SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ONTARIO

SAULT
COLLEGE

COURSE OUTLINE

COURSE TITLE:	TAXATION		
CODE NO. :	ACC231	**SEMESTER:**	4
PROGRAM:	ACCOUNTING		
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DATE:	January 2012	**PREVIOUS OUTLINE DATED:**	January 2011
APPROVED:		"Penny Perrier" **CHAIR**	June 2011 **DATE**
TOTAL CREDITS:	4		
PREREQUISITE(S):	ACCOUNTING PRINCIPLES I (ACC108)		
LENGTH OF COURSE:	4 Hours/Week for 15 Weeks	**TOTAL CREDIT HOURS:**	60

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 by preparing simulated and real tax returns.

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, other deductions from net income and personal tax credits. The students will also do calculations to determine amounts of income tax and tax credits in various situations.

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 Regulations
   2.3 Tax Treaties
   2.4 Tax Case Decisions
   2.5 Departmental Interpretation Bulletins
   2.6 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 & sec. 67)

12) Distinguish between active income vs. passive income and business income vs. capital gains.

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

29) Discuss the following non-refundable credits that individuals can claim in determining their tax payable:
    29.1 Personal credits - including credits for “other dependents”
    29.2 Charitable Donations
    29.3 Caregiver Credits
    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
    29.10 Other tax 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 Cantax 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.

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 CCRA.

IV. REQUIRED RESOURCES/TEXTS/MATERIALS:

Text: Canadian Tax Principles 2011-2012 Edition by Byrd, Chen with study guide.

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%
	100%

Students will be required to complete a number of tax returns for other college students, based upon student class member numbers and demand for service. This service will be considered part of the assignment mark.

Students with an "F" grade, but have attended 80% of classes and have completed all assignments will be granted the opportunity to write a supplemental exam based on the total course content. Achievement of 50% or more on the supplemental exam will result in a final grade of "D".

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

Grade	Definition	Grade Point Equivalent
A+	90 - 100%	4.00
A	80 - 89%	4.00
B	70 - 79%	3.00
C	60 - 69%	2.00
D	50 – 59%	1.00
R (Repeat)	49% or below	0.00
CR (Credit)	Credit for diploma requirements has been awarded.	
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 *Policies & Procedures Manual – Deferred Grades and Make-up*).	
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:

Attendance:

Sault College is committed to student success. There is a direct correlation between academic performance and class attendance; therefore, for the benefit of all its constituents, all students are encouraged to attend all of their scheduled learning and evaluation sessions. This implies arriving on time and remaining for the duration of the scheduled session.

VII. COURSE OUTLINE ADDENDUM:

The provisions contained in the addendum located on the portal form part of this course outline.