



El Camino College  
COURSE OUTLINE OF RECORD – Official

<b>Course Acronym:</b>	BUS
<b>Course Number:</b>	160
<b>Descriptive Title:</b>	Income Tax Accounting
<b>Division:</b>	Business
<b>Department:</b>	Accounting
<b>Course Disciplines:</b>	Accounting
<b>Catalog Description:</b>	This course emphasizes income tax regulations pertaining to individual and business income tax reporting. Major topics include income inclusions, exclusions, exemptions, capital gains and losses, and business and individual deductions.
<b>Prerequisite:</b>	BUS 150 with a minimum grade of C or equivalent experience
<b>Co-requisite:</b>	
<b>Recommended Preparation:</b>	
<b>Enrollment Limitation:</b>	
<b>Hours Lecture (per week):</b>	4
<b>Hours Laboratory (per week):</b>	0
<b>Outside Study Hours:</b>	8
<b>Total Course Hours:</b>	72
<b>Course Units:</b>	4
<b>Grading Method:</b>	Letter Grade only
<b>Credit Status:</b>	Credit, degree applicable
<b>Transfer CSU:</b>	Yes
<b>Effective Date:</b>	Prior to July 1992
<b>Transfer UC:</b>	No
<b>Effective Date:</b>	
<b>General Education:</b>	
<b>ECC</b>	
<b>Term:</b>	
<b>Other:</b>	
<b>CSU GE:</b>	
<b>Term:</b>	
<b>Other:</b>	
<b>IGETC:</b>	

<b>Term:</b>	
<b>Other:</b>	
<b>Student Learning Outcomes:</b>	<p><b>SLO #1 Preparation</b></p> <p>Prepare a correct form 1040 tax return including the necessary forms and schedules.</p> <p><b>SLO #2 Schedule C</b></p> <p>Prepare a correct Schedule C including the necessary forms and schedules.</p> <p><b>SLO #3: Schedule E</b></p> <p>Prepare a correct Schedule E including the necessary forms and schedules.</p>
<b>Course Objectives:</b>	<ol style="list-style-type: none"> <li>1. Analyze and evaluate federal income tax laws and regulations in reference to the individual business tax returns.</li> <li>2. Calculate gross income, including items that are taxable and non-taxable.</li> <li>3. Identify and calculate adjustments to gross income, such as moving expenses, travel expenses, and individual retirement accounts.</li> <li>4. Identify and calculate capital gains and losses with emphasis on installment sales and like-kind exchanges.</li> <li>5. Compute deductions: medical, taxes, interest, charitable contributions, and miscellaneous expenses.</li> <li>6. Describe accounting periods, accounting methods, and appeal rights.</li> <li>7. Prepare individual income tax returns.</li> <li>8. Discuss basic tax planning to reduce an individual's income tax liability.</li> </ol>
<b>Major Topics:</b>	<p><b>I. Introduction and basic tax model (4 hours, lecture)</b></p> <p>A. Components of the taxable income formula</p> <p><b>II. Filing status, exemptions (12 hours, lecture)</b></p> <p>A. Individual taxpayers and business taxpayers</p> <p>B. Definition of exemptions and exemption types</p> <p>C. The five filing status groups</p> <p>D. Filing requirements</p> <p><b>III. Gross income (8 hours, lecture)</b></p> <p>A. The definition of gross income by the Internal Revenue Code</p> <p>B. The twelve gross income sources</p> <p>C. Gross income calculation.</p> <p>D. Gross income threshold for filing and income tax return</p> <p><b>IV. Deductions (16 hours, lecture)</b></p> <p>A. AGI (Adjusted Gross Income)</p> <p>B. Deductions for AGI</p> <p>C. Deductions from AGI</p> <p>D. Standard deductions</p> <p>E. Standard deductions for dependents</p>

	<p>F. Deduction worksheets</p> <p><b>V. Special tax computations methods, payment procedures and tax credits (8 hours, lecture)</b></p> <p>A. Tax determination  B. Index for inflation  C. Tax credits including foreign tax credit, dependent and child care, higher education credits, child tax credit, and retirement savings credit</p> <p><b>VI. Property transactions (12 hours, lecture)</b></p> <p>A. Capital gains and losses  B. Rental activities  C. Depreciation and amortization  D. Basis and non-taxable exchanges</p> <p><b>VII. Accounting periods, accounting methods, and deferred compensation (8 hours, lecture)</b></p> <p>A. Accounting period alternatives  B. Choosing an accounting method  C. Reporting of deferred compensation</p> <p><b>VIII. Corporations and partnerships (4 hours, lecture)</b></p> <p>A. Forming a corporation  B. Definition of the nature of a partnership  C. Corporate tax returns  D. Transactions between partnerships and partners</p>
<b>Total Lecture Hours:</b>	72
<b>Total Laboratory Hours:</b>	0
<b>Total Hours:</b>	72
<b>Primary Method of Evaluation:</b>	2) Problem solving demonstrations (computational or non-computational)
<b>Typical Assignment Using Primary Method of Evaluation:</b>	<p>Agnes exchanges a warehouse and the related land with Damon for an office building and the related land. Agnes's adjusted basis for her warehouse and land is \$420,000. The fair market value of Damon's office building and land is \$410,000. Agnes's property value has a \$90,000 mortgage that Damon assumes.</p> <p>a. Calculate Agnes's realized and recognized gain or loss.</p> <p>b. Calculate Agnes's adjusted basis for the office building and land received.</p> <p>c. As an alternative, Damon has proposed that rather than assuming the mortgage, he will transfer cash of \$90,000 to Agnes. Agnes would use the cash to pay off the mortgage.</p>

