ACCT 328, Section 102 - Concepts in Taxation  
Fall Semester 2018, TTh 1:00 – 2:15 P.M., Schreiber Center, Room 725  
Course Syllabus

Instructor:  
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Professor of Accounting

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Office Address:  
Schreiber Center - Room 511  
16 East Pearson, Chicago, IL 60611

Office Hours:  
TTh – 8:00 – 8:25 A.M., 9:50 – 10:45 A.M.,  
2:20 – 3:00 P.M., and by appointment

Course Description

This course provides a thorough exposure to Federal income tax concepts and planning principles, with a special focus on individual taxpayers.

Outcome: Students will be able to demonstrate a basic core of technical knowledge concerning the Federal income tax as it applies to individuals, an understanding of the conceptual and tax policy issues that underlie tax legislation, and fundamental skills in tax compliance, tax planning, and tax research.

Prerequisite: Sophomore standing and completion of ACCT 201 and 202 with a minimum grade of “C-.” Failure to meet these prerequisites may result in administrative removal from the course.

Course Overview

Concepts in Taxation examines the fundamental concepts of the Federal income tax structure, focusing on the key issues that affect individuals. Students are exposed to these areas through extensive reading and written assignments for class sessions, tax return and tax research projects, in-class and audio lectures, and class discussions.

Course Objectives and Learning Outcomes

The key objective/outcome of the course is to provide students with:

(1) A basic core of technical knowledge concerning the Federal income tax as it applies to individuals. Although the course is not directed exclusively to the CPA exam, the nature of the course ensures that students are well-prepared for the individual tax portion of the exam.

(2) An understanding of the conceptual and tax policy issues that underlie tax legislation. Many parts of the tax code, although seemingly unrelated, share an underlying theoretical structure. A working knowledge of this structure increases your understanding of the current tax law and places you in the position to understand and explain future tax law changes.

(3) An introduction to tax compliance, tax planning, and tax research. Tax professionals engage in all three competencies in varying degrees. The course will expose you to tax compliance through the preparation of a computerized tax return project and will provide you with basic tax research skills through using the Checkpoint Student Edition on-line tax research database. Tax planning is integrated throughout the course through reading and written assignments.
Required Materials

(1) Young, Hoffman, Raabe, Maloney & Nellen, South-Western Federal Taxation: Individual Income Taxes (Cengage, 2019 Edition - ISBN 9781337813365. (This is a “bundle” option, designed to provide you with the most economical version available. It includes a loose-leaf version of the text, the ability to download the e-book version of the text, and necessary supplements (noted in (2) and (3) below.)

(2) Thomson Reuters Checkpoint (Checkpoint) Online Tax Research Database, Student Edition (purchase of the textbook includes user ID and password for six months of free access)

[Very Important: There is a page in the text (usually toward the front) labeled “CHECKPOINT” at the top. It contains a box at the bottom labeled “IMPORTANT INFORMATION” that provides your user ID and password. If the page is missing, you either do not have a new text or it is the wrong version. Return it and purchase a new version of the correct text, making sure you are using the correct ISBN noted in (1) above.]

(3) Intuit ProConnect Tax Online (the #1 cloud-based professional tax preparation software)

[Very Important: There is a page in the text (usually toward the front) that contains the e-mail address at which you can gain access to the software. The top of the page is labeled “Intuit ProConnect” and contains a photo of a young woman seemingly sitting in front of a computer. If the page is missing, you either do not have a new text or it is the wrong version. Return it and purchase a new version of the correct text, making sure you are using the correct ISBN noted in (1) above. Also, please note that there is only one sign-up per student. It is my understanding that the software is compatible with a PC or Mac.

Note: (1) – (3) are available through numerous sources, including Loyola’s WTC Bookstore and various on-line retailers, but the ISBN given above was specifically developed for Loyola’s Bookstore. In recent years, publishers have come up with a confusing system of using different ISBNs for the same text depending on the retailer. To avoid any confusion, I would strongly encourage you to purchase the text through Loyola even if the price is slightly higher than what you might get on-line. Purchasing on-line can be risky because it is very difficult, if not impossible, to confirm whether a specific ISBN - other than the one listed above - is correct. For that reason, I cannot respond to student requests for such confirmation.

