

Date Adopted: _____

Date Reviewed: Aug 2015

Date Revised: Aug 2015

ACT 253 - Individual Income Tax

I. ACT 253 - Individual Income Tax – 3 Semester Hours

II. Course Description

This course focuses on the fundamentals of the federal income tax laws with primary emphasis on those affecting the individual. Emphasis is on gross income determination, adjustments to income, business expenses, itemized deductions, exemption, capital gains/losses, depreciation, and tax credits. Upon completion of this course, the student will be able to apply the fundamentals of the federal income tax laws affecting the individual.

III. Prerequisite

BUS 241 or ACT 145

IV. Textbook

Textbook: Income Tax Fundamentals, 2015

Publisher: Southwestern

Authors: Whittenburg, Altus-Buller

V. Course Objectives

1. The student will understand the principles which shaped the development of the U.S. Federal tax system and the highlights of the social, economic, equity, and political factors embodied in the tax law.
2. The student will understand the concepts of economic, gross, adjusted gross and taxable income and the requirements governing each classification.
3. The student will be able to analyze, compute and communicate the tax consequences of income transactions.
4. The student will be able to understand and reconcile the variances in tax laws and accounting principles regarding the depreciation of assets.
5. The student will understand the tax laws governing losses on property transactions.
6. The student will understand the requirements for deduction of personal itemized deductions.
7. The student will understand the criteria used in determining the number of personal and dependency exemptions that may be claimed.
8. The student will understand the tax law governing the use of tax credits for individual tax returns.

VI. Course Outline of Topics

1. Given a list of tax laws.
The student will:
 - a) explain the principles and provisions of each law.
 - b) identify and explain the economic, social, equity and political considerations of the laws.
2. Given a list of transactions producing income.
The student will:
 - a) explain the specific income classification of each transaction.
 - b) explain the legal basis including or excluding each transaction from gross or adjusted gross income.
3. Given a series of transactions.
The student will:
 - a) analyze the transactions and explain the procedures for reporting on the tax return.
 - b) determine mathematically the tax imposed on the transaction.

4. Given a list of business assets.
The student will:
 - a) explain the depreciation methods acceptable under the tax laws.
 - b) compute the amount of depreciation allowable under the tax laws.
 - c) explain the justification for the variances in the depreciation allowable for tax purposes and accounting principles.
5. Given a series of transactions involving losses on the sale or exchange of assets.
The student will:
 - a) explain the law authorizing the loss.
 - b) determine mathematically the amount of the loss.
 - c) explain how the loss should be presented on the tax return.
6. Given a list of expenditure and events involving business and personal transactions.
The student will:
 - a) analyze the information and separate into the proper categories.
 - b) explain the law governing the deductibility of each category.
 - c) prepare a schedule showing the proper presentation of the deductions on the tax return.
7. Given sufficient information concerning personal exemptions and dependents.
The student will:
 - a) analyze the information and explain the number of personal exemptions and dependents that may be claimed.
 - b) explain the criteria required for claiming personal exemptions and dependents.
8. The student will be given a list of tax credits involving the individual tax return and be able to explain the tax law governing each credit and explain the procedure for claiming the credit on the tax return.

VII. Evaluation and Assessment

Evaluation and assessment will be determined by the instructor and specified on the instructor's class syllabus. Grades will be based upon following scale: A = 90 – 100%, B = 80 – 89%, C = 70 – 79%, D = 60 – 69%, and F = below 60%.

VIII. Attendance

Students are expected to attend all classes for which they are registered. Students who are unable to attend class regularly, regardless of the reason or circumstance, should withdraw from that class before poor attendance interferes with the student's ability to achieve the objectives required in the course. Withdrawal from class can affect eligibility for federal financial aid.

IX. Statement on Discrimination/Harassment

The College and the Alabama State Board of Education are committed to providing both employment and educational environments free of harassment or discrimination related to an individual's race, color, gender, religion, national origin, age, or disability. Such harassment is a violation of State Board of Education policy. Any practice or behavior that constitutes harassment or discrimination will not be tolerated.

X. Americans with Disabilities

The Rehabilitation Act of 1973 (Section 504) and the Americans with Disabilities Act of 1990 state that qualified students with disabilities who meet the essential functions and academic requirements are entitled to reasonable accommodations. It is the student's responsibility to provide appropriate disability documentation to the College. The ADA Accommodations Office is in FSC 305 (205-856-7731).