



Course Name: Federal Taxes I

Course Number: ACC 241

Credits: 3

Catalog description: An examination of the theory and problems of federal income tax regulations for individuals; includes the preparation of tax returns for individuals

Prerequisite, Corequisite, or Parallel: ENG*101

General Education Competencies Satisfied:

HCC General Education Requirement Designated Competency Attribute Code(s):

None

Additional CSCU General Education Requirements for CSCU Transfer Degree Programs:

None

Embedded Competency(ies):

None

Discipline-Specific Attribute Code(s):

BUS Business elective

Course objectives:

General Education Goals and Outcomes:

None

Course Specific Objectives:

1. Apply arithmetic skills to problem solving
2. Apply federal income tax regulations as they relate to the preparation of complete and accurate individual income tax return
3. Identify and accurately complete federal tax forms relative to the filing of an individual income tax return
4. Identify and apply income tax savings procedures so as to minimize the individual income tax liability
5. Use the Internet as a tool in preparing individual income tax returns and performing tax research



Course Content:

- I. OVERVIEW OF THE U.S FEDERAL INCOME TAX OF INDIVIDUALS**
 - A. History of the Federal Income Tax
 - B. Objectives of an Income Tax
 - C. Taxpaying and Tax Reporting Entities
 - D. Tax Administration
 - 1. Organization; Enforcement; Audit process and selection
 - 2. Statute of limitations
 - 3. Determination of interest and penalties
- II. DETERMINATION OF FEDERAL TAXABLE INCOME & TAX LIABILITY OF INDIVIDUALS**
 - A. The Tax Formula and its Components**
 - 1. IRC Sec. 61 – Definition of Gross Incomes
 - 2. Introduction to common income inclusions and exclusions
 - 3. Deductions for Adjusted Gross Income (AGI)
 - 4. The Standard Deduction and Deductions from AGI (itemized)
 - 5. Personal and Dependency Exemptions
 - 6. Determination of tax liability – Tax table vs. Tax rate schedules
 - 7. Tax Payments & A credits: withholding and estimated taxes
 - 8. Unearned income of a minor child (“kiddie” tax)
 - 9. Alternative Minimum Tax
 - B Filing Requirements (Who, What, Where, When & How to File a Tax Return)**
 - 1. Filing status
 - 2. Gross income filing requirement
 - 3. Forms 1040EZ, 1040A and 1040 parameters
 - 4. Internal Revenue Service Center – where to file
 - 5. Due dates for filing
 - 6. Application for extension of time to file
 - 7. Paper based and electronic filing options
 - 8. Delivery options & proof of filing
- III. INCOME TAX TREATMENT & REPORTING OF COMMON INCOME INCLUSIONS**
 - A. Compensation
 - B. Interest and Dividend Income
 - C. Refunds
 - D. Alimony



- E. Business Income
- F. Property Transactions
- G. Retirement Distributions
- H. Rental Income and Royalties
- I. Partnership and S Corporation Income
- J. Unemployment Compensation and Social Security Benefits
- K. Miscellaneous

IV. INCOME TAX TREATMENT & REPORTING OF COMMON EXCLUSIONS FROM INCOME

- A. Gifts and Inheritances
- B. Interest on Municipal Obligations
- C. Life Insurance Proceeds
- D. Social Security Benefits
- E. Child Support Payments
- F. Welfare Benefits
- G. Personal Injury and other Awards
- H. Scholarships
- I. Employer Provided Educational and Adoption Assistance
- J. Gain on the Sale of a Principal Residence
- K. Employee Fringe Benefits

V. SCHEDULE C REPORTING

- A. Requirement for Deduction to be Ordinary, Necessary & Substantiated
- B. Meals & Entertainment Limitation
- C. Office in the Home Deductions
- D. Tax Depreciation: Sec. 179 and MACRS
- E. Self Employment Tax

VI. TAX TREATMENT OF CERTAIN TAX DEDUCTIONS AND LOSSES

- A. Review of Deductions for vs. Deductions from Adjusted Gross Income
- B. For AGI Deductions: Retirement Contributions, Alimony, Education, etc.
- C. Disallowed Losses and Deductions
 - 1. Net operating losses: carry back and carry forward
 - 2. Hobby Loss rules
 - 3. Business vs. non-business bad debt deductions
 - 4. Vacation home property
 - 5. Payments contrary to public policy

VII. DETERMINATION AND REPORTING OF ITEMIZED DEDUCTIONS

- A. Medical Expenses



1. Qualifying expenditures
2. AGI limitation
- B. Taxes
 1. State & Local income taxes and sales tax
 2. Real estate & property taxes
- C. Interest
 1. Home mortgage interest and points
 2. Investment interest expense
- D. Charitable Contributions
 1. Sec. 501 (c) (3)
 2. AGI limitation and carryover
- E. Casualty and Theft Losses
 1. Definition of casualty
 2. \$100 floor & AGI limitation
- F. Miscellaneous
 1. Employee business expenses
 2. Investment expenses
 3. Gambling losses
 4. Tax preparation fees
 5. AGI limitation
- G. High Income Taxpayer Phase-out

VIII. DETERMINATION AND REPORTING OF TAX CREDITS

- A. Tax Deductions vs. Tax Credit
- B. Refundable vs. Non-Refundable Tax Credits
- C. Tax Credits
 1. Child tax credits
 2. Child and dependent care credit
 3. Adoption credit
 4. Education credits: Hope and Lifetime learning
 5. Retirement contributions credit
 6. Earned income credit

IX. TAX TREATMENT AND REPORTING OF PROPERTY TRANSACTIONS

- A. Gain/Loss Determinations
 1. Amount realized
 2. Adjusted basis
 3. Holding period
- B. Realized vs. Recognized Gain/Loss



- C. Ordinary vs. Capital Treatment
- D. Capital Loss Carry forward

Date Course Created:

Date of Last Revision: 03/30/2017