(4) ACCT 328 Course Material Packet – This is a packet of supplementary readings and other materials that I have compiled over the years. It is a crucial part of the course and should be purchased such that you have it available for the first class session. It should be available for purchase through Loyola’s WTC Bookstore at least a few days before that session. Currently, I do not know the list price of the packet but last year it sold for about $20, not including sales tax, so I assume it will be similar this year. Do not purchase a used one as I made numerous changes to the packet for the fall 2018 semester to reflect the massive changes to the tax law brought about by the Tax Cut and Jobs Act of 2017 (TCJA). It is not posted to the Sakai Learning Management System (Sakai).

Course Requirements and Grading Criteria

Course Requirements: Normally, the preparation for each class session will involve doing daily reading and written homework assignments. It may also entail listening to an audio lecture or lectures. Class sessions will typically involve going over selected written homework assignments interspersed with commentary, class discussion, or answering student questions. A detailed description regarding “Homework” is provided below. The graded elements of the course will be based on a tax return project, a research project, two mid-semester exams, and a final exam. Descriptions and the grading criteria for each of these elements are detailed below.

Grading Criteria: Your final grade will be determined based on 500 total points, broken down as follows:

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
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</thead>
<tbody>
<tr>
<td>Tax Return Project (15%)</td>
<td>75</td>
</tr>
<tr>
<td>Research Project (15%)</td>
<td>75</td>
</tr>
<tr>
<td>Exams: Mid-Term I (20%)</td>
<td>100</td>
</tr>
<tr>
<td>Exams: Mid-Term II (20%)</td>
<td>100</td>
</tr>
<tr>
<td>Final (30%)</td>
<td>150</td>
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</table>

The total points needed to guarantee a specific grade are as follows: A = 465 (93%); A- = 455 (91%); B+ = 445 (89%); B = 415 (83%); B- = 405 (81%); C+ = 395 (79%); C = 365 (73%); C- = 355 (71%); D+ = 345 (69%) and D = 315 (63%). The last day to withdraw with Dean's permission with a non-penalty grade of "W" is Friday, November 2, 2018. After this date, the penalty grade of "WF" will be assigned.
Very Important: Consistent with University policy, no student can be given the opportunity to change a score on an individually graded component of the final grade unless that opportunity is extended to the entire class, something that I will not do. As such, I cannot change a score through re-testing, alternative testing, extra credit projects, or other similar means. Thus, the score you earn on each component and, thus, the final grade you earn will be based on the above: nothing more, nothing less. Thus, view each project and exam as very important, taking each as seriously as possible. If you are scheduled to graduate in December 2018 or May 2019 and need a specific grade in this course to do so, be ready to put in the time and effort necessary to achieve it. I will not assign you a grade just because you “need it.” You must “earn it!”

Homework: Tentative reading and written assignments for the semester are indicated on the following pages. Some class sessions will require you to listen to an audio lecture or lectures. The audio lectures are not reflected in this syllabus; e-mail announcements will alert you to the posting of the audio lectures and the assigned due dates.

The written assignments are a key learning device for this course and will be used extensively as a basis for class discussion. Homework preparation will allow you to gain practice in applying the tax law to specific facts situations, refine your analytical skills, and develop confidence in your understanding of the conceptual framework of Federal income taxation. To this end, you should estimate three hours of out-of-class preparation for every one hour in class, minimally. Such preparation is necessary if you expect to learn the material in this course well enough for practice, CPA exam, and/or grading purposes. Trying to “skate” and/or “cutting corners” is a sure recipe for disaster in this course. Although the written assignments will be neither be collected nor graded, they are a very important learning device for the course. Many students identify their ability to work through the homework “cold” as one of the key factors in their success. Students who do not exert the time and effort in attempting and mastering the assignments usually struggle mightily.

Tax Return Project: To help you integrate the course materials and to give you practice at preparing a Federal income tax return for an individual, you will be required to complete a group-prepared tax return project. The project constitutes 15% of your final grade. Specifics regarding the project, including expectations, how group and individual grades are assigned, and the handling of late assignments, will be explained in detail in the project instructions. The tentative posting and due dates are indicated on the following pages.

