



**CARLETON UNIVERSITY  
SPROTT SCHOOL OF BUSINESS  
BUSI 3005 / SECTION C  
2014 / WINTER  
TAXATION I**

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**1.0 COURSE COORDINATOR, INSTRUCTOR AND TIMING**

Coordinator: Associate Professor François Brouard, DBA, FCPA, FCA  
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Teaching assistants (TA) (depending on budget allocation)

*Lecture:*

<u>Section</u>	<u>Instructor</u>	<u>Time</u>	<u>Room</u>
C	T. Nicholas Allaham	Monday 18:05 – 20:55	TB202

**2.0 PREREQUISITES**

BUSI 2001 (with a grade of C- or better)

**The Sprott School of Business enforces all prerequisites.**

Precludes additional credit for BUSI 2005.

**\*\*This course is a prerequisite to BUSI 4005 (with a grade of C- or higher)**

### **3.0 COURSE DESCRIPTION**

Federal income tax laws and regulations and their impact on an individual's financial and business decisions. Problems, issues and planning associated with the Income Tax Act and concerned with the computation of taxable income and taxes payable by an individual are discussed.

### **4.0 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.

BUSI3005 is the first of two introductory courses (with BUSI4005) in income tax law which 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 cases application.

This taxation course is an introduction to tax principles and practices. The focus of BUSI3005 (Taxation I) is on fundamental principles and personal income tax. The focus of BUSI4005 (Taxation II) is on corporate income tax and some specialized topics.

### **5.0 METHOD OF INSTRUCTION**

The format of the course consists generally of one 170-minute class meetings per week. Due to time constraints not all chapter material will be covered in class. Students are responsible for the entire content of each chapter of the textbook as well as all additional topics discussed in class, except for those areas specifically excluded by the instructor.

Class sessions entail a mixture of lecture, case study, problem analysis, and class discussion. The content of any lecture presumes and expects you have carefully studied the assigned reading. Lectures emphasize major topics and readings, yet you are responsible for all assigned materials. It requires active learning, which means that the student must take responsibility for the learning that takes place. You must do the cases and readings assigned and be prepared for each class. You are encouraged to ask questions and to stimulate discussion on topics that you have difficulty understanding.

## 6.0 GRADING SCHEME

Your grade for the course will depend on both individual work and group work outside of the class, and classroom contributions, as outlined below:

Individual Class Participation	10	(see section 6.1)
Assignments	40	(see section 6.2)
Final Exam (three hours)	* <u>50</u>	(see section 6.3)
TOTAL	** <u>100</u>	

**\* To pass the course, students must obtain at least 45% on the final examination in addition to other requirements.**

\*\* Satisfactory In-term Performance

- 1) The requirement for Satisfactory In-term Performance is set at 50% of all, not each, pre-final term work (i.e. assignments, participation marks, quizzes, etc.).
- 2) Unsatisfactory In-term Performance in this course will lead to Failure in this course (regardless of the performance at the Final exam) FND (Failure, no deferral) grade in this course (in case of missed Final exam).

### 6.1 Individual Class Participation:

The intent is to have a very interactive class. Students are expected to contribute to class discussions on a constructive and regular basis. Much of your learning will occur during class and cases discussions. Points will be awarded for contributions to the class. Class participation points are not awarded exclusively for "good" answers to questions. Contributions to the class also include asking thoughtful questions, helping to understand complicated ideas, suggesting reasonable alternatives, and being willing to try out new ideas. Individuals may also be asked to present from time to time as part of the individual participation component. Participation also includes occasional announced and unannounced quizzes.

Each student is expected to prepare cases before each class. A listing of cases is provided on the course website. Self-study problems in the textbook will also provide the student with the opportunity to practice the course material.

Students' working papers will attest the attempts made by the student to learn the concepts and solve the cases. Points may be awarded for preparation of cases. If deemed necessary by the instructor, as announced in CuLearn students should bring their working papers because the instructor could ask them to examine the work done from time to time.

## 6.2 Assignments:

The assignments include problems and cases. They may be completed individually or in groups of two or three (in the same section). If completed in groups, only one assignment per group should be handed in. The cover page (see model on the course website) must indicate a statement signed by each student, indicating that each group member has contributed to the assignment and has respected plagiarism rules. The content of each assignment will be posted on the course website.

Hand-in Assignment at the beginning of each class to the instructor. If it is not handed-in before the due date, it will be considered late and subject to a 100% PENALTY.

