

San José State University

College of Business Accounting and Finance Department

Tax Factors of Business and Investment Decisions

Business 123A Sections 1 & 2 Spring 2016

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Office Hours:	M & W 8:00 to 8:45 A.M. & 12:00 to 12:30 P.M. and by appointment
Class Days/Time:	Section 1 M and W 9:00 to 10:15 A.M. Section 2 M and W 10:30 to 11:45 A.M.
Classroom:	BBC 107
Prerequisites:	Business 20 and 100W, or Eng. 100WB, or LLD 100WB, with a minimum grade of "C" in each.

Course Description

This course covers basic tax concepts including estate, gift tax, and income tax. The primary focus is on the U.S. tax system as it relates to business and investment activities. General areas of coverage include the tax implications of accounting methods, deferral techniques, property transactions, formation of business entities, and the disposition of business and investment interests. Other topics that are covered include dealing with the Internal Revenue Service, researching tax issues, and ethics in the tax profession.

The tax rules applicable to corporations are also emphasized. Coverage includes the formation of corporations, corporate operations, and termination of corporate activities.

Course Goals and Student Learning Objectives

Upon completion of this course, students should obtain an understanding of the U.S. tax system including estate, gift, self-employment, and income tax. Emphasis is on investment

and business activities. Students should be able to determine the tax implications of the choice of business entities, alternative forms of investment, various property transactions, capital gains and losses, corporate business operations, and tax dispute resolution. Students will also be introduced to the basics of tax research and tax planning. Ethical issues will also be covered.

Course Content Learning Outcomes

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

1. Understand the income tax implications of various investment decisions, such as the tax treatment of gains and losses from the sale of stock.
2. Understand the income tax implications of various corporate transactions, such as starting a new corporate business.

Required Texts/Readings

Textbook

The required text is *Federal Taxation, 2016 Edition* by Pratt and Kulsrud published by Van-Griner (ISBN 9781617402531). If you wish to use *Federal Taxation, 2015 Edition* (ISBN 9781617401619) or the *2014 Edition* (ISBN 9781617400957) you may do so. However, you are responsible for updating your material to conform to the 2016 edition. The Course Outline has the updated material and the end-of-chapter problems are generally the same except for dates (tax years). You will not need the CD that is included with some of the textbooks.

A course outline has been prepared and is available for purchase at the Associated Student's Print Shop. Some material in the outline is not covered in the text. In addition, you may use the outline during examinations. The outline should be read prior to reading the subjects in the text. The material in the outline reflects the subjects that will be covered in class and its use should save you a substantial amount of time.

Library Liaison

Ann Agee is the library liaison. Her email address is 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 research paper is required. The paper is designed to give students practical experience in analyzing a tax question and to allow them to demonstrate their written communication skills as applied to taxation. Details of the paper will be distributed after the first examination. Projects will be graded for content and for professional appearance (spelling, grammar, and word usage).

Examinations: 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 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. 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 read the material and 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.

1 st and 2 nd Midterms	67 points each	34%
3 rd Midterm	66 points	16%
Class Project	40 points	10%
Quizzes	45 points	11%
Final Exam	115 points	29%
Total	400	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

Grades of C- or D+ may also be given.

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

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 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. 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 1st 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”)

Session	Date	Reading	Assignment
1	Feb. 1	Introduction--Chapter 1	Historical perspective, types of taxes including State and local, employment, gift and estate tax
2	Feb. 3	Chapter 1 continued	
3	Feb. 8	Chapter 1 continued	1-28, 1-31
4	Feb. 10	Chapter 1 continued Chapter 3	3-30, 3-32, 3-36
		Business entities (Chapter 3 pages 1-15 only)	

- 5 Feb. 15 Chapter 3 continued
Chapter 2 2-17, 2-18, 2-19
Legislation, audits, litigation, research, and ethical responsibilities
- 6 Feb. 17 Chapter 2 Continued
Chapter 5 5-27, 5-32, 5-47
Gross income, accounting methods and periods
(Chapter 5 pages 1-30 only)
- 7 Feb. 22 Chapter 5 continued—Review if time permits
- 8 Feb. 24 Examination #1 Chapters 1, 2, 3 and 5
- 9 Feb.29 Chapter 7 7-28, 7-33, 7-49, 7-50, 7-51
Business expenses and related party transactions
(Chapter 7 pages 1-19 and 28 to the end of the chapter)
- 10 Mar. 2 Chapter 7 continued
Introduce Chapter 9 Capital recovery and depreciation
- 11 Mar. 7 Chapter 9 continued 9-28, 9-33, 9-34
- 12 Mar. 9 Chapter 10 10-4, 10-23
Inventories, bad debts, net losses
(Chapter 10 pages 1-7, 13-14 and 19-24 only)
- 13 Mar. 14 Chapter 13 13-31, 13-36
AMT, tax credits
(Chapter 13 pages 1-10, 13-19 and 25-42 only)
- 14 Mar. 16 Examination #2 (Chapters 7, 9, 10 and 13)
- 15 Mar. 21 Chapter 14 14-24, 14-26, 14-31
Property transactions
- 16 Mar. 23 Chapter 14 continued
Chapter 15 15-37, 15-43, 15-44, 15-45
Involuntary conversions, exchanges
(Chapter 15 pages 15 to the end of the chapter)
- Spring Recess – No Classes Mar. 28 – April 1
- 17 Apr. 4 Chapter 15 continued
- 18 Apr. 6 Chapter 16 16-22, 16-29, 16-41
Capital gains and losses, 1244 stock
- 19 Apr. 11 Chapter 16 continued

20	Apr. 13	Chapter 17	17-26, 17-31
		1231 property and depreciation recapture	
21	Apr. 18	Chapter 17 continued	17-35
22	Apr. 20	Examination #3 Chapters 14, 15, 16 and 17	
23	Apr. 25	Chapter 19	19-25
		Corporate formations, transactions and schedule M-1	
24	Apr. 27	Chapter 19 continued	19-19, 19-23, 19-24
25	May 2	Chapter 20	20-31
		Earnings and profits, distributions, liquidations and corporate acquisitions	
26	May 4	Chapter 20 continued	20-34, 20-48, 20-49
27	May 9	Chapter 20 continued	
28	May 11	Extra materials - Consolidated returns, controlled groups	
29	May 16	Extra materials continued	
The final examination will cover chapters 19, 20, and the extra materials			
30	Final Examination – 9:00 Section 1 – May 18 7:15 am to 9:30 am		
	10:30 Section 2 – May 24 9:45 am to 12:00 noon		

