EFFECTIVE: MAY 2003



## **CURRICULUM GUIDELINES**

A.	Division: Instruction			Effective Date:					
B.	Department /			Nev	w Course		Revision	X	
	Program Area	Accounting Manager	nent	Rev Dat	Revision, Section(s) vised e Last Revised:		F, H and P June 2000		
C:	ACCT 350	D:	Income Tax	Dat	e of Current Revision	ı:	March 2003 <b>E:</b> 3		
	Subject & Course No.		Descriptive Title		Se	emester Credits			
F:	Calendar Description: This course introduces the student to Canadian income tax concepts for both individuals and corporations. Topics include: the structure of the Income Tax Act, computation of income by source, deductions, net income, taxable income, and taxes payable. Students will be required to use a recognized income tax software program to prepare selected assignments. This is a very heavy course. Students are strongly advised to take ACCT 310 or ACCT 410 either concurrently or as a prerequisite.								
G:	Allocation of Contact Hours to Type of Instru / Learning Settings		f Instruction	Н:	Course Prerequisites: (ACCT 210 or ACCT 235 with minimum gr ) and (CISY 110 or CISY 200) and CMNS 1				
	Primary Methods of Instructional Deli Learning Settings:		very and/or	Strongly recommended					
	Lecture		-	I:	Course Corequisites:	28:			
	Number of Contact Hours: (per week / semester for each descriptor)		semester	Nil					
	Lecture 4 Hours per week			J:	Course for which this Course is a Prerequisite				
	Number of Weeks per Semester:				Nil				
	15 weeks X 4 Hrs. per week = 60 Hrs.		S						
				K:	Maximum Class Size	e:			
					35				
L:	PLEASE INDI	CATE:							
	Non-Credi	Non-Credit							
	College Credit Non-Transfer								
	X College Credit Transfer:			Requested X Granted					
	SEE BC TRANSFER GUIDE FOR TRANSFER DETAILS (www.bccat.bc.ca)								

Date of Current Revision: March 2003

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# M: Course Objectives/Learning Outcomes

At the end of the course, the successful student should be able to:

- 1. demonstrate the use of the Canadian Income Tax Act to solve various tax issues;
- 2. prepare personal income tax returns and schedules with varying degrees of complexity;
- 3. prepare corporate income tax returns and schedules;
- 4. demonstrate the effective use of income tax software;
- 5. demonstrate knowledge of special topics pertaining to both individual and corporate taxation.

#### **N:** Course Content:

- 1. Overview of Income Tax Act:
  - 1.1 History and structure of Income Tax Act
  - 1.2 Taxable vs. non-taxable income
  - 1.3 Liability for tax
  - 1.4 Income sourcing; income aggregating
  - 1.5 Total income vs. net income vs. taxable income

## 2. <u>Preparation of Personal Income Tax Returns</u>:

- 2.1 Income from employment or office:
  - 2.1.1 Wages, salaries, commissions, tips, etc.
  - 2.1.2 Taxable and non-taxable benefits
  - 2.1.3 Source deductions
  - 2.1.4 Available deductions and limitations
- 2.2 Business (self-employed) income:
  - 2.2.1 Professional, business, commissions, etc.
  - 2.2.2 Available deductions and limitations
  - 2.2.3 Reconciliation of accounting income to income for tax purposes
- 2.3 Capital cost allowance, eligible capital property:
  - 2.3.1 Comparison to accounting amortization expense
  - 2.3.2 Asset classes and rates
  - 2.3.3 Rules for computations, including half-year rule
  - 2.3.4 Recapture, terminal loss
- 2.4 Income from property, other income:
  - 2.4.1 Rental income/expenses
  - 2.4.2 Interest, taxable dividends
  - 2.4.3 EI, WCB, social assistance
  - 2.4.4 Pensions, RRSPs, other deferred income
- 2.5 Capital gains and losses:
  - 2.5.1 <u>Capital gains/losses vs. income gains/losses</u>
  - 2.5.2 Adjusted cost base.
  - 2.5.3 Eligible capital property
  - 2.5.4 Personal use property, listed personal property
  - 2.5.5 Deemed dispositions
  - 2.5.6 Principal residence rules
  - 2.5.7 Exemption for family farms, small business shares
- 2.6 Computation of taxable income:
  - 2.6.1 Deductions from total income (e.g. moving, child care and RRSPs)
  - 2.6.2 Deductions from net income, including losses of other years
- 2.7 Computation of taxes payable:
  - 2.7.1 Non-refundable tax credits
  - 2.7.2 Federal and Provincial taxes payable
  - 2.7.3 Dividend tax credit and other available credits
  - 2.7.4 Federal and Provincial surtaxes, Provincial tax credits

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- 2.8 Special cases and topics:
  - 2.8.1 Tax planning, avoidance, evasion
  - 2.8.2 Residency
  - 2.8.3 Home Ownership Plan, Lifelong Learning Plan
  - 2.8.4 Goods and Services Tax
  - 2.8.5 Administration, assessment, enforcement of Income Tax Act
  - 2.8.6 Allowable Business Investment Losses (ABIL)

#### 3. Preparation of Corporate Tax Returns:

- 3.1 Calculation of taxable income for corporations:
  - 3.1.1 Active vs. non-active business income
  - 3.1.2 Investment income, dividend income (comparison to individuals)
  - 3.1.3 T2 return and schedules required
- 3.2 Calculation of taxes payable:
  - 3.2.1 Small business deduction
  - 3.2.2 Federal tax abatement
  - 3.2.3 Other credits, surtaxes
  - 3.2.4 Part I and Part IV taxes payable
  - 3.2.5 Refundable Dividend Tax on Hand (RDTOH); dividend refund

## 4. Use of Income Tax Software:

- 4.1 Demonstration of income tax program
- 4.2 Preparation of personal income tax returns and schedules using the income tax software
- 4.3 Preparation of a corporate income tax return and schedules using the income tax software

## 5. <u>Special Topics in Taxation:</u>

- 5.1 Taxation as a continually evolving system
- 5.2 Interpretation of existing and new tax legislation
- 5.3 Integration of corporate and personal taxes
- 5.4 Taxable vs. tax-free (capital) dividends

## **O:** Methods of Instruction

Lecture, demonstration and discussion. Students will be required to do selected assignments on a computer (outside of class).

## **P:** Textbooks and Materials to be Purchased by Students

Clarence Byrd and Ida Chen. <u>Canadian Tax Principles</u>, latest edition, Pearson Education Canada. Income Tax Act, latest edition.

Any one of the following calculators:

- 1. Texas Instruments BA II Plus
- 2. Sharp EL 733A
- 3. Hewlett-Packard 10B

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Q:	Means of Assessment						
	Group Project Computer assignments, using tax software Other assignments and/or quizzes Midterm Examinations (2) Final Examination-Comprehensive	05% 08% 12% 40% 35% 100%					
	STUDENTS MUST WRITE BOTH THE MIDTERM EXAMINATIONS AND THE FINAL EXAMINATION TO OBTAIN CREDIT FOR THE COURSE.						
R:	Prior Learning Assessment and Recognition: specify whether course is open for PLAR						
	This course is not open to PLAR.						
Course Designer(s) Elizabeth Hicks		Education Council / Curriculum Committee Representative					
Dean	/ Director Jim Sator	Registrar Trish Angus					

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