**NO LATE ASSIGNMENTS WILL BE ACCEPTED.  
MAKE-UP ASSIGNMENTS ARE NOT PROVIDED.**

Be sure to keep a copy for yourself of all your assignments and reports submitted. The time limit for revision of the assignments is equal to 2 weeks after the date of return.

The suggested solutions will be made available so that students can check their own solutions and thereby determine their understanding of the material. The instructor should be consulted if the student has difficulty in understanding the suggested solution.

Graded assignments involve both technical aspects and judgment aspects. Consequently, the grading of these cases and problems has both objective and subjective components. The course instructor is committed to providing you with adequate feedback on subjective components of your grades. Additional feedback from your instructor is always available through consultations during scheduled office hours or by arrangement.

For interested students, it is possible to replace the marks of some assignments with the mark on the production of a paper in a competition on a tax subject. However, a written agreement should take place between students and the instructor in the first two weeks of the class. A strong commitment is required. The substitution will add to students' workload. The grade on the research assignment will replace the assignments.

CTF (Canadian Tax Foundation)

Student paper award

<http://www.ctf.ca/> (under About CTF and CTF Writing Awards)

## 6.3 Final Exam:

A three-hour Final Exam will be scheduled during the period April 11 – 26, 2014. Final date, time and place to be announced. No exceptions will be made for students with conflicting travel plans during the exam time. Material covered during the entire term is subject to be on the final examination.

No books or papers shall be permitted in the examination room. A Tax Appendix with various information will be provided by the instructor as part of the final exam.

## **7.0 EXAM POLICY**

University Policy will be strictly adhered to.

Note: Supplemental and grade raising exams are not available in this course.

The only acceptable reason for missing the exam is illness supported by a medical certificate. Please note that there is a formal university policy that governs the administration of deferred exams.

## **8.0 OFFICE HOURS**

Instructors office hours (without and with appointment) will be announced in class and posted on the course website. A note will also be posted beside Instructor office door. Teaching assistants may be available for consultation depending on budget allocation. Days, times and location will be announced in class by the instructor and posted to the course website, if any.

## **9.0 COURSE MATERIALS**

### 9.1 Required Texts

- BEAM, R.E., LAIKEN, S.N., BARNETT, J.J. Introduction to Federal Income Taxation in Canada, 2013-2014, 34th ed., Toronto, CCH. (with CD-ROM)
  - CCH TaxWorks (including Federal Income Tax Act and Bulletins)
  - Student problem sets
  - Cantax Software for Individual (T1) and corporate (T2) tax return
  - Income Tax Act
- Federal Income Tax Act, 11th ed., CICA, 2013. [FITA]
 

Note: FITA is sold by CICA with the book Ernst & Young Guide to Tax Research and Writing (2013) and a CD as gifts. (ISBN 978-1-55385-759-4)

or

Canadian Income Tax Act with Regulations, 96th ed., CCH, Autumn 2013. [CITA]

or

Practitioner's Income Tax Act, 44th ed., Carswell, September 2013. [PITA]

### 9.2 Course Web page

The instructor will make extensive use of the Internet to post course materials and other announcements. A CuLearn page is used for announcements and posting of course materials. You could find the course CuLearn page:

<http://www.carleton.ca/culearn>

### 9.3 Carleton Library Tax References

#### CCH TaxWorks - Income Tax Collection

You must obtain username and passwords from the Library Information Desk.

The Library subscription is restricted to Carleton University members only.

#### Contents:

- Canadian Tax Reporter (Commentaries, ITA, ITAR, regulations, IT, IC)
- Provincial Tax Reporter [Ontario and Québec]
- Dominion Tax Cases
- Window on Canadian Tax
- Canadian Master Tax Guide
- Tax Treaties and Social Security Agreements