Research Project: To assist you in developing basic tax research skills, you will be required to complete a group-prepared tax research project. The project constitutes 15% of your final grade. Specifics regarding the project, including expectations, how group and individual grades are assigned, and the handling of late assignments, will be explained in detail in the project instructions. The tentative posting and due dates are indicated on the following pages.

Exams: There will be two mid-term exams each worth 100 points (20% of your final grade each) and a final exam worth 150 points (30% of your final grade). Tentative dates are indicated on the following pages. Sample mid-term exams and related keys will be posted to Sakai. You will receive an e-mail on the date they are posted. No sample final exam will be available. Please note that the final exam is scheduled for Friday, 12/14/18, from 1:00 – 3:00 p.m. I will not permit you to take the final exam at any other time, even if it precedes that date.

Attendance

The Quinlan School’s class attendance policy is as follows: “Class attendance is mandatory and essential to the value of the learning experience. Students are expected to attend all class sessions to pass the course. Missing more than 20% of scheduled classes severely jeopardizes the student’s ability to pass the course.

In the event unavoidable emergencies or conflicts prevent you from attending class, you must notify the instructor and program director by e-mail prior to missing the class, and request options for covering missed material. Most of the subjects in a course are sequential. Therefore, it is important to understand the material covered in the missed class before the next class.”

Although I do not take a formal roll, consistent with the Quinlan School’s policy, you should make every effort to attend each class session. The correlation between attendance and success in the course is very high, such that missing more than one or two class sessions (far less than the “more than 20%” noted above) will likely have a negative effect on your ability to learn the course material and, therefore, your final grade. Among other things, missing class results in incomplete notes, which is problematic because occasionally I present concepts not specifically discussed in the text or from a uniquely different perspective. If you must miss class, get notes from a classmate and check with me to determine whether you missed any handouts during my office hours.
Make-Up Exams

The Quinlan School’s general policy on makeup exams is as follows: “Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe [that] examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up examinations are discouraged.** Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician’s note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

If a make-up examination must be given, it is the responsibility of the faculty member to prepare, schedule, and proctor the exam. Limited assistance in proctoring make-up exams may be available through a designated Quinlan administrative assistant. For a student with a documented special testing need, please consult University policy concerning use of the testing center in Sullivan Center at Lake Shore Campus.”

Individual faculty members are permitted to establish more specific make-up exam policies. My policy is that no makeup exams will be given unless (1) you (or a representative, such as a parent, guardian, etc.) notify me in advance of the scheduled exam, and (2) the reason for your not taking the exam on time is legitimate and documented in writing. **A personal conversation with me before the exam constitutes notification in advance of the exam. Messages left in any other fashion (e.g., voicemail, e-mail) do not constitute notification.** I have sole discretion in determining the legitimacy of the reason. An exam taken late (even if due to illness) will receive a 10% penalty! In no event will an exam be given after it has been returned to the class. In these cases, an exam score of zero will be assigned.

Academic Integrity

The Quinlan School’s policy on academic integrity is as follows: “All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood...Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.”


Additional Information

**Classroom Etiquette:** I believe that a college course should not only teach the requisite technical knowledge that you need to succeed in a profession, but also interpersonal skills. As such, I expect you to show respect for your fellow students and me by exhibiting a professional approach and demeanor in the classroom. To this end, you must adhere to the following classroom etiquette rules:

- Arrive to class on time.
- Use of mobile phones for any purpose, including text messaging, is prohibited. If you do bring a mobile phone to class, please be sure that it is turned off (or placed on vibrate) and out-of-sight. The only exception to this prohibition is if you are using the phone to record class. In this case, you must get my permission and, if granted, the phone must be placed on the desk-top, not in your hands.
- You are free to use a lap-top, iPad, or other similar electronic device for taking notes during class. However, you are not allowed to use it for any other purpose, such as texting. Also, to avoid distracting fellow students, you must sit in the last class row when using your device unless you get permission from me to do otherwise.
- Bring the applicable text chapter(s) from the loose-leaf edition and CM packet to each class session as you will be frequently directed to them.
- **Be actively engaged** in each class session by taking notes, asking questions, and answering questions.
- Refrain from talking when someone else “has the floor” or during my lectures. Talking is distracting to your fellow students and me.
- **Do not sleep or put your head down on the desk during class sessions.** I work hard in preparing and delivering the class sessions and, minimally, expect respect for that effort. If you are too tired or distracted to be attentive, your time would be better spent in addressing the underlying issue(s).
● With the exception of leaving the classroom to use the restroom, please do not leave your seat during class sessions as it is very distracting to me and may be so to your fellow students.

