

Course Outline

Department of Accounting and Finance
School of Business and Economics

ACCT 3220-3
Income Taxation 1 (3,0,0)

Calendar Description

Students examine the conceptual structure of the Income Tax Act and the application of its rules to practical situations. Topics include an introduction to federal taxation; procedures and administration; income or loss from office, employment, business, or property; capital cost allowances and cumulative eligible capital; capital gains and losses; other income and deductions; and calculation of taxable income and tax payable for individuals.

Educational Objectives/Outcomes

Upon completing this course, students will be able to:

1. Describe the general structure of the Canadian income taxation system as it applies to the three taxable entities.
2. Summarize the procedures and administrative requirements imposed by the Canadian Income Tax Act.
3. Explain the basic concepts of employment income.
4. Apply the provisions of the capital cost allowance system.
5. Illustrate the major differences between net business income for tax purposes and net income calculated under Generally Accepted Accounting Principles.
6. Discuss the nature of different types of property income and how they are taxed.
7. Demonstrate the general rules for the determination of gains and losses on the disposition of capital assets.
8. Identify the major other sources of income that are listed under Subdivision “d” of the Income Tax Act.
9. Calculate the taxable income and taxes payable for an individual residing in Canada.

Prerequisites

ACCT 1000 or ACCT 1210/1220 or ACCT 2210 (grade C+ or better); CMNS 1290

Note: Students cannot receive credit for more than one of ACCT 3220 and ACCT 3260.

Co-requisites

None

Texts/Materials

Byrd and Chen, Canadian Tax Principles.

Student Evaluation

Midterm(s)	50%
Final exam	50%

Students must pass the exam to pass the course.

Course Topics

1. Introduction To Federal Taxation

- The Canadian Tax System
- Tax Policy Concepts
- Income Tax Reference Materials
- Liability For Income Tax
- Alternative Concepts Of Income
- Net Income For Tax Purposes
- Net Income To Taxable Income
- Principles of Tax Planning

2. Procedures and Administration

- Administration Of The Department
- Source Deductions
- Returns and Payments
- Income Tax Information Returns
- Refunds
- Books and Records
- Assessments
- Adjustments To Income Tax Returns
- Appeals
- Tax Evasion, Avoidance And Planning
- Collection And Enforcement
- Fairness Package

3. Income or Loss From an Office or Employment

- Employment Income Defined
- Employee Versus Self-Employed
- Inclusions – Salary And Wages
- Inclusions – Fringe Benefits
- Specific Deductions

4. Capital Cost Allowances and Cumulative Eligible Capital

- Capital Cost Allowance System
- Addition To Capital Cost
- Capital Cost Allowances
- Dispositions Of Depreciable Assets
- CCA Schedule
- CCA Determination – Special Situations
- Cumulative Eligible Capital (CEC)

5. Income or Loss From a Business

- Defining Business Income
- Business Income vs. Capital Gains
- Business Income and GAAP
- Business Income – Inclusions (Revenue)
- Limitations On Deductions From Business And Property Income
- Business Income – Special Deductions
- Reconciliation Schedule
- Taxation Year
- Special Business Income Situations

6. Property Income

- Introduction
- Property Income: General Concept
- Interest As A Deduction
- Interest Income
- Payments Based On Production Or Use
- Rental Income
- Cash Dividends From Taxable Canadian Corporations
- Income Trusts
- Mutual Funds
- Other Types Of Dividends
- Foreign Source Income
- Shareholder Benefits

7. Capital Gains and Losses

- Economic Background
- General Rules

8. Other Income and Deductions

- Introduction

- Other Income – Subdivision d Inclusions
- Other Deductions – Subdivision e deductions
- Related Inclusions And Deductions
- Income Attribution

9. Taxable Income and Tax Payable for Individuals

- Introduction
- Taxable Income Of Individuals
- Computation Of Taxes Payable
- Calculating Tax Credits
- Personal Tax Credits
- Other Tax Credits For Individuals
- Refundable Credits
- Social Benefits Repayment (OAS and EI)
- Treatment Of Losses
- Lifetime Capital Gains Deduction
- Alternative Minimum Tax
- Summary of Filing Procedures

Methods for Prior Learning Assessment and Recognition

As per TRU policy

Attendance Requirements – Include if different from TRU Policy

As per TRU policy

Special Course Activities – Optional

Use of Technology – Optional