

SAULT COLLEGE OF APPLIED ARTS AND TECHNOLOGY

SAULT STE. MARIE, ONTARIO



COURSE OUTLINE

COURSE TITLE: TAXATION

CODE NO. : ACC231 **SEMESTER:** 4

PROGRAM: ACCOUNTING

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DATE: June 2015 **PREVIOUS OUTLINE DATED:** June 2014

APPROVED: "Colin Kirkwood"

	<u>DEAN</u>	<u>DATE</u>
TOTAL CREDITS: 4		
PREREQUISITE(S): ACCOUNTING PRINCIPLES I (ACC108)		
LENGTH OF COURSE: 4 Hours/Week for 15 Weeks	TOTAL CREDIT HOURS: 60	

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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 also focuses on compliance with the requirements of the Income Tax Act for Canadian resident corporations. Specific emphasis is placed on the decisions to be made by the owner/manager of a Canadian controlled private corporation.

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 for individuals.

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

Course Name

Code No.

income tax and tax credits in various situations.

3) Prepare and analyse schedules and supporting calculations to complete a corporate tax return (T2) for a Canadian Resident Corporation.

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

Course Name

Code No.

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.

Course Name

Code No.

- 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.

- 4) 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

Course Name

Code No.

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 CRA.

IV. REQUIRED RESOURCES/TEXTS/MATERIALS:

Text: Canadian Tax Principles 2015-2016 Edition by Byrd, Chen with study guide.

V. EVALUATION PROCESS/GRADING SYSTEM:

The course mark will be calculated as follows:

Two tests @ 20% each	= 40%
Four Tax Preparation Assignments*	= 30%
Comprehensive final exam	= 30%
	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.

The following semester grades will be assigned to students:

Grade	Definition	Grade Point Equivalent
A+	90 – 100%	4.00
A	80 – 89%	3.00
B	70 - 79%	2.00
C	60 - 69%	1.00

Course Name

Code No.

D	50 – 59%	1.00
F (Fail)	49% and below	0.00
CR (Credit)	Credit for diploma requirements has been awarded.	
S	Satisfactory achievement in field /clinical placement or non-graded subject area.	
U	Unsatisfactory achievement in field/clinical placement or non-graded subject area.	
X	A temporary grade limited to situations with extenuating circumstances giving a student additional time to complete the requirements for a course.	
NR	Grade not reported to Registrar's office.	
W	Student has withdrawn from the course without academic penalty.	

If a faculty member determines that a student is at risk of not being successful in their academic pursuits and has exhausted all strategies available to faculty, student contact information may be confidentially provided to Student Services in an effort to offer even more assistance with options for success. Any student wishing to restrict the sharing of such information should make their wishes known to the coordinator or faculty member.

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:Course Outline Amendments:

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

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.

Prior Learning Assessment:

Students who wish to apply for advance credit transfer (advanced standing) should obtain an Application for Advance Credit from the program coordinator (or the course coordinator regarding a general education transfer request) or academic assistant. Students will be required to provide an unofficial transcript and course outline related to the course in question. Please refer to the Student Key Dates Calendar for the deadline date by which application must be made for advance standing.

Credit for prior learning will also be given upon successful completion of a challenge exam or portfolio. Student Services, located in E1101, can provide information regarding the Prior Learning Assessment and Recognition policy or it can be viewed on the student portal.

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

Student Portal:

The Sault College portal allows you to view all your student information in one place.

mysaultcollege gives you personalized access to online resources seven days a week from your home or school computer. Single log-in access allows you to see your personal and financial information, timetable, grades, records of achievement, unofficial transcript, and outstanding obligations, in addition to announcements, news, academic calendar of events, class cancellations, your learning management system (LMS), and much more. Go to <https://my.saultcollege.ca>.

Communication:

The College considers **Desire2Learn (D2L)** as the primary channel of communication for each course. Regularly checking this software platform is critical as it will keep you directly connected with faculty and current course information. Success in this course may be directly related to your willingness to take advantage of this Learning Management System (LMS) communication tool.

Accessibility Services:

If you are a student with a disability (e.g. physical limitations, visual impairments, hearing impairments, or learning disabilities), you are encouraged to discuss required accommodations with the Accessibility Services office. Visit Room E1101, call Ext. 2703 or email studentsupport@saultcollege.ca so that support services can be arranged for you.

Course Name

Code No.Audio and Video Recording Devices in the Classroom:

Students who wish to use electronic devices in the classroom will seek permission of the faculty member before proceeding to record instruction. Students with disabilities who require audio or visual recording devices in the classroom as an accommodation will receive approval from their counsellor once the Audio and Video Recording Devices in the Classroom Policy has been reviewed by the student. Recorded classroom instruction will be used only for individual academic use and will not be used for any other purpose. Recordings may only be used for individual study of materials presented during class and may not be published or distributed. Intentional misuse of audio and video recordings or intentional misrepresentation when requesting the use of a device for recording shall constitute a violation of this policy and laws protecting intellectual property.

Academic Dishonesty:

Students should refer to the definition of “academic dishonesty” in the Student Code of Conduct. Students who engage in academic dishonesty will be issued a sanction under the Student Code of Conduct which could lead to and include expulsion from the course/program. In order to protect students from inadvertent plagiarism, to protect the copyright of the material referenced, and to credit the author of the material, students must use a documentation format for referencing source material.

Tuition Default:

Students who have defaulted on the payment of tuition (tuition has not been paid in full, payments were not deferred or payment plan not honoured) as of the first week of November (fall semester courses), first week of March (winter semester courses) or first week of June (summer semester courses) will be removed from placement and clinical activities due to liability issues. This may result in loss of mandatory hours or incomplete course work. Sault College will not be responsible for incomplete hours or outcomes that are not achieved or any other academic requirement not met as of the result of tuition default. Students are encouraged to communicate with Financial Services with regard to the status of their tuition prior to this deadline to ensure that their financial status does not interfere with academic progress.