Violations will be handled consistent with the University Student Conduct Policy. Specifically, I reserve the right to remove you from the classroom, designate where you sit therein, or ban you from attending class sessions.

**Course Commitment:** The study of the Federal tax law is rewarding, but demanding. Because the concepts and rules are often complex, and at times build on each other, it is important that you be prepared for each class. When prepared, you can contribute to both your learning and learning by the entire class. Although I do not assign a specific portion of the course grade to class preparation, I reserve the right to increase the grade in borderline situations of a student who regularly demonstrates a high level of class preparation.

**Messages:** During the course of the semester, I will communicate various information to the class using Sakai and/or Loyola e-mail addresses. You are deemed to receive any messages that I send upon transmission, so be sure to check for messages frequently.

If you send an e-mail message to me, be sure to put the course number (e.g., 328) in the subject so that I know that it is not spam. Be aware that I generally check my e-mail account on Mondays through Fridays only. Also, periodically, I may be unable to access my e-mail account because a server is down or because I am at an out-of-town conference. In the latter case, I will try to forewarn you of my absence.

**Sakai:** In addition to posting announcements, I use Sakai in multiple other ways. For example, to minimize the “paper shuffle,” I will post many course documents to Sakai in lieu of (or in small number of cases, in addition to) distributing them in hard copy format in class. This includes handout problems, the tax research project, the tax return project, and sample old mid-term exams. So, be sure to check Sakai frequently.

**SWFT Web Site:** The textbook is supported with a web site with a variety of student resources that may be available (see text Preface p. xiv for information). The site is located at [www.cengage.com](http://www.cengage.com).

**Syllabus Modifications:** I reserve the right to modify the content of this syllabus. You are responsible for any modifications announced in class or otherwise communicated (e.g., Sakai or e-mail).

**Personal Philosophy:** This is a very challenging course. The subject matter is complex and the workload is substantial. My goal is to assist you in going from whatever your current level of understanding of the tax law is to the level of the CPA exam, minimally. I view myself as a learning facilitator, creating the necessary environment for you to succeed. To do so, you must take control of the learning process and make a significant commitment in terms of time and energy. To assist your efforts, I have prepared a document, “Keys to Success,” that I strongly encourage you to read. It will be distributed during the first class session and posted under “Course Documents” within Sakai.
# Tentative Class-by-Class Course Outline

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic(s) and Assignments</th>
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<tbody>
<tr>
<td>08/28 (T)</td>
<td><strong>An Introduction to Taxation and Understanding the Federal Tax Law</strong></td>
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</table>
| 08/30 (Th) | **An Introduction to Taxation and Understanding the Federal Tax Law (continued)**  
Do: HP1, HP2, HP3, HP4, HP5, HP6, HP7, 411, 44, HP8 |
| 09/04 (T) | **Working with the Tax Law**  
Read: pp. 2-1 – 2-33 and CM pp. 9 – 17  
Do: HP1, 7, 15, 17, 24, HP2 |
| 09/06 (Th) | **Standard Deduction for Dependents, Filing Status, Tax Computation, and Child and Dependent Tax Credits**  
Do: HP1, HP2, HP3, HP4 |
| 09/11 (T) | **Filing Requirements and Overview of Property Transactions**  
Do: 30, HP5, 39, 40, 46, 47, HP6 |
| 09/13 (Th) | **Gross Income**  
Read: pp. 4-1 – 4-5 and CM p. 30 – 32  
Do: HP1 |
| 09/14 (Th) | **Taxable Year and Accounting Methods**  
Read: pp. 4-6 – 4-13 (to “Income Sources”), 4-30 – 4-33 (to “Accounting for . . .”), 4-34 and CM pp. 33 – 35 (to “To Whom is Income Taxable?”)  
Do: 32, 36, 39a-b, HP2, 38 |

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1 Assume that the omitted GI exceeds 25% of the reported GI.