	Prepare a one-page paper advising Agnes on whether this alternative would be beneficial to her from a tax perspective.
<b>Critical Thinking Assignment 1:</b>	Rocky sells his residence for \$600,000. The adjusted basis was \$120,000. The selling expenses were \$36,000. Repair expenses incurred to get the house ready to sell were \$15,000. Calculate the taxable gain on this sale.  Prepare a one-page paper describing the tax issues and what impact this will have on Rocky's tax return and taxable income.
<b>Critical Thinking Assignment 2:</b>	Liz sued an overzealous bill collector and received the following settlement:  -Damage to her automobile the collector attempted to repossess -- 1,000  -Physical damage to her arm caused by the collector -- 8,000  - Loss of income while her arm was healing -- 6,000  - Punitive damages -- 30,000  a. Under the current tax code what effect does the settlement have on Liz's gross income?  b. Assume Liz also collected \$40,000 of damages for slander to her personal reputation caused by the bill collector misrepresenting the facts to Liz's employee and other creditors. Prepare a one-page paper describing the tax issues and what impact this will have on Liz's gross income.
<b>Other Evaluation Methods:</b>	Class Performance, Completion, Homework Problems, Laboratory Reports, Matching Items, Multiple Choice, Quizzes, True/False
<b>Instructional Methods:</b>	Demonstration, Discussion, Lecture, Multimedia presentations
<b>If other:</b>	
<b>Work Outside of Class:</b>	Answer questions, Problem solving activity, Required reading, Skill practice, Study, Written work (such as essay/composition/report/analysis/research)
<b>If Other:</b>	
<b>Up-To-Date Representative Texts:</b>	Young et.al, <u>South-Western Federal Taxation 2024: Individual Income Taxes</u> . 47 <sup>th</sup> ed. Cengage Group, 2024
<b>Alternative Texts:</b>	
<b>Required Supplementary Readings:</b>	
<b>Other Required Materials:</b>	
<b>Requisite:</b>	Prerequisite
<b>Category:</b>	sequential
<b>Requisite course(s): List both prerequisites and corequisites in this box.</b>	BUS 150

<p><b>Requisite and Matching skill(s):</b> Bold the requisite skill. List the corresponding course objective under each skill(s).</p>	<p><b>Interpret, analyze, record, and process a wide array of business transactions through a double-entry accounting systems in accordance with acceptable accounting practices, rules, government relations, tax law, and generally accepted accounting principles.</b></p> <p>BUS 150 - Interpret, analyze, record, and process a wide array of business transactions in accordance with acceptable accounting theory, principles and practices as well as government regulation, federal tax laws, and generally accepted accounting principles.</p> <p><b>Prepare basic financial statements and accounting reports for a service or merchandising type of business with a focus on the sole proprietorship and partnership forms of ownership.</b></p> <p>BUS 150 - Describe and perform the accounting functions of the accounting cycle for service and merchandising businesses.</p> <p><b>Possess the necessary analytical skills, accounting terminology, accounting theory, and principles to read, interpret, and evaluate basic financial statements and accounting reports and come to a conclusion on the profitability, liquidity, and overall performance of the business.</b></p> <p>BUS 150 - Interpret, analyze, record, and process a wide array of business transactions in accordance with acceptable accounting theory, principles and practices as well as government regulation, federal tax laws, and generally accepted accounting principles.</p>
<p><b>Requisite Skill:</b></p>	<p>Equivalent experience</p>
<p><b>Requisite Skill and Matching Skill(s):</b> Bold the requisite skill(s). If applicable</p>	<p><b>Interpret, analyze, record, and process a wide array of business transactions through a double-entry accounting systems in accordance with acceptable accounting practices, rules, government relations, tax law, and generally accepted accounting principles.</b></p> <p>Interpret, analyze, record, and process a wide array of business transactions in accordance with acceptable accounting theory, principles and practices as well as government regulation, federal tax laws, and generally accepted accounting principles.</p> <p><b>Prepare basic financial statements and accounting reports for a service or merchandising type of business with a focus on the sole proprietorship and partnership forms of ownership.</b></p> <p>Describe and perform the accounting functions of the accounting cycle for service and merchandising businesses.</p> <p><b>Possess the necessary analytical skills, accounting terminology, accounting theory, and principles to read, interpret, and evaluate basic financial statements and accounting reports and come to a conclusion on the profitability, liquidity, and overall performance of the business.</b></p> <p>Interpret, analyze, record, and process a wide array of business transactions in accordance with acceptable accounting theory, principles and practices as well as government regulation, federal tax laws, and generally accepted accounting principles.</p>
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<b>Enrollment Limitations and Category:</b>	
<b>Enrollment Limitations Impact:</b>	
<b>Course Created by:</b>	J. Okada
<b>Date:</b>	06/01/1973
<b>Original Board Approval Date:</b>	
<b>Last Reviewed and/or Revised by:</b>	Sidney Porter
<b>Date:</b>	10/12/2023
<b>Last Board Approval Date:</b>	12/18/2023
<b>Effective Term:</b>	FALL 2024