

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ONTARIO



Sault College

COURSE OUTLINE

<u>COURSE TITLE:</u>	TAXATION	
<u>CODE NO. :</u>	ACC231	<u>SEMESTER:</u> 4
<u>PROGRAM:</u>	ACCOUNTING	
<u>AUTHOR:</u>	G. DUNLOP	
<u>DATE:</u>	January 2001	<u>PREVIOUS OUTLINE DATED:</u> January 2000
<u>APPROVED:</u>	<hr/>	
	DEAN	DATE
<u>TOTAL CREDITS:</u>	4	
<u>PREREQUISITE(S):</u>	ACCOUNTING PRINCIPLES I (ACC108)	
<u>LENGTH OF COURSE:</u>	4 Hours/Week for 16 Weeks	<u>TOTAL CREDIT HOURS:</u> 64

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For additional information, please contact
School of Business, Hospitality and Natural Resources
(705) 759-2554, Ext.668

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I. COURSE DESCRIPTION:

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 both manually and on the computer.

The course has been designed to provide the student with an understanding of the fundamentals of the Federal Income Tax Act.

Since proper calculation and reporting of income for tax purposes is one of the areas of competency expected of an accounting major, a general knowledge of the statutes and regulations becomes necessary.

Because the microcomputer figures so prominently in the accountant's work, the basic understanding of computerized tax preparation becomes an important facility to create professional solutions to income tax problems and the student will have had access to this technique.

Students who leave the accounting program will not be tax experts, but they should have sufficient knowledge to be able to recognize taxation problems as they appear, in order to refer to the statutes or to seek professional assistance where appropriate.

II. LEARNING OUTCOMES AND ELEMENTS OF THE PERFORMANCE:

Upon successful completion of this course, the student will demonstrate the ability to:

- 1) Demonstrate an understanding of the T1 general tax form and related schedules by reference to the text, the tax guide and classroom examples.
- 2) Perform classroom calculation of income, deductions from income to arrive 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.

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Code No.**POTENTIAL ELEMENTS OF THE PERFORMANCE:**

- 1) Explain the history and principles of tax law.
- 2) Explain the purpose and effect of:
 - 2.1 Law Amendments
 - 2.2 Income Tax Application Rules, 1971
 - 2.3 Income Tax Regulations
 - 2.4 Tax Treaties
 - 2.5 Tax Case Decisions
 - 2.6 Departmental Interpretation Bulletins
 - 2.7 Departmental Information Circulars
- 3) Distinguish between the taxation of a resident and nonresident person of Canada.
- 4) Determine if a person is a resident or nonresident for tax purposes.
- 5) Name and give examples of the four major sources of income. Give examples of “other” sources of income.
- 6) Explain what is to be included in employment income and when it will be taxed.
- 7) Distinguish between taxable and nontaxable benefits and allowances and give examples of same.
- 8) List the deductions from employment income.
- 9) Name several types of payments which are not employment income but employment-related income.
- 10) Explain the advantages, employer limits on contributions, employee-individual limits on contribution and the taxation of the following:
 - 10.1 registered pension plans
 - 10.2 deferred profit sharing plans
 - 10.3 profit sharing plans
 - 10.4 registered retirement savings plans
 - 10.5 registered retirement income funds
- 11) Name and explain the broad restrictions on the limitation of the deduction of expenses from business or property income. (sec. 18 & 67)
- 12) Distinguish between active income vs. passive income and business income vs. capital gains.

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- 13) Identify those items which must be included in business income and the limitations thereon.
- 14) Identify those items which can be deducted in determining net business income.
- 15) Explain when, and how much must be included in the owners income and of unincorporated vs. an incorporated business.
- 16) Explain what Capital Cost Allowance is and how the C.C.A. system works.
- 17) Explain what Eligible Capital Expenditures are and how the Cumulative Eligible Capital Expenditure system works.
- 18) Give some examples of property income inclusions and deductions.
- 19) Explain when property income must be included for tax purposes.
- 20) Discuss the rules relating to the deduction of C.C.A. on rental property.
- 21) Explain the tax treatment of dividends from taxable Canadian Corporations when received by an individual.
- 22) Explain the tax treatment of foreign property income.
- 23) Discuss the income attribution rules.
- 24) Calculate a taxable capital gain/capital loss.
- 25) List some types of "capital property".
- 26) Explain when a capital gain must be included in income.
- 27) Give examples of other deductions available to individuals.
- 28) Discuss the following deductions that individuals can claim in determining their taxable income:
 - 28.1 Deduction for stock option benefits
 - 28.2 Loss carryovers
 - 28.3 Capital Gains deduction
 - 28.4 Northern residents deductions