2 Assume that Drake is a calendar year taxpayer.
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<thead>
<tr>
<th>Date</th>
<th>Topic(s) and Assignments</th>
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<tbody>
<tr>
<td>09/18 (T)</td>
<td><strong>Income Sources and Specific Applications</strong>&lt;br&gt;Read: pp. 4-13 (from “Income Sources”) – 4-21 (to “Imputed Interest . . . ”) [skip “Community Property Spouses Living Apart” on 4-18 – 4-19, “Front-Loading” on 4-20, and ignore “alimony recapture” in “Concept Summary 4.2” on 4-21], 4-24 (from “Income from Annuities”) – 4-27 (to “Group-Term Life Insurance”), 4-33 (“Accounting for Community Property” and “Alimony” only) and CM pp. 35 (from “To Whom is Income Taxable?”– 38&lt;br&gt;Do: HP3, 45³, 11, 6, 13, 46, HP4, 52⁴, HP5</td>
</tr>
<tr>
<td>09/20 (Th)</td>
<td><strong>Income Sources and Specific Applications (continued)</strong>&lt;br&gt;Read: pp. 4-27 (from “Group Term Life Insurance”) – 4-29 and CM pp. 39 – 40&lt;br&gt;Do: HP6, 55⁵, 56</td>
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<td></td>
<td><strong>Gross Income: Exclusions</strong>&lt;br&gt;Read: pp. 5-1 – 5-8 (to “Compensation for Injuries . . .”), 5-28 (“Life Insurance” only) and CM pp. 41 – 44 (to “Tax Treatment of Receipt . . . ”)&lt;br&gt;Do: 3, HP1, HP2, HP3</td>
</tr>
<tr>
<td>09/25 (T)</td>
<td><strong>Tax Research Project Posted</strong>&lt;br&gt;<strong>Gross Income: Exclusions (continued)</strong>&lt;br&gt;Read: pp. 5-8 (from “Compensation for Injuries . . .”) – 5-22 (to “Interest on Certain State . . . ”) [skip “Long-Term Care . . . ”] on 5-12, “Other Housing Exclusions” on 5-14, and “Specific Benefits” on 5-15, 5-27 (to “Income from Discharge . . . ”) – 5-30 (skip “Life Insurance” on 5-28 and CM pp. 44 (from Tax Treatment of Receipt . . . ”) – 52&lt;br&gt;Do: 35, 36, HP4, HP5, HP6, HP7, HP8, HP9, HP10, HP11</td>
</tr>
<tr>
<td>09/27 (Th)</td>
<td><strong>Gross Income: Exclusions (continued)</strong>&lt;br&gt;Read: pp. 5-22 (from “Interest on Certain State . . . ”) – 5-23 (to “Corporate Distributions”), 5-24 (from “Educational Savings Bonds”) – 5-27 (to “Income from Discharge of Indebtedness”) [skip “Education Savings Programs . . . ” on 5-25 – 5-26 and “Qualified Able Programs” on 5-26), 5-29 (“Investment Income” only) and CM pp. 53 – 56&lt;br&gt;Do: 49⁶, 53, 55a-b</td>
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<td><strong>Deductions and Losses: In General</strong>&lt;br&gt;Read: pp. 6-1 – 6-12 (skip from “Deduction for Qualified Business Income” on 6-7 to “Reporting Procedures on 6-8”), 6-31, 6-33 (“Refocus on the Big Picture” only) and CM pp. 57 – 61 (to “Whose Deduction is it?”)&lt;br&gt;Do: HP1, HP2, 34, HP3</td>
</tr>
<tr>
<td>10/02 (T)</td>
<td><strong>Mid-Term Exam I</strong></td>
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<tr>
<td>10/04 (Th)</td>
<td><strong>Deductions and Losses: In General (continued)</strong>&lt;br&gt;Read: pp. 6-13 – 6-17 (to “Investigation of Business”), 6-25 (from “Expenditures Incurred . . . ”) – 6-26 (to “Disallowance of Deductions . . . ”), 6-29 (“Substantiation Requirements” only), 6-31, 6-33 (“Refocus on the Big Picture” only) and CM pp. 61 (from “Whose Deduction is it?”) – 63&lt;br&gt;Do: HP4, HP5, HP6, HP7, HP8, 43, HP9, 25</td>
</tr>
<tr>
<td>10/09 (T)</td>
<td><strong>No Class - Mid-Semester Break. Enjoy!</strong></td>
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<tr>
<td>10/11 (Th)</td>
<td><strong>Deductions and Losses: In General (continued)</strong>&lt;br&gt;Read: pp. 6-17 (from Investigation of a Business”) – 6-21 (to “Rental of Vacation Homes”), 6-29 (from “Expenses and Interest Relating . . . ”) – 6-30 (to “Other Disallowances”), 6-32 (from “Hobby Losses”) – 6-33 (to “Refocus on the Big Picture”) and CM p. 64 – 66&lt;br&gt;Do: 43, HP9, 25</td>
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<td><strong>Deductions and Losses: Certain Business Expenses and Losses</strong>&lt;br&gt;Read: pp. 7-1 – 7-6, 7-26 (“Small Business Stock . . . ” only) and CM pp. 67 – 71&lt;br&gt;Do: HP1, HP2, HP3, 36</td>
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</table>

