



## BUSI 2005R – Income Tax Fundamentals Winter 2019

### COURSE OUTLINE

<i>Instructor</i>	Emily Gray, CPA, CA
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<i>E-mail</i>	<a href="mailto:emily.gray@carleton.ca">emily.gray@carleton.ca</a>
<i>Office Hours</i>	Mondays 11:45am-12:45pm Thursdays 1:30pm-3:00pm And by request (please don't hesitate to ask!)
<i>Class Time and Location</i>	N/A - Online

#### Course Description

A foundation course that aims to introduce the fundamental concepts of income tax laws and regulations as significant elements in the planning and decision-making process of taxpayers and managers. Problems, issues and planning associated with the Income Tax Act are discussed.

#### Course Objectives

Accountants cannot make intelligent business decisions without first considering the tax implications of the choices. An understanding of Canadian taxation is therefore necessary in order to make those decisions.

This course is an introduction to tax principles and practice and is designed to achieve the following objectives:

- 1) To explain the theoretical concepts behind the specific provisions of the law,
- 2) To apply the law in practical problems and case settings,
- 3) To interpret the law, taking into account the specific wording of the provisions, judicial decisions and the Canada Revenue Agency's (CRA) position, and
- 4) To introduce basic tax planning concepts through case application

This course introduces fundamental principles, personal and corporate income tax, and specialized topics (e.g. GST/HST).

## Prerequisites

BUSI 1001 or 1004 (with a grade of C- or higher)

*Precludes additional credit for:*

BUSI 3005 – Taxation I and BUSI 4005 – Taxation II

## Course Materials

- Textbook, available at:
  - **Haven Books** – 43 Seneca St., corner of Seneca and Sunnyside, and
  - **Carleton Bookstore** – University Centre

“Canadian Tax Principles, 2018-19 edition, Byrd & Chen, 2018”

Note: If you are taking this course by distance and want a hard copy of the textbook, you will need to have Haven Books send you a copy of the book; you can contact them at [info@havenbooks.ca](mailto:info@havenbooks.ca).

On Reserve at the Library

- If attempting to use the 2017-18 edition, please be aware that some tax laws change every year. I have put a copy of the 2018-19 edition on reserve at the library for you to reference when needing to find new rules.
- I have also included a copy of the 39<sup>th</sup> edition of “Introduction to Federal Income Taxation in Canada” text on reserve at the library (by Beam, Laiken & Barnett). If you are having trouble understanding our textbook, you can try an alternative.
- Course website on cuLearn: <http://www.carleton.ca/culearn>
  - Slides and problems that accompany videos
  - Course video lectures
  - Participation activities (quizzes)
  - Assignments
  - Additional material
- Websites:
  - Canada Revenue Agency: [www.cra.gc.ca](http://www.cra.gc.ca)
  - Income Tax Act on the Department of Justice Canada website: <http://laws-lois.justice.gc.ca/eng/acts/l-3.3/page-1.html>

## Grading Scheme

Participation	10%
Assignments (5)	40%
Midterm – 75 minutes	15%
Final Exam – 3 hours (during formal final exam period)	<u>35%</u>
	<u>100%</u>

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### Participation

The participation grade is based on your mark on the self-assessment quizzes on cuLearn by their respective due dates (usually 1 quiz for each “topic”). Each quiz can be taken 3 times before the due date to allow you to improve your mark (highest mark taken in the calculation of your final grade), and solutions will be released once the deadline for completion has passed. In addition, your 3 lowest quiz grades will be removed from the calculation of the final mark.

Note – in cuLearn, the quiz solutions are ONLY VISIBLE if you ATTEMPTED the quiz in the first place. If you did not attempt the quiz, you won't be able to access the solution.

### Assignments

The assignments will be submitted via cuLearn and due by midnight on the following dates:

Assignment #	Chapter Coverage	Due Date	%
1	1, 2	Jan 20	6%
2	3, 5	Feb 10	8.5%
3	6, 7, 8	Mar 10	8.5%
4	9 & 10, 4 & 11	Mar 24	8.5%
5	12 & 13	Apr 7	<u>8.5%</u> 40%

### Midterm & Final Exam

The midterm and final exam will test both the technical and conceptual aspects of the course. Only non-programmable calculators (without alpha storage capabilities) will be permitted. Translation dictionaries are allowed as long as they are in print format and do not contain any handwritten notes. Electronic translation dictionaries are not allowed. All assigned readings from the textbook/cuLearn and material presented in the video lectures are examinable.

