



El Camino College
COURSE OUTLINE OF RECORD – Official

Course Acronym:	BUS
Course Number:	164
Descriptive Title:	California Taxation and Regulatory Review
Division:	Business
Department:	Accounting
Course Disciplines:	Accounting
Catalog Description:	This course is intended for individuals who wish to register with the California Tax Education Council (CTEC) to prepare individual tax returns for a fee in the State of California. The course fulfills the CTEC 60-hour qualifying education requirement to become a California Registered Tax Preparer (CRTP). Students will learn to prepare the federal and California individual tax returns, including forms 1040, CA 540, Schedule C - Profit or Loss from Business (Sole Proprietorship), and Schedule E - Supplemental Income and Loss. In addition, the students will receive the required ethics education. Upon completion of the course, students will possess the knowledge and expertise to pursue a career in tax preparation in the State of California.
Prerequisite:	
Co-requisite:	
Recommended Preparation:	Eligibility for English 1A
Enrollment Limitation:	
Hours Lecture (per week):	4
Hours Laboratory (per week):	0
Outside Study Hours:	8
Total Course Hours:	12
Course Units:	4
Grading Method:	Letter Grade and Pass/No Pass
Credit Status:	Credit, degree applicable
Transfer CSU:	yes
Effective Date:	
Transfer UC:	no
Effective Date:	
General Education:	ECC
Term:	
Other:	

CSU GE:	
Term:	
Other:	
IGETC:	
Term:	
Other:	
Student Learning Outcomes:	<p>SLO #1 Preparation of Basic Individual Tax Returns</p> <p>Prepare basic federal and California income tax returns for individual taxpayers.</p> <p>SLO #2 Preparation of Schedules C and E</p> <p>Prepare Schedule C for a sole proprietorships and Schedule E for supplemental income and loss, including necessary supporting schedules.</p> <p>SLO #3 Tax Law and Research</p> <p>Understand basic tax law and perform tax research as required to answer tax questions.</p>
Course Objectives:	<ol style="list-style-type: none"> 1. Analyze and evaluate federal income tax laws and regulations in reference to the individual business tax returns. 2. Calculate gross income, including items that are taxable and non-taxable. 3. Identify and calculate adjustments to gross income, such as moving expenses, travel expenses, and individual retirement accounts. 4. Compute deductions: medical, taxes, interest, charitable contributions, and miscellaneous expenses. 5. Prepare federal and California individual income tax returns. 6. Prepare Schedule C. 7. Prepare Schedule E. 8. Explain ethics in business. 9. Define fraud. 10. Describe rules of conduct that pertain to tax preparers in California.
Major Topics:	<p>I. Introduction and Basic Tax Model (4 hours, lecture)</p> <p style="padding-left: 40px;">A. Understanding federal tax law</p> <p style="padding-left: 40px;">B. Components of taxable income</p> <p>II. Filing Status, Exemptions (4 hours, lecture)</p> <p style="padding-left: 40px;">A. Individual taxpayers and business taxpayers</p> <p style="padding-left: 40px;">B. Filing statuses</p> <p style="padding-left: 40px;">C. Exemptions and exemption types</p> <p style="padding-left: 40px;">D. Filing requirements</p> <p>III. Gross Income (4 hours, lecture)</p>

- A. Gross income definition by the Internal Revenue Code
- B. Gross income sources
- C. Gross income exclusions
- D. Gross income calculation
- E. Gross income threshold for filing an income tax return

IV. Deductions (4 hours, lecture)

- A. Adjusted gross income (AGI)
- B. Deductions for AGI
- C. Deductions from AGI
- D. Standard deductions
- E. Standard deductions for dependents

V. Tax Computation Methods, Payment Procedures and Tax Credits (4 hours, lecture)

- A. Tax determination
- B. Tax credits including, child, dependent and child care, higher education and other credits
- C. Payment procedures

VI. Sole Proprietorship Income and Expenses (8 hours, lecture)

- A. Gross income from sole proprietorship
- B. Car and truck expenses
- C. Depreciation and amortization
- D. Deductible travel and meals expenses
- E. Business use of home
- F. Other expenses

