

**WILMINGTON UNIVERSITY  
COLLEGE OF BUSINESS  
BASIC COURSE INFORMATION**

**COURSE TITLE:** Tax Accounting I  
**COURSE NUMBER:** BAC 321  
**PRE-**

**Learning Objectives:** The student will:

- B-1 Understand and apply the components of the Federal income tax formula.
- B-2 Apply the rules for the use of the standard deduction and itemized deductions in computing taxable income. Use the proper method for determining the tax liability.
- B-4 Identify and apply the kiddie tax.
- B-5 Recognize the filing requirements and the proper filing status.
- B-6 Possess an understanding of property transactions.
- B-7 Identify tax planning opportunities associated with the individual tax formula.

**GOAL C:**

The student will obtain the knowledge necessary to distinguish between income that should be included in gross income and income that should be excluded from gross income

**Learning Objectives:** The student will:

- C-1 Explain the concepts of gross income and realization, and distinguish between the economic, accounting, and tax concepts of gross income.
- C-2 Describe the cash and accrual methods of accounting and the related effects of the choice of tax year.
- C-3 Apply the Internal Revenue Code provisions on alimony, loans made at below-market interest rates, annuities, prizes and awards, group term life insurance, unemployment compensation, Social Security benefits, and other sources of income.
- C-4 Identify tax planning strategies for minimizing gross income.
- C-5 Understand the statutory authority that is required to exclude an item from gross income.
- C-6 Identify the circumstances under which various items are excludible from gross income.
- C-7 Determine the extent to which receipts can be excluded under the tax benefit rule and identify who should pay the tax on a particular item of income in various situations.
- C-8 Describe the circumstances under which income must be reported from the discharge of indebtedness.

- C-9 Identify tax planning strategies for obtaining the maximum benefit from allowable exclusions.

**GOAL D:**

The student will explain deductions and losses from taxable income.

**Learning Objectives:** The student will:

- D-1 Differentiate between deductions for and from adjusted gross income and understand the relevance of the differentiation.
- D-2 Describe the difference between cash and accrual methods of accounting on deductions.
- D-3 Apply the Internal Revenue Code deduction disallowance provisions associated with political activities, excessive executive compensation, investigation of business opportunities, hobby losses, vacation home expenditures, related-party transactions, and expenses related to tax-exempt income.
- D-4 Identify tax planning opportunities for maximizing deductions and minimizing the disallowance of deductions.

**GOAL E:**

The student will identify business expenses and losses

**Learning Outcomes:** The student will:

- E-1 Determine the amount, classification, and timing of bad debt expense.
- E-2 Describe the tax treatment of worthless securities including (sec) 1244 stock.
- E-3 Distinguish between deductible and nondeductible losses of individuals.
- E-4 Identify a casualty and determine the amount, classification, and timing of casualty and theft losses.
- E-5 Recognize and apply the alternative tax treatments for research and experimental expenditures.
- E-6 Explain the tax impact of a net operating loss and recognize the effect of the carryback and carryover provisions.
- E-7 Identify tax planning opportunities in deducting certain business expenses, business losses, and personal losses.
- E-8 Calculate the domestic production activities deduction.

**GOAL F:**

The student will understand depreciation including how to calculate depreciation using MACRS.

**Learning Objectives:** The student will:

- F-1 Discuss the rationale for the cost consumption concept and identify the relevant time periods for depreciation, ACRS, MACRS.
- F-2 Determine the amount of cost recovery under MACRS.
- F-3 Recognize when and how to make the (sec) 179 expensing election, calculate the amount of the deduction, and apply the effect of the election in making the MACRS calculation.
- F-4 Identify listed property and apply the deduction limitations on listed property and on luxury automobiles.
- F-5 Determine when and how to use the alternative depreciation system (ADS) and be aware of the major characteristics of ACRS.
- F-6 Identify intangible assets that are eligible for amortization and calculate the amount of the deduction.
- F-7 Determine the amount of depletion expense including being able to apply the alternative tax treatments for intangible drilling and development costs.

**GOAL G:**

The student will explain employee and self-employed deductions.