### 9.4 Supplemental References

- BUCKWOLD, W.J., KITUNEN, J. Canadian Income Taxation: Planning and Decision Making, 2013-2014 ed., Toronto, McGraw-Hill Ryerson, 2013.
- BYRD, C., CHEN, I. Canadian Tax Principles, and Canadian Tax Principles – Study Guide, 2013-2014 ed., Toronto, Pearson Canada, 2013.
- CANADIAN TAX FOUNDATION. TaxFind, latest version, Toronto, Canadian Tax Foundation. (CD or access code may be distributed free to all students by the instructor)
- COCKFIELD, A., O'BRIEN, M. Student edition of the Income Tax Act 2012, Toronto, Carswell, 2012.
- COOK, T. Canadian tax Research - A Practical Guide, 4th ed., Toronto, Carswell, 2005.
- DUFF, D.G., ALARIE, B., BROOKS, K., PHILIPPS, L. Canadian Income Tax Law, 3<sup>rd</sup> ed. Toronto, Lexis Nexis Butterworths, 2009.
- EDGAR, T., SANDLER, D. Materials on Canadian Income Tax, 14th ed., Toronto, Carswell, 2010.
- FLEMING, J. UFE Tax: A Guide to Understanding the Basics of Income Taxation, 3<sup>rd</sup> ed., Toronto, Carswell, 2012.
- HOGG, P.W., MAGEE, J. E., LI, J. Principles of Canadian Income Tax Law, 8th edition, Toronto, Carswell, 2013.
- KRISHNA, V. Fundamentals of Income Tax Law, Toronto, Carswell, 2010.
- KRISHNA, V. The Fundamentals of Canadian Income Tax, 9th edition, Toronto, Carswell, 2006.
- MAGEE, J. Understanding Income Tax, 2012-2013 ed., Toronto, Carswell, 2012.
- SALANIE, B. The Economics of Taxation, 2nd ed., Cambridge, The MIT Press, 2011.
- SCHOLLES, M.S., WOLFSON, M.A., ERICKSON, M., MAYDEW, E.L., SHEVLIN, T. Taxes and Business Strategy: A Planning Approach, 4th ed., Upper Saddle River, Prentice-Hall, 2009.

## 9.5 Governmental sources

Canada Revenue Agency (CRA) / Agence du revenu du Canada (ARC)	<a href="http://www.cra-arc.gc.ca/">http://www.cra-arc.gc.ca/</a>
Department of Finance Canada	<a href="http://www.fin.gc.ca/">http://www.fin.gc.ca/</a>
Department of Justice Canada	<a href="http://canada.justice.gc.ca">http://canada.justice.gc.ca</a>
Tax Court of Canada (TCC)	<a href="http://www.tcc-cci.gc.ca/">http://www.tcc-cci.gc.ca/</a>
Federal Court of Canada (FCC)	<a href="http://www.fct-cf.gc.ca/">http://www.fct-cf.gc.ca/</a>
Supreme Court of Canada (SCC)	<a href="http://www.scc-csc.gc.ca/">http://www.scc-csc.gc.ca/</a>
House of Commons	<a href="http://www.parl.gc.ca/">http://www.parl.gc.ca/</a>
Ministry of Finance Ontario, Tax Revenue Division	<a href="http://www.trd.fin.gov.on.ca/">http://www.trd.fin.gov.on.ca/</a>
Ministère des Finances Québec	<a href="http://www.finances.gouv.qc.ca/">http://www.finances.gouv.qc.ca/</a>
Ministère du Revenu du Québec	<a href="http://www.mrq.gouv.qc.ca/">http://www.mrq.gouv.qc.ca/</a>

## 9.6 Tax associations

Canadian Tax Foundation (CTF) / Association canadienne d'études fiscales (ACEF)	<a href="http://www.ctf.ca/">http://www.ctf.ca/</a>
Association de planification fiscale et financière (APFF)	<a href="http://www.apff.org/">http://www.apff.org/</a>

## 9.7 Other Carleton University resources

### Carleton University websites

Carleton University	<a href="http://www.carleton.ca/">http://www.carleton.ca/</a>
Sprott School of Business	<a href="http://www.sprott.carleton.ca/">http://www.sprott.carleton.ca/</a>
Carleton University Library	<a href="http://www.carleton.ca/library">http://www.carleton.ca/library</a>
Sprott Business Students' Society (SBSS)	<a href="http://www.sbsscouncil.ca/">http://www.sbsscouncil.ca/</a>
Sprott Accounting Students' Association (SASA)	<a href="http://www.cusasa.com/">http://www.cusasa.com/</a>

### Sprott Paper Writing Guidelines

[http://www.sprott.carleton.ca/student-services/resources/printable/documentation\\_guide.pdf](http://www.sprott.carleton.ca/student-services/resources/printable/documentation_guide.pdf)

## 10.0 CONDUCT

Professional conduct is built upon the idea of mutual respect. Such conduct entails (but is not necessarily limited to):

### - *Attending the class.*

Each class benefits from the attendance and participation of all students. Your grade for participation will be affected by absences. Regular class attendance is important and required. I expect you to attend class and contribute to a quality discussion. Class and team discussion of the materials (e.g., readings, assignments, and cases) are an important part of the learning process. If circumstances prevent attendance at a class meeting, please remember that you are responsible for all materials discussed, handouts distributed, assignments covered, and announcements made.