VII. Property Transactions (8 hours, lecture)

- A. Capital gains and losses
- B. Rental real estate activities

C. Depreciation and amortization

VIII. California Income Tax Laws and Regulations (16 hours, lecture)

A. Understanding California personal income tax law.

B. Gross income for California purposes

C. Components of California taxable income

D. California exemption credits

E. California deductions

F. California tax credits

G. Federal to California differences

H. California tax computation

IX. Tax Return Preparation (16 hours, lecture)

A. Introduction to form 1040

B. Introduction to Schedule C

C. Introduction to Schedule E

D. Other federal forms and schedules

E. Introduction to California Form 540

F. Other California forms and schedules

G. Prepare individual tax returns

X. Ethics in Professional Practice (4 hours, lecture)

A. Definition of ethics

B. Definition of fraud

C. Tax preparer code of conduct and responsibilities

D. Bond requirement

E. Qualifying education requirements

F. Continuing education requirements

G. Client records and confidentiality requirements

Total Lecture Hours:	72
Total Laboratory Hours:	0
Total Hours:	72
Primary Method of Evaluation:	2) Problem solving demonstrations (computational or non-computational)
Typical Assignment Using Primary Method of Evaluation:	<p>1. Tax Return Preparation Problem</p> <p>Lance H. and Wanda B Dean are married and live at 431 Yucca Drive, Torrance, CA 90506. Lance works for the convention bureau of the local Chamber of Commerce, and Wanda is employed part-time as a paralegal for a law firm. During 2021, the Deans had the following receipts:</p> <ol style="list-style-type: none"> 1. Salaries: \$61,000 for Lance; \$41,000 for Wanda 2. Interest income: City of Torrance general purpose bonds \$1,000; Ford Motor Company bonds \$1,10; and Ally Bank certificate of deposit \$400 3. Child support payments from John Allen: \$7,200 4. Annual gifts from parents: \$26,000 5. Settlement from Roadrunner Touring Company: \$90,000 6. Lottery winnings: \$600 7. Federal income tax refund (from tax year 2020): \$400 <p>The Deans had the following expenditures for 2021:</p> <ol style="list-style-type: none"> 1. Medical expenses (not covered by Insurance): \$7,200 2. Taxes: <ol style="list-style-type: none"> 1. Property taxes on personal residence: \$3,600 2. State of New Mexico income tax (includes amount withheld from wages during 2021): \$4,200 3. Interest on home mortgage (First National Bank): \$6,000 4. Charitable contributions: \$3,600 5. Life insurance premiums (policy on Lance's life): \$1,200 6. Contribution to traditional IRA (on Wanda's behalf): \$5,000 7. Traffic fines: \$300 8. Contribution to the reelection campaign fund of the mayor of Santa Fe: \$500 <p>The life insurance policy was taken out by Lance several years ago and designates Wanda as the beneficiary. As a part-time employee, Wanda is excluded from coverage under her employer's pension plan. Consequently, she provides for her own retirement with a traditional IRA obtained at a local trust company. Because the mayor is a member of the local Chamber of Commerce, Lance felt compelled to make the political contribution. The Deans' household includes the following, for whom they provide more than half of the support:</p> <p>Required:</p> <p>Determine the Federal income tax for 2021 for the Deans on a joint return by completing the appropriate forms using computerized tax software.</p>

<p>Critical Thinking Assignment 1:</p>	<p>Jack operates a large home repair business as a sole proprietorship. Besides providing services, Jack also sells home repair supplies to homeowners. However, these sales constitute a relatively small portion of Jack's income.</p> <p>Required:</p> <p>Prepare a one-page paper discussing how Jack should report his business revenues. Include in your discussion the conditions under which Jack would need to account for sales and purchases of plumbing supplies using the accrual method.</p>
<p>Critical Thinking Assignment 2:</p>	<p>In January, Jessica purchased a new machine for use in an existing production line of her manufacturing business for \$90,000. Assume that the machine is a unit of property and is not a material or supply. Jessica pays \$2,500 to install the machine, and after the machine is installed, she pays \$1,300 to perform a critical test on the machine to ensure that it will operate in accordance with quality standards. On November 1, the critical test is complete, and Jessica places the machine in service on the production line. On December 3, Jessica pays another \$3,300 to perform periodic quality control testing after the machine is placed in service. How much will Jessica be required to capitalize as the cost of the machine?</p> <p>Required:</p> <p>Prepare a one-page paper describing the tax issues related to the costs of the machine that should be capitalized.</p>
<p>Other Evaluation Methods:</p>	<p>Class Performance, Completion, Homework Problems, Laboratory Reports, Matching Items, Multiple Choice, Other Exams, Performance Exams, Quizzes, True/False</p>
<p>Instructional Methods:</p>	<p>Demonstration, Lab, Lecture</p>
<p>If other:</p>	
<p>Work Outside of Class:</p>	<p>Answer questions, Problem solving activity, Required reading, Skill practice, Written work (such as essay/composition/report/analysis/research)</p>
<p>If Other:</p>	
<p>Up-To-Date Representative Texts:</p>	<p>Spilker, et al., Essentials of Federal Taxation, 14th Ed. McGraw Hill, 2023</p>
<p>Alternative Texts:</p>	
<p>Required Supplementary Readings:</p>	<p>Wolters Kluwer, Guidebook to California Taxes, CCH Publications, 2023</p>
<p>Other Required Materials:</p>	
<p>Requisite:</p>	
<p>Category:</p>	
<p>Requisite course(s): List both prerequisites and corequisites in this box.</p>	
<p>Requisite and Matching skill(s): Bold the requisite skill. List the corresponding</p>	

course objective under each skill(s).	
Requisite Skill:	
Requisite Skill and Matching Skill(s): Bold the requisite skill(s). If applicable	
Requisite course:	
Requisite and Matching skill(s):Bold the requisite skill. List the corresponding course objective under each skill(s).	
Requisite Skill:	Eligibility for English 1A
Requisite Skill and Matching skill(s): Bold the requisite skill. List the corresponding course objective under each skill(s). If applicable	<p>This course involves reading college level textbooks, developing projects, and answering essay questions. A student's success in this class will be enhanced if they have these skills.</p> <p>Summarize, analyze, evaluate, and synthesize college-level texts.</p> <p>Write a well-reasoned, well-supported expository essay that demonstrates application of the academic writing process.</p>
Enrollment Limitations and Category:	
Enrollment Limitations Impact:	
Course Created by:	Sidney Porter
Date:	05/03/2021
Original Board Approval Date:	11/15/2021
Last Reviewed and/or Revised by:	S. PORTER
Date:	11/02/2023
Last Board Approval Date:	12/18/2023
Effective Term:	FALL 2024