

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY

SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

Course Outline: PERSONAL INCOME TAX

Code No.: ACC 109

Program: BUSINESS - ACCOUNTING

Semester: FOUR

Date: JANUARY, 1986

Author: F. CASE

New: _____ Revision: X

APPROVED: [Signature]
Chairperson

Date

PERSONAL INCOME TAX

ACC 109

COURSE NAME

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PHILOSOPHY/GOALS:

To introduce accounting students to Canadian Income Tax by studying the taxation of the personal income of individuals. Throughout the course, attention will be paid to the alternative arrangements available to individuals which minimize tax in various circumstances. Successful students will be competent in preparing tax returns for individuals with personal incomes and will be able to advise on arrangements that minimize tax.

TEXT: "Taxation and Business Decisions", 1984 Edition by Henry B. Zimmer

COURSE PRESENTATION:

The material in the course of study will be covered by:

1. Assigned reading in the text and study of examples presented in the text.
2. Review of text material by the instructor together with chalkboard examples.
3. Study of the T-1 general and related schedules by reference to the text, the tax guide and classroom examples.
4. Classroom calculation by students of income, deductions from income in arriving at net income, personal exemptions and other deductions from net income. The students will also do calculations to determine amounts of income tax and tax credits in various situations.
5. Current topics in income tax will be discussed by references to newspaper, radio, TV or magazine items which will be brought to the attention of the class by both students and the instructor.

EVALUATION:

Final grade will be assigned as follows:

- A - 85 - 100%
- B - 70 - 84%
- C - 55 - 69%
- R - under 55%

The mark will be calculated by allocating 30% of the mark achieved on each of three term tests and 10% to the contents of the students income tax file.*

Students with an "R" grade, but with marks 40% or more, and at least 70% attendance, will be granted the opportunity to write a supplemental exam based on total course content. Achievement of 55% or more on the supplemental exam will result in a final grade of "C".

*Income Tax File - A collection of at least 15 different items from newspapers, radio, TV or magazines relating to income tax during the semester.

COURSE TOPICS

Section I

- INTRODUCTION

- History of Income Tax in Canada
- General outline of the Act, Application
- Rules/Regulations and the role of the Courts
- Liability for Canadian Tax
- Residents, Non-Residents
- World income, income earned in Canada
- Types of income subject to tax
- Taxation of individuals
- Examination of the T-1 and the T-1 Tax Guide
- Incomes deduction from total income; personal exemptions, other deductions from net income
- Income from Employment (a more detailed examination)
- Employees or independent contractors
- Employment income and fringe benefits
- Deductions from employment income; Salesman

- TEST 1

Section II

- Pension Deductions
- Contributions to R.R.S.P.s
- Interest Income
- Dividend Income
- Other Incomes
- Other Deductions
- Capital gains and loses
 - Securities
 - Real Estate
 - Personal use property, listed personal property
 - Principle residence
 - Farms

- TEST 2

Section III

- Non-arms length transactions
 - Spouses
 - Persons other than a spouse
- Deemed dispositions
 - On leaving Canada
 - On death
- Gifts
- Calculation of Taxable Income
- Calculation of Tax

- Arrangements to minimize income tax
 - Demand loans
 - Transfer of individuals
 - Dividends versus interest
 - R.R.S.P.s
 - R.H.O.S.P.s
 - Capital gains

- **TEST 3**