### - *Arriving on time.*

Late arrivals are disruptive to both lectures and class discussion, and show disrespect to those who are on time.

- *Minimizing disruptions.*  
You should not leave and re-enter the class. You should avoid engaging in side conversations after class has begun.
- *Focusing on the class.*  
While you may take notes on laptops, do not use laptop computers or hand-held devices for other tasks while in class. Activities such as net surfing, and answering email are very impolite and disruptive both to neighbors and the class.
- *Being prepared for class.*  
You should be ready to discuss any assigned readings and to answer any assigned questions for each day's class, including being ready to open a case assigned for that day.
- *Respect.*  
You should act respectfully toward all class participants. Class participation grading reflects student adherence to these principles; students gain credit for contributing valuable insights and students lose credit if they fail to adhere to any of the above guidelines.
- *Cellular phones.*  
The use of cellular phones IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry a phone to class, please make sure it is turned off. If an emergency situation requires you to keep your cell phone turned on you may wish to keep the silent mode on, please discuss this with the instructor prior to the class starting.

## **11.0 STUDENT PREPARATION**

### **11.1 Background reading**

Each course module contains readings about tax concepts and issues. The content of any lecture presumes and expects you have carefully studied the assigned reading.

### **11.2 Homework cases and problems**

Students learn technical tax materials best when they have to apply them, rather than listening to lectures. So, you should expect to solve problems every week. Some of the cases and problems are for self-study; solutions are provided. Some of the cases and problems will be important preparation for the class discussions (which affect your individual participation points). You can't expect to become a professional athlete only by watching sports on TV. It's the same thing with tax.

### **11.3 Aids to help you answer the questions raised by the cases and problems**

These aids may take many forms depending on requests in CuLearn discussion forum. It could be a list of hints to help you get started or progress. Sometimes, there will be supplemental readings. Other times, the aids will direct you to one of the campus or local libraries to use computer databases or other reference materials to find the information you need to help you solve the cases or problems.



### 11.4 Suggested approach

You could look at your study habits with the following questions.

- Have you got an overview of the chapter before the lecture?
- Have you read the slides before the lecture?
- Have you prepared cases before the lecture?
- Have you prepared your questions before attending classes?
- Have you attended class as an active learner and participant?
- Have you prepared for class as per your instructor directives?
- Have you read the chapter?
- Have you tried to solve the recommended problems/cases?
- Have you compared your personal solutions with the solutions?
- Have you tried to understand the materials by discussing it with colleagues?
- Have you tried to ask your question by sending a question on Discussion forum (CuLearn)?
- Have you consult your instructor with your problems?
- Have you consulted TA's with your problems?

Note that the Sprott School of Business requires that correspondence with professors be carried out through your Carleton email account only.

## 12.0 ACADEMIC INTEGRITY

Ethics and values are very important in accounting and the world of business, non-profit and government organizations. We will consider ethical issues in accounting throughout this course. Ethics and values are also important in education. Instructors will assume, unless there is evidence to the contrary, that you are an ethical student. To help you fulfill your ethical responsibilities as a student, the ethical standards for this course are listed below.

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 co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, 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 <http://www2.carleton.ca/sasc/advisingcentre/academic-integrity/>.

### 12.1 Graded Group Assignments

All work is to be performed exclusively by the members of the group and all group members must contribute their fair share to each assignment. If outside research is performed, sources are to be cited and information discovered via outside research is to be clearly labeled as such. If outside research is performed, the products of your research are not to be shared with any student who is not a member of the group.

## 12.2 Examinations

All exams must be the exclusive work of the individual student.

## 12.3 Penalty for academic integrity violations

University recommended sanctions for academic integrity violations will be imposed. All academic integrity violations must be reported.

## **13.0 REQUIRED CALCULATOR IN BUSI COURSE EXAMINATIONS**

Only Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP12C (including Platinum model) and HP10bII, Staples Financial Calculator, Sharp EL-738C calculators will be permitted in all Business course examinations. Those calculator are available in the campus bookstore and at various other off-campus retail stores.

## **14.0 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. If you have a group assignment, you may find useful the resources at [http://sprott.carleton.ca/academic\\_programs/groupwork.html](http://sprott.carleton.ca/academic_programs/groupwork.html)

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.