The midterm will take place on **Saturday, March 2 from 3:30pm-4:45pm** and will cover chapters 1, 2, 3, 5, 6 and 7.

*Missed Midterm:* The only valid excuse for missing the mid-term is for medical reasons or death in the family and must be documented with a medical certificate. Any other reason (such as travel, etc...) will not be considered. In such circumstances the make-up mid-term will be held on **Monday, March 11 from 07:00-08:15am**. If you miss the make-up midterm for any reason, your grade on the mid-term will be zero, i.e. there will be no make-up-make up mid-term.

In order to be eligible to write the deferred mid-term exam, you must provide me a medical note by end of day Wednesday March 6. The medical note must be dated Tuesday March 5 at the latest. You can scan the medical note, or take a picture and e-mail it to me.

The final examination will be held in the regular examination period. The duration of the exam will be 3 hours. The final examination will cover the whole course. **You need to obtain a minimum of 45% on the final exam to pass this course.**

A Tax Appendix, with various information, will be provided by the instructor as part of the midterm and final exam (you will see this appendix, and what it contains, prior to the examination).

### Marking

The assignments and exams will be marked by the teaching assistants and the instructors together and follow a rigorous quality control process that reasonably assures that the grade awarded is fair. However, no system is 100% error-free, so it is possible that you may wish to call into question a grade that has been awarded. In this circumstance, please email the instructor describing the difficulty with the awarded grade. Please be sure to email from your Carleton email account and identify your student number in the email to enable me to properly identify you.

### Stay on Top of the Work

Work Expected Each Week	Estimated Time (Minutes)
Review learning objectives for chapter	5
Watch lecture videos, taking good quality notes as you go ( <i>handwritten notes are recommended, for better retention of material</i> )	180
Read additional material posted on cuLearn (if applicable)	0-20
Read textbook chapter(s) of weekly coverage ( <i>note - not all topics in all chapters in the textbook are covered in this course. Topics have been selected for coverage based on the entry level requirements for the CPA competency map. Readings should focus on topics covered in the video lectures.</i> )	80-90
Participate in weekly participation activity - quiz	30-60
Note down any questions you have and post to discussion forum on cuLearn	10
Work through review/exercise problems from Chapter	100
Work on assignment	100
	<b>~540</b> minutes/week
	<b>~9</b> hours/week

### How to do Well in this Course

This course covers A LOT of material. Keeping up with the weekly lectures/quizzes online and completing the assignments is certainly important, but making sure to prepare many practice problems on your own, using the exercises in your textbook and problems on the companion site is critical if you want to do well in this course. Please post questions in the cuLearn discussion forums if you don't understand something.

