



<p><b>M:</b> Course Objectives/Learning Outcomes</p> <p>At the end of the course, the successful student should be able to:</p> <ol style="list-style-type: none"> <li>1. demonstrate the use of the Canadian Income Tax Act to solve various tax issues;</li> <li>2. prepare personal income tax returns and schedules with varying degrees of complexity;</li> <li>3. prepare corporate income tax returns and schedules;</li> <li>4. demonstrate the effective use of income tax software;</li> <li>5. demonstrate knowledge of special topics pertaining to both individual and corporate taxation.</li> </ol>
<p><b>N:</b> Course Content:</p> <ol style="list-style-type: none"> <li>1. <u>Overview of Income Tax Act:</u> <ol style="list-style-type: none"> <li>1.1 History and structure of Income Tax Act</li> <li>1.2 Taxable vs. non-taxable income</li> <li>1.3 Liability for tax</li> <li>1.4 Income sourcing; income aggregating</li> <li>1.5 Total income vs. net income vs. taxable income</li> </ol> </li>   <li>2. <u>Preparation of Personal Income Tax Returns:</u> <ol style="list-style-type: none"> <li>2.1 Income from employment or office:           <ol style="list-style-type: none"> <li>2.1.1 Wages, salaries, commissions, tips, etc.</li> <li>2.1.2 Taxable and non-taxable benefits</li> <li>2.1.3 Source deductions</li> <li>2.1.4 Available deductions and limitations</li> </ol> </li> <li>2.2 Business (self-employed) income:           <ol style="list-style-type: none"> <li>2.2.1 Professional, business, commissions, etc.</li> <li>2.2.2 Available deductions and limitations</li> <li>2.2.3 Reconciliation of accounting income to income for tax purposes</li> </ol> </li> <li>2.3 Capital cost allowance, eligible capital property:           <ol style="list-style-type: none"> <li>2.3.1 Comparison to accounting amortization expense</li> <li>2.3.2 Asset classes and rates</li> <li>2.3.3 Rules for computations, including half-year rule</li> <li>2.3.4 Recapture, terminal loss</li> </ol> </li> <li>2.4 Income from property, other income:           <ol style="list-style-type: none"> <li>2.4.1 Rental income/expenses</li> <li>2.4.2 Interest, taxable dividends</li> <li>2.4.3 EI, WCB, social assistance</li> <li>2.4.4 Pensions, RRSPs, other deferred income</li> </ol> </li> <li>2.5 Capital gains and losses:           <ol style="list-style-type: none"> <li>2.5.1 <u>Capital</u> gains/losses vs. <u>income</u> gains/losses</li> <li>2.5.2 Adjusted cost base.</li> <li>2.5.3 Eligible capital property</li> <li>2.5.4 Personal use property, listed personal property</li> <li>2.5.5 Deemed dispositions</li> <li>2.5.6 Principal residence rules</li> <li>2.5.7 Exemption for family farms, small business shares</li> </ol> </li> <li>2.6 Computation of taxable income:           <ol style="list-style-type: none"> <li>2.6.1 Deductions from total income (e.g. moving, child care and RRSPs)</li> <li>2.6.2 Deductions from net income, including losses of other years</li> </ol> </li> <li>2.7 Computation of taxes payable:           <ol style="list-style-type: none"> <li>2.7.1 Non-refundable tax credits</li> <li>2.7.2 Federal and Provincial taxes payable</li> <li>2.7.3 Dividend tax credit and other available credits</li> <li>2.7.4 Federal and Provincial surtaxes, Provincial tax credits</li> </ol> </li> </ol> </li> </ol>

- 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. Special Topics in Taxation:
  - 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. Canadian Tax Principles, 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

**Q:** Means of Assessment

Group Project	05%
Computer assignments, using tax software	08%
Other assignments and/or quizzes	12%
Midterm Examinations (2)	40%
Final Examination-Comprehensive	<u>35%</u>
	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.

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Course Designer(s) **Elizabeth Hicks**

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Education Council / Curriculum Committee Representative

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Dean / Director **Jim Sator**

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Registrar **Trish Angus**

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