THE COLLEGE OF THE BAHAMAS
Course Outline

Title: Individual Taxation
Abbreviation and Number: ACCA430  
School: Business  
Department: Accounting  
Credits: 3  
Course Sequence:  
( X ) Fall  
( ) Spring  
( ) Fall and Spring  
Hours Per Week:  
( 3 ) Lecture  
( ) Seminar  
( ) Laboratory  
( ) Studio  
( ) Kitchen  
( ) Other (Specify)  
Pre-requisite(s): ACCA305 and Fourth Year Standing  
Co-requisite(s): None

COURSE DESCRIPTION

Students examine relevant information for income tax decision making for individuals and sole proprietorships. They focus on basic concepts of taxation relative to the federal tax law. They evaluate concepts of accounting and taxable income, itemised deductions, employees and self-employed related expenses, investors’ losses, tax credits and payments.

SPECIFIC OBJECTIVES

Upon successful completion of this course, students will be able to
1) Examine the U.S. tax system and the administrative process of the federal income tax system within the context of the U.S. history and political economy;
2) Evaluate the application of gross income concept in the context of economic and accounting income;
3) Analyse capital gains and losses and their effect on income determination, inclusion in taxable income and application of tax rates in determining tax liability;
4) Apply the principles of exclusions and deductions to determine taxable income;
5) Differentiate between taxable income and tax rates for fiduciaries in the context of taxable income and tax rates for individuals;
6) Utilise depreciation tables and rates;
7) Calculate applicable deductions for deductible items based on filing status; and
8) Implement effective tax planning considerations.

COURSE CONTENT

I. Taxation and the US Federal Tax Law
   A. History
   B. Nature
   C. Structure
   D. Types
   E. Administration

II. Tax Law
   A. Sources
   B. Research tools
   C. Planning
   D. CPA Examination
III. Computing Tax
   A. Formula
   B. Exemptions
      i. Personal
      ii. Dependency
   C. Filing tax return
   D. Computations
   E. Property transactions
      i. General gains and losses
      ii. Capital gains and losses

IV. Gross Income
   A. Concepts
   B. Inclusion
      i. Year
      ii. Income sources
      iii. Specific items
   C. Exclusion
      i. Statutory authority
      ii. Gifts and inheritances
      iii. Life insurance proceeds
      iv. Qualified tuition programmes
      v. Tax benefit rule
   D. Income from discharge of indebtedness

V. Deductions and Losses - General
   A. Classification
   B. Timing of expenses
   C. Disallowance possibilities
   D. Bad debts
   E. Worthless securities
   F. Losses of individuals
   G. Research and experimental expenditures
   H. Domestic production activities
   I. Net operating losses

VI. Depreciation, Cost Recovery, Amortization, and Depletion
   A. Concepts
   B. Methods
   C. Application
   D. Calculation

VII. Deductions - Employee and Self-Employed Related Expenses
   A. Classification
   B. Expenses
      i. Allowable
ii. Non-allowable
C. Contribution to retirement accounts
D. Retirement plans for self-employed individuals
E. Individual Retirement Accounts (IRAs)
   a.

VIII. Itemised Deductions and Losses
   A. Medical expenses
   B. Taxes
   C. Interest
   D. Charitable contributions
   E. Miscellaneous items
   F. Overall limitations

IX. Investor Losses
   A. Tax shelter
   B. At risk limits
   C. Passive loss limits
   D. Investment interest
   E. Other investment losses

X. Tax Credits and Payments
   A. Tax policy consideration
   B. Specific business – related provisions
   C. Other items

ASSESSMENT
Assignments………………………………10%
Case Studies………………………………15%
In-Class Tests…………………………….40%
Final Examination………………………...35%
Total………………………………………100%

REQUIRED TEXT

SUPPLEMENTARY READINGS/MATERIALS

JOURNALS
Accounting Today
<table>
<thead>
<tr>
<th>WEBSITES</th>
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<tbody>
<tr>
<td><a href="http://www.aicpa.org">www.aicpa.org</a></td>
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<td><a href="http://www.irs.org">www.irs.org</a></td>
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**Business Week**  
C.P.A.  
*Fortune 500*  
*Internal Revenue Code 2015*