## Course Schedule (Approximately)

WEEK	COVERAGE	PARTICIPATION ACTIVITY	ASSIGNMENT COVERAGE
Jan 7 - 11	Introduction to Course (including Course Outline & Learning Outcomes)	Quizzes – Due January 11	Assignment 1 - due January 20
	Chapter 1 - Introduction to Federal Taxation in Canada (focus on income tax) - Why do we tax - Who do we tax ("persons" defined, basic residency concepts) - What do we tax (types of income, and the overall tax structure) - How do we tax (Canadian parliamentary process and the structure of the ITA)		
Jan 14 - 25	Chapter 2 - Procedures and Administration - When do we tax (deadlines for filing/payments) - Interest and penalties, failures and omissions - Notice of Assessment/Reassessment and Objections/Appeals	Quiz – Due January 18	Assignment 2 - due February 10
	Chapter 3 - Income or Loss from an Office or Employment - Employee vs. self-employed vs. personal service business - Employment income inclusions & calculations thereof - Employment deductions allowed	Quiz – Due January 25	
Jan 28 - Feb 1	Chapter 5 - Capital Cost Allowance - Basic CCA and UCC balance calculation: half year rule, acquisitions, dispositions, declining balance and straight line (for specific classes) - Major CCA classes - Special topics	Quiz – Due February 1	
Feb 4 - 8	Chapter 6 - Income or Loss from a Business - Legal structures for business (sole proprietorship, partnership, types of corporations, joint ventures) - Business income vs. property income vs. capital gains - Business income inclusions/deductions (in comparison to financial reporting)	Quiz – Due February 8	Assignment 3 - due March 10
Feb 11 - 15	Chapter 7 - Income from Property - Inclusion of income from interest, royalty, rental, dividends - The dividend gross up/tax credit system & why (integration) - Deductions against property income	Quiz – Due February 15	
<b>READING WEEK</b>			
Feb 25 - Mar 1	Chapter 8 - Capital Gains and Losses - Basic calculation, and ACB/POD inclusions - Special topics, including PUP/LPP, principal residence, reserves, ABIL, small business investments, etc.	Quiz – Due Mar 1	
Mar 4 - Mar 15	Chapter 9 - Other Income, Other Deductions and Other Issues - Identification of related parties, non-arm's length transactions, income splitting, attribution rules and kiddie tax - Other income inclusions - Other deductions	Quizzes (NALT & Other Income/Deductions) – Due Mar 8	Assignment 4 - due March 24
	Chapter 10 - Retirement Savings and Other Special Income Arrangements - Deferred income plans	Quiz – Due Mar 15	

	<p>Chapter 4 (and 11) - Taxable Income and Taxes Payable for Individuals (et al)</p> <ul style="list-style-type: none"> <li>- Division C deductions</li> <li>- Non-refundable tax credits</li> <li>- Refundable tax credits</li> <li>- Alternative minimum tax</li> </ul>	<p>Quiz – Due Mar 15</p>	
<b>Mar 18 - 22</b>	<p>Chapter 12 - Taxable Income and Tax Payable for Corporations</p> <ul style="list-style-type: none"> <li>- Division C deductions</li> <li>- Basic rate and reductions (general, small business, M&amp;P, etc.)</li> </ul>	<p>Quiz – Due Mar 22</p>	<p>Assignment 5 - due April 7</p>
<b>Mar 25 - 29</b>	<p>Chapter 13 - Taxation of Corporate Investment Income</p> <ul style="list-style-type: none"> <li>- RDTOH, refundable Part 1 and Part IV</li> <li>- integration revisited</li> </ul>	<p>Quiz – Due Mar 29</p>	
<b>Apr 1 - 5</b>	<p>Chapter 15 - Corporate Taxation and Management Decisions</p> <ul style="list-style-type: none"> <li>- Incorporation</li> <li>- Salary vs. Dividend</li> </ul>	<p>Quiz – Due April 5th</p>	
	<p>Chapter 19 - Estate Planning</p> <ul style="list-style-type: none"> <li>- Transfers to spouse/children</li> </ul>		
	<p>Chapter 21 - Input Tax Credits</p> <ul style="list-style-type: none"> <li>- Liability and registration</li> <li>- Collection, ITC's and remittances</li> <li>- Quick method for small businesses</li> </ul>		

## ADDITIONAL INFORMATION

### Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

### Required calculator in BUSI course examinations

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

### Group work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

### Academic Regulations

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

### Requests for Academic Accommodation

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

### Pregnancy obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist.

For more details, visit the Equity Services website: [carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf](http://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf)

### **Religious obligation**

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: [carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf](https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf)

### **Academic Accommodations for Students with Disabilities**

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or [pmc@carleton.ca](mailto:pmc@carleton.ca) for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. [carleton.ca/pmc](https://carleton.ca/pmc)

### **Survivors of Sexual Violence**

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: [carleton.ca/sexual-violence-support](https://carleton.ca/sexual-violence-support)

### **Accommodation for Student Activities**

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: [students.carleton.ca/course-outline](https://students.carleton.ca/course-outline)

### **Academic Integrity**

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another's ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized cooperation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <https://carleton.ca/registrar/academic-integrity/>.



**Sprott Student Services**

The Sprott student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you are having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in any weekday between 8:30am and 4:30pm. Our advisors are happy to discuss grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! <http://sprott.carleton.ca/students/undergraduate/learning-support/>

**Centre for Student Academic Support**

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: [carleton.ca/csas](http://carleton.ca/csas).