**Learning Objectives:** The student will:

- G-1 Distinguish between employee and self-employed status.
- G-2 Recognize deductible transportation expenses.
- G-3 Know how travel expenses are treated.
- G-4 Determine the moving expense deduction.
- G-5 Differentiate between deductible and nondeductible education expenses.
- G-6 Understand how entertainment expenses are treated.
- G-7 Identify other employee expenses.
- G-8 Become familiar with various deductions for contributions to retirement accounts.
- G-9 Appreciate the difference between accountable and nonaccountable employee plans.

G-10 Explain the limitations on miscellaneous itemized deductions.

G-11 Develop tax planning ideas related to employee business expenses.

**GOAL H:**

The student will explain how to account for various itemized deductions and losses.

**Learning Objectives:** The student will:

H-1 Distinguish between deductible and nondeductible personal expenses.

H-2 Define medical expenses and compute the medical expense deduction.

H-3 Contrast deductible taxes and nondeductible fees, licenses, etc.

H-4 Explain the Federal income tax treatment of state and local income taxes.

H-5 Distinguish between deductible and nondeductible interest and apply the appropriate limitations to deductible interest.

H-6 Explain charitable contributions and their related measurement problems and percentage limitations.

H-7 List the business and personal expenditures that are deductible either as miscellaneous itemized deductions or as other itemized deductions.

H-8 Identify tax planning procedures that can maximize the benefit of itemized deductions.

**GOAL I:**

The student will explain the rules regarding passive activity losses.

- I-8 Discuss the special treatment available to real estate activities.
- I-9 Determine the proper tax treatment upon the disposition of a passive activity.
- I-10 Identify restrictions placed on the deductibility of other investor losses and deductions, including those that apply to investment interest.
- I-11 Identify tax planning strategies to minimize the effect of the passive loss limitations.

**GOAL J:**

The student will explain tax credits.

**Learning Objectives:** The student will:

- J-1 Explain how tax credits are used as a tool of Federal tax policy.
- J-2 Distinguish between refundable and nonrefundable credits and understand the order in which they can be used by taxpayers.
- J-3 Describe various business-related tax credits.
- J-4 Describe various tax credits that are available primarily to individual taxpayers.
- J-5 Understand the tax withholding and payment procedures used by employers.
- J-6 Describe the tax payment procedures used by self-employed persons.
- J-7 Identify tax planning opportunities related to tax credits.

**GOAL K:**

The student will gain an understanding of the effect of various property transactions, including involuntary conversions, sale of residence, capital gain or loss, and the disposal of business property.

**Learning Objectives:** The student will:

- K-1 Compute realized gain or loss on property dispositions.
- K-2 Distinguish between realized and recognized gain or loss.
- K-3 Apply the recovery of capital doctrine.
- K-4 Explain how basis is determined for various methods of asset acquisition.
- K-5 Describe various loss disallowance provisions.

- K-6 Critique the rationale for nonrecognition (postponement) of gain or loss in certain property transactions.
- K-7 Apply the nonrecognition provisions and basis determination rules for like-kind exchanges.
- K-8 Explain the nonrecognition provisions available on the involuntary conversion of property.
- K-9 Describe the provision for the permanent exclusion of gain on the sale of a personal residence.
- K-10 Identify other nonrecognition provisions contained in the Code.
- K-11 Identify tax planning opportunities related to selected property transactions.

**GOAL L:**

The student will explain capital gains and losses, Section 1231 assets, and recapture provisions.

**Learning Objectives:** The student will:

- L-1 Explain the rationale for separate reporting of capital gains and losses.
- L-2 Distinguish capital assets from ordinary assets.
- L-3 Explain the relevance of a sale or exchange to classification as a capital gain or loss and apply the special rules for the capital gain or loss treatment of the retirement of corporate obligations, options, patents, franchises, and lease cancellation payments.
- L-4 Determine whether the holding period for a capital asset is long term or short term.
- L-5 Describe the beneficial tax treatment for capital gains and the detrimental tax treatment for capital losses for noncorporate taxpayers.
- L-6 Describe the tax treatment for capital gains and the detrimental tax treatment for capital losses for corporate taxpayers.
- L-7 Explain the rationale for and the nature and treatment of gains and losses from the disposition of business assets.
- L-8 Distinguish Sec. 1231 assets from ordinary assets and capital assets and calculate the Sec. 1231 gain or loss.
- L-9 Determine when Sec. 1245 recapture applies and how it is computed.
- L-10 Determine when Sec. 1250 recapture applies and how it is computed.