## **15.0 MEDICAL CERTIFICATE**

Please note that in all occasions that call for a medical certificate you must use or furnish the information demanded in the standard university form.

[http://www.carleton.ca/registrar/forms/Med\\_Cert\\_Carleton\\_University.pdf](http://www.carleton.ca/registrar/forms/Med_Cert_Carleton_University.pdf)

## **16.0 PERSONS WITH DISABILITIES**

Students with disabilities requiring academic accommodations in this course are encouraged to contact a coordinator at the Paul Menton Centre (PMC) for Students with Disabilities to complete the necessary letters of accommodation. After registering with the PMC, make an appointment to meet and discuss your needs with your instructor at least two weeks prior to the first in-class test or ITV midterm exam. This is necessary in order to ensure sufficient time to make the necessary arrangements. Please note the deadlines for submitting completed forms to the PMC for formally scheduled final exam accommodations: November 8, 2013 for Fall and Fall/Winter term courses, and March 7, 2014 for Winter term courses. For all PMC information, please refer to <http://www.carleton.ca/pmc/>

## **17.0 RELIGIOUS OBSERVANCE**

Students requesting academic accommodation on the basis of religious observance should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory academic event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact an Equity Services Advisor in the Equity Services Department for assistance.

## **18.0 PREGNANCY**

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

## **19.0 CHANGES TO THE SYLLABUS**

A syllabus is a tool to help you plan your time. Every effort is made to make the syllabus as complete as possible, but there may be occasions when changes are required. The instructor will announce any deviations from the syllabus in class and the change will be posted on the course web page.

## **20.0 RELEVANT DATES**

- Winter-term classes begin. January 6, 2014
- Last day for registration January 17, 2014
- Last day to change courses or sections
- Statutory holiday, University closed February 17, 2014
- Winter break, no classes February 17 – 21, 2014
- Last day to submit, to the Paul Menton Centre for Students with Disabilities, Formal Examination Accommodation Forms for final examinations March 7, 2014
- Last day for tests or examinations in course March 25, 2014
- Last day of Fall-term classes April 8, 2014
- Fall term ends
- Final exam April 11 – 26, 2014

	Lecture	Chapter	Topic
	<b>Monday</b>		
L1	January 6	1	Introduction to Course Overview of Net Income, Taxable Income, Individual Tax Introduction to Canadian Tax System
L2	January 13	2	Tax Policy and Legislation Principles of Tax Planning Liability for Tax / Residency
L3	January 20	14 10	Procedures and Administration Overview on How to use the Income Tax Act (ITA) Net Income - Basics Taxable Income - Basics Tax Payable for Individuals - Basics
L4	January 27	3	Income from an Office or Employment
L5	February 3	3 4	Income from an Office or Employment Income from a Business
L6	February 10	4 5	Income from a Business Capital Cost Allowance and Cumulative Eligible Capital
	February 17		Fall break; No classes
L7	February 24	6 9	Income from Property Other Income and Other Deductions
L8	March 3	7, 8	Capital Gains and Capital Losses
L9	March 10	7, 8	Capital Gains and Capital Losses Net Income for Individuals
L10	March 17	9 8 8	Deferred Income Plans Non arm's length transactions Income attribution
L11	March 24	10	Taxable Income and Tax Payable for Individuals
L12	March 31	10	Taxable Income and Tax Payable for Individuals Tax Planning Review Class
L13	April 7		Review Tutorial (if needed)
	<b>April 11 – 26</b>		<b>Final Exam</b>

### BUSI 3005 - SUMMARY OF DUE DATE - Winter 2014

	Due Date	Work to do (in addition to readings and case preparation)
	<b>Monday</b>	
L1	January 6	
L2	January 13	
L3	January 20	
L4	January 27	
L5	February 3	
L6	February 10	<b>Submission of Assignment #1</b>
	February 17	
L7	February 24	
L8	March 3	<b>Submission of Assignment #2</b>
L9	March 10	
L10	March 17	
L11	March 24	<b>Submission of Assignment #3</b>
L12	March 31	
L13	April 7	
	<b>April 11 – 26</b>	<b>Final Exam</b>

**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.
  - Please note that you will be able to link your CONNECT (MyCarleton) account to other non-CONNECT accounts and receive emails from us. However, 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 CONNECT address. Therefore, it would be easier to respond to your inquiries if you would send all email from your connect account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://portal.carleton.ca/>
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