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- 29) Discuss the following non-refundable credits that individuals can claim in determining their tax payable:
- 29.1 Personal exemptions - including exemptions for “other dependents”
 - 29.2 Charitable Donations
 - 29.3 Gifts to Her Majesty
 - 29.4 Medical Expenses
 - 29.5 Blind and Disabled Persons
 - 29.6 Education related credits and transfers
 - 29.7 Pension Income Credit
 - 29.8 Transfer of spouse’s unused credits
 - 29.9 EI and CPP credits
- 30) Calculate Federal and Provincial taxes payable and discuss the following refundable credits that individuals can claim in determining their tax payable or refundable:
- 30.1 Dividend Tax Credits
 - 30.2 GST Tax Credit
 - 30.3 Foreign Tax Credit
 - 30.4 Ontario Tax Credits
- 31) Discuss the implications of the Social Benefit Repayment:
- 31.1 Old Age Security Clawback
 - 31.2 Clawback of Employment Insurance Benefits

These learning outcomes will constitute approximately 60% of the course’s grade.

- 3) Demonstrate the use of the current version of the Personal Tax Prep for Windows software.

POTENTIAL ELEMENTS OF THE PERFORMANCE:

1. Completion of a variety of computer lab assignments relating to both the manual preparation and computer generated income tax return and supporting schedules.

This learning outcome will constitute approximately 40% of the course’s grade.

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III. TOPICS:

1. Overview of the T1 General and supporting schedules.
2. Coverage of 4 major sources of income and the deductions allowed to arrive at net income for tax purposes.
3. Calculation of taxable income.
4. Calculation of refundable and non-refundable tax credits and balance owing or refundable to Revenue Canada.

IV. REQUIRED RESOURCES/TEXTS/MATERIALS:

Text: Canadian Tax Principles 2000-2001 Edition by Byrd, Chan, Jacobs

Supplies: (3) 3 ½ " computer disks (high density)

V. EVALUATION PROCESS/GRADING SYSTEM:

The course mark will be calculated as follows:

Three tests @ 20% each	= 60%
Four Tax Preparation Assignments (4 @ 10% each)	= 40%
	<u>100%</u>

Students with an "I" grade, but have completed all assignments will be granted the opportunity to write a supplemental exam based on the total course content. Achievement of 60% or more on the supplemental exam will result in a final grade of "C".

The following semester grades will be assigned to students in postsecondary courses:

<u>Grade</u>	<u>Definition</u>	<u>Grade Point Equivalent</u>
A+	90 - 100%	4.00
A	80 - 89%	3.75
B	70 - 79%	3.00
C	60 - 69%	2.00
R (Repeat)	59% or below	0.00
CR (Credit)	Credit for diploma requirements has been awarded.	

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S	Satisfactory achievement in field placement or non-graded subject areas.
U	Unsatisfactory achievement in field placement or non-graded subject areas
X	A temporary grade. This is used in limited situations with extenuating circumstances giving a student additional time to complete the requirements for a course (see <i>Policies & Procedures Manual – Deferred Grades and Make-up</i>).
NR	Grade not reported to Registrar's office. This is used to facilitate transcript preparation when, for extenuating circumstances, it has been impossible for the faculty member to report grades.

VI. SPECIAL NOTES:

Special Needs:

If you are a student with special needs (e.g. physical limitations, visual impairments, hearing impairments, or learning disabilities), you are encouraged to discuss required accommodations with your instructor and/or the Special Needs office. Visit Room E1204 or call Extension 493, 717, or 491 so that support services can be arranged for you.

Retention of course outlines:

It is the responsibility of the student to retain all course outlines for possible future use in acquiring advanced standing at other postsecondary institutions.

Plagiarism

Students should refer to the definition of “academic dishonesty” in *Student Rights and Responsibilities*. Students who engage in “academic dishonesty” will receive an automatic failure for that submission and/or such other penalty, up to and including expulsion from the course, as may be decided by the professor. In order to protect students from inadvertent plagiarism, to protect the copyright of the material referenced, and to credit the author of the material, it is the policy of the department to employ a documentation format for referencing source material.

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The Professor reserves the right to change the information contained in this course outline depending on the needs of the learner and the availability of resources.

Substitute course information is available in the Registrar's office.

VII. PRIOR LEARNING ASSESSMENT:

Students who wish to apply for advanced credit in the course should consult the instructor. Credit for prior learning will be given upon successful completion of the following:

VIII. DIRECT CREDIT TRANSFERS:

Students who wish to apply for direct credit transfer (advanced standing) should obtain a direct credit transfer form from the Dean's secretary. Students will be required to provide a transcript and course outline related to the course in question.