 4 Continued	4-35, 4-40, 4-41, 4-42, 4-45, 4-46 (2013 Edition 4-34, 4-39, 4-40, 4-41, 4-44, 4-45)
4	Feb. 10	Chapters 3 & 4 Continued	
5	Feb. 15	Chapters 3 & 4 continued	
6	Feb. 17	Chapter 6 Gross income, exclusions (2015 or 2014 edition 6-29, 6-51)	6-30, 6-52
7	Feb. 22	Chapter 6 continued Chapter 7 Deductions and losses Read pages 19 to 38 only (2015/2014 editions Chapter 7 read pages 20 to 38 only)	7-34, 7-40, 7-41, 7-56
8	Feb. 24	Chapter 7 continued	
9	Feb. 29	Examination #1 Chapters 3, 4, 6, and 7	
10	Mar. 2	Chapter 8 Employee business expenses	8-25, 8-33, 8-36
11	Mar. 7	Chapter 8 continued	8-24, 8-26, 8-28
12	Mar. 9	Chapter 11 Itemized deductions	11-27, 11-28, 11-31,
13	Mar. 14	Chapter 11 Continued	11-35, 11-37(a), 11-38, 11-39
14	Mar. 16	Chapter 10 Net operating losses, casualty losses (Chapter 10 read pages 7 to 18 only)	10-7, 10-18, 10-19
15	Mar. 21	Examination #2 Chapters 8, 10, and 11	
16	Mar. 23	Chapter 12 Investment expenses and losses	12-18, 12-19

Spring Recess – No classes March 28 – April 1

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|----|---------|---|----------------------------------|
| 17 | Apr. 4  | Chapter 12 continued  | 12-25                            |
| 18 | Apr. 6  | Chapter 13<br>Alternative minimum tax, personal tax credits<br>(Chapter 13 read pages 1-25 and 42 to end of chapter only) | 13-18, 13-39                     |
| 19 | Apr. 11 | Chapter 13 continued  | 13-37                            |
| 20 | Apr. 13 | Chapter 15<br>Sale of a residence<br>(Chapter 15 read pages 1 to 15 only)   | 15-29, 15-30                     |
| 21 | Apr. 18 | Chapter 15 continued  |                                  |
| 22 | Apr. 20 | Examination #3<br>Chapters 12, 13, and 15   |                                  |
| 23 | Apr. 25 | Chapter 18<br>Employee compensation and retirement plans  | 18-19, 18-20, 18-24, 18-32 (Mod) |
| 24 | Apr. 27 | Chapter 18 continued  |                                  |
| 25 | May 2   | Chapter 22<br>Partnerships  | 22-23, 22-29, 22-31, 22-36       |
| 26 | May 4   | Chapter 22 continued  |                                  |
| 27 | May 9   | Chapter 23<br>S Corporations  | 23-26, 23-29, 23-36, 23-46       |
| 28 | May 11  | Chapter 23 continued  |                                  |
| 29 | May 16  | Chapter 25<br>Income taxation of estates and trusts   | 25-18, 25-24, 25-25              |
| 30 |         | Final examination will cover chapters 18, 22, 23, and 25  |                                  |

Final Examination 1:30 Class – May 18, 12:15 pm to 2:30 pm

Final Examination 3:00 Class – May 20, 12:15 pm to 2:30 pm