³ Assume that Liz and Doug did not live apart for all the current year.<br>⁴ Assume that Pam’s contributions of $42,000 to the pension plan were made out of after-tax monies.<br>⁵ All $60 of the interest was earned in the current year.<br>⁶ The lawn and garden supplies that resulted in the patronage dividend were strictly for Hazel’s 100% personal residence, which is why they were “nondeductible.”
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<tr>
<th>Date</th>
<th>Topic(s) and Assignments</th>
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<tbody>
<tr>
<td>10/16 (T)</td>
<td>Deductions and Losses: Certain Business Expenses and Losses (continued)</td>
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<tr>
<td></td>
<td>Read: pp. 7-7 – 7-15 (to “Research and Experimental . . .”), 7-17 (from “Excess Business Losses”) – 7-24 (to “Calculation of the Remaining . . .”), 7-26 (from “Casualty Losses”) – 7-27, 6-7 (from “Deduction for Qualified Business Income” – 6-8 (to “Reporting Procedures”) and CM p. 72 – 75</td>
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<tr>
<td></td>
<td>Do: HP4, HP5, 45</td>
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<td></td>
<td>(It is not required but, if you need extra practice with NOLs, I would recommend trying #48, too.)</td>
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**Depreciation and Cost Recovery**

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<th>Topic(s) and Assignments</th>
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<tbody>
<tr>
<td>10/18 (Th)</td>
<td>Depreciation and Cost Recovery (continued)</td>
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<tbody>
<tr>
<td>10/23 (T)</td>
<td>Depreciation and Cost Recovery (continued)</td>
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<td>Do: HP4, HP5</td>
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**Deductions and Losses: Employee Expenses**

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<th>Topic(s) and Assignments</th>
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<tr>
<td>10/25 (Th)</td>
<td>Deductions and Losses: Employee Expenses (continued)</td>
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<td>Do: HP1, 2, HP2</td>
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<tr>
<td>10/30 (T)</td>
<td><strong>Tax Research Project Due</strong></td>
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<tr>
<td></td>
<td>Deductions and Losses: Employee Expenses (continued)</td>
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<td>Do: HP7, 35, 36, 37, HP8, HP9, HP10, HP11, HP12, HP13</td>
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**11/01 (Th)**

**Tax Return Project Posted**

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<th>Topic(s) and Assignments</th>
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<tr>
<td></td>
<td>Deductions and Losses: Certain Itemized Deductions</td>
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<td></td>
<td>Do: HP1, 24, HP2, HP3, HP4, 30, HP5</td>
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<th>Date</th>
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<tr>
<td>11/06 (T)</td>
<td>Deductions and Losses: Certain Itemized Deductions (continued)</td>
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<tr>
<td></td>
<td>Do: HP6, HP7, HP8, 35, 36, 37, HP8, 34a-b, HP9, 39</td>
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7 In the last sentence of the first full ¶ immediately after Example 41 on p. 8-25, the authors are incorrect when they say that “[i]f no election is made, the startup expenditures are capitalized.” See *** in box on CM p. 64 for an explanation of why this is so.