**Important Information:**

- Students must always retain a hard copy of all work that is submitted.
  - All final grades are subject to the Dean's approval.
  - For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <http://carleton.ca/ccs/students/>
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## IMPORTANT DATES AND DEADLINES

### **January 2, 2019**

University reopens at 8:30 a.m.

### **January 7, 2019**

Winter term classes begin.

### **January 14, 2019**

OSAP deferral deadline. [Late payment charges and late registration charges](#) applied to the student account on or after this date for eligible OSAP students.

### **January 18, 2019**

Last day for registration for winter term courses.

Last day to change courses or sections (including auditing) for winter term courses.

Graduate students who have not electronically submitted their final thesis copy to the Faculty of Graduate and Postdoctoral Affairs will not be eligible to graduate in winter 2019 and must register for the winter 2019 term.

### **January 18-20, 25-27, 2019**

Fall term deferred examinations will be held.

### **January 31, 2019**

Last day for a [fee adjustment](#) when withdrawing from winter term courses or the winter portion of two-term courses (financial withdrawal). Withdrawals after this date will create no financial change to winter term fees and will result in a permanent notation of WDN appearing on your official transcript.

### **February 15, 2019**

April examination schedule available online.

### **February 18, 2019**

Statutory holiday. University closed.

### **February 18-22, 2019**

Winter Break. Classes are suspended.

### **March 1, 2019**

Last day for receipt of [applications](#) from potential spring (June) graduates.

Last day for receipt of applications for admission to an undergraduate program for the summer term.

Last day for graduate students to submit their supervisor-approved thesis, in examinable form to the department.

Last day for receipt of applications for admission from candidates who wish to be guaranteed consideration for financial assistance (including Carleton fellowships, scholarships and teaching assistantships) administered by Carleton University. Candidates whose applications are received after the March 1 deadline may be considered for the award of a fellowship, scholarship or

teaching assistantship (Graduate students only).

Application deadline to study at another institution on a [letter of permission](#) for the summer term.

**March 15, 2019**

Last day to request formal exam accommodations for April examinations to the [Paul Menton Centre for Students with Disabilities](#). Note that it may not be possible to fulfill accommodation requests received after the specified deadlines.

**March 26, 2019**

Last day for summative tests or examinations, or formative tests or examinations totaling more than 15% of the final grade, in winter term or fall/winter courses before the official examination period (see [examination regulations](#) in the Academic Regulations of the University section of the Undergraduate Calendar/General Regulations of the Graduate Calendar).

**April 7, 2019**

[Last day to pay any remaining balance on your Student Account](#) to avoid a hold on access to marks through Carleton Central and the release of transcripts and other official documents. An account balance may delay summer 2019 course selection.

**April 9, 2019**

Winter term ends.

Last day of winter term and fall/winter classes.

Last day for academic withdrawal from winter term and fall/winter courses.

Last day for handing in term work and the last day that can be specified by a course instructor as a due date for term work for winter term and fall/winter courses.

Last day for take home examinations to be assigned, with the exception of those conforming to the [examinations regulations](#) in the Academic Regulations of the University section of the Undergraduate Calendar/General Regulations of the Graduate Calendar.

**April 10-11, 2019**

No classes or examinations take place.

**April 12-27, 2019**

Final examinations in winter term and fall/winter courses may be held. Examinations are normally held all seven days of the week.

**April 19-21, 2019**

Statutory holiday. University closed. No examinations take place.

**April 27, 2019**

All take-home examinations are due on this day, with the exception of those conforming to the [examinations regulations](#) in the Academic Regulations of the University section of the Undergraduate Calendar/General Regulations of the Graduate Calendar.

**May 1, 2019**

Last day for receipt of applications for undergraduate internal degree transfers to allow for registration for the summer session.

**May 10, 2019**

Graduate students who have not electronically submitted their final thesis copy to the Faculty of Graduate and Postdoctoral Affairs will not be eligible to graduate in spring 2019 and must register for the summer 2019 term.

**May 17-29, 2019**

Winter term and fall/winter deferred final examinations will be held.

**May 20, 2019**

Statutory holiday. University closed. No examinations take place.