8 Assume that § 222 has been extended at least through 2017.

9 Assume that § 222 has been extended at least through 2017.

10 Since Eleanor’s current-year AGI is not given, assume that any charitable contribution amount determined does not exceed any relevant AGI limit.
<table>
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<tr>
<th>Date</th>
<th>Topic(s) and Assignments</th>
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| 11/08 (Th) | At-Risk Rules and Passive Activity Loss Rules  
Read: pp. 11-1 – 11-16 (to “Special Passive Activity Rules . . .”)  
Do: HP1, 2, HP2, HP3, 5, 6, HP4, 43, HP5 |
| 11/13 (T)  | Mid-Term Exam II                                                                          |
| 11/15 (Th) | Passive Activity Loss Rules (continued)  
Do: HP6, HP7 |
| 11/20 (T)  | Alternative Minimum Tax  
Read: pp. 12-1 – 12-24 [read but do not labor over 12-8 (from “Pollution Control Facilities”) – 12-17 and skip “Corporate Alternative Minimum Tax” on 12-23] and CM pp. 122 – 125  
Do: 1, HP, 27, S41 |
| 11/22 (Th) | No Class – Thanksgiving Day. Enjoy!                                                        |
| 11/27 (T)  | Property Transactions: Basis Considerations  
Do: -- |
| 11/29 (Th) | Property Transactions: Nontaxable Exchanges  
Read: pp. 15-1 – 15-24 and CM pp. 139 – 144  
Do: HP, 413, 39, 1314, 43, 47, 49, 52 |
| 12/04 (T)  | Property Transactions: Capital Gains and Losses  
Do: HP1, HP2, HP3, HP4, HP5, 44, 46, 48 |

11 While this question is well beyond the scope of any question that I (or the CPA exam) would ask regarding the AMT, the intent in assigning this question is to give you a comprehensive view of the AMT as well as to show you the level of complexity that can arise in practice.
12 The facts regarding the casualty loss are not clearly stated. Assume that the personal casualty loss (PCL) after deducting the $100/event floor and the 10% of AGI floor is $5,500.
13 Answer the question from the perspective of the party who is giving up the first asset described in each exchange. In part a, assume that the improved real estate given up and the unimproved real estate received by the first party both will be held by that party as an investment, but that the unimproved real estate given up and the improved real estate received by the second party both will be held by that party as inventory.
14 Assume that the apartment building is 100% rental property (i.e., held for the production of income).
12/06 (Th) **Tax Return Project Due**

§ 1231 and Recapture Provisions
Do: HP1, 34, 37, HP2, 41a-b, 42

12/14 (F) **Final Exam (1:00 p.m.)**

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**Syllabus Key:**
CM = Course Material Packet  
HP = Handout Problem

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**They Said It . . .**

“Taxation, in reality, is life. If you know the position a person takes on taxes, you can tell their whole philosophy.”—*Sheldon S. Cohen*

“The wisdom of man never yet contrived a system of taxation that operates with perfect equality.”—*Andrew Jackson*

“Taxes are the lifeblood of government and no taxpayer should be permitted to escape the payment of his just share of the burden contributing thereto.”—*Arthur T. Vanderbilt*

“It might be demonstrated that the most productive system of finance will always be the least burdensome.”—*Alexander Hamilton, under the non de plume “Publius” in Federalist Paper No. 35*

“Whenever you have growth and [income tax rate] progressivity, people move into higher tax brackets and the government gets a larger take. The economy may expand fast, but the government will expand even faster.”—*The Wall Street Journal*

“There is an ancient belief that the gods love the obscure and hate the obvious. Without benefit of divinity, modern men of similar persuasion draft provisions of the Internal Revenue Code.”—*Martin D. Ginsburg*

“The first 9 pages of the Internal Revenue Code define [taxable] income; the remaining 1,100 pages spin the web of exceptions and preferences.”—*Warren G. Magnuson*

“The United States is the only country where it takes more brains to figure your tax than to earn the money to pay it.”—*Edward J. Gurney*

“All the Congress, all the accountants and tax lawyers, all the judges, and a convention of wizards cannot tell for sure what the income tax law says.”—*Walter B. Wriston*

“The only difference between death and taxes is that death doesn’t get worse every time Congress meets.”—*Will Rogers*

“The hardest thing in the world to understand is the income tax.”—*Albert Einstein*