



Carleton
University

Sprott
School of Business

CARLETON UNIVERSITY
SPROTT SCHOOL OF BUSINESS
BUSI 2005 R
SUMMER 2023
INCOME TAX FUNDAMENTALS

Instructor: Grace Adams, CPA

Email: gracemadams@cmail.carleton.ca

Office Hours: Virtual; please book through Brightspace

Modality: Online

Course coordinator: Emily Gray, CPA CA

TA: TBA

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

Precluded: BUSI 3005 and BUSI 4005

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.

Learning Outcomes:

Taxpayers cannot make intelligent personal or business decisions without considering the tax implications of their choices. An understanding of Canadian taxation is therefore necessary.

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 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).

Course Materials:**1) Textbook**

“Canadian Tax Principles, 2022-2023 edition with Study Guide, Donell, 2022”

Hard copies available at (in-person or order online):

- Carleton Bookstore – University Centre, or
- Haven Books – 43 Seneca St. (corner of Seneca and Sunnyside)

[Electronic access](#) can be purchased using the course id: gray10775.

2) Course Website (required): www.carleton.ca/brightspace

- Slides, handouts, problems, and lecture videos
- Assignments and related submission dropboxes
- Office hour links
- Additional material
 - Reference material
 - Additional practice problems with solutions
 - Listing of recommended textbook exercises
 - Optional quizzes for practice

3) Other Useful Websites

- [CRA](#)
- [Income Tax Act online](#)

Course Requirements & Methods of Evaluation (including due dates):

Participation	8%	(Note A)
Assignments (6 x 7-8%)	47%	(Note B)
Final Exam	45%	(Note C)

Note A: Participation (8%)

To earn participation marks, you must complete the below activities by the required date (10pm). A more detailed description of each activity can be found on Brightspace.

Activity	Description	Due Date	% of Grade
#1	Student introduction (discussion forum) ¹	May 14	1%
#2	Course Outline “Quiz” (found in “Getting Started”) ¹	May 14	1%
#3	T4 slip preparation (complete the form) ²	June 4	2%
#4	First time home buyer’s saving account (a summary) ²	July 30	2%
#5	Create your own tax credit (a description) ²	August 13	2%
#6	GST return preparation (complete the form) ²	August 13	2%

Notes:

- 1) These activities (#1-#2) are “mandatory” (must be completed as part of participation, unlike the below activities where you can pick 3 out of 4)
- 2) The maximum achievable grade is 8%, which means you can ‘miss’ 2% of these activities (#3-#6) and still earn full marks (i.e., choose 3 out of 4 activities). Activities are available at the start of the course, so you can spread them through the course, but please make a note the due dates of these activities so that you do not miss out!

Note B: Assignments (47%)

The assignments will be due on Brightspace by **10pm** on the following due dates. They will be released on Brightspace on the following release date at 8am.

Assignment	Chapter Coverage	Release Date	Due Date	% of Grade
#1	1, 2, 3	May 4	May 28	8%
#2	5, 6	May 22	June 11	8%
#3	7, 8,	June 5	July 4	8%
#4	9, 10	June 18	July 23	8%
#5	4 & 11, 12	July 17	August 6	8%
#6	13, Other Topics	July 31	August 13	7%

Assignments can be done individually or in pairs. It can be beneficial to work in pairs given the detailed-nature of this course, however, students wishing to work in pairs *must* seek special permission from the instructor to do so before Assignment 1 is due. The instructor will ask for a meeting with both of you to discuss the nuances of working in pairs.

Late assignment policy - “Days of Grace”: The assignment deadlines are at least one week after the completion of related course material (sometimes more) and as such, should be sufficient. Yet, sometimes, despite our best efforts, and for good reasons, we can’t meet our deadlines. You have TWO days of grace that you can apply to missed assignment deadlines. For example, a single assignment may be two days late or two assignments may each be one day late with no penalty. No reason required. No questions asked. That said, I need an email before the deadline indicating you will be late, but plan on submitting. It’s important to me to post the solution as soon as possible for the other students, as quick access to the solution is a best practice for learning. I don’t want all students waiting for submissions that aren’t coming. Once the two days have been used, no further lateness will be accepted and any late submissions at that stage will receive 0.

Note C: Final Exam (45%)

The final examination will be held in the regular examination period (August 19-25). 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.**

The default assumption is that students will write the final exam in-person on campus. If a student is not be able to come to campus because they are studying remotely, they can apply to write at a distance (<https://carleton.ca/ses/distance-exams>). **Please email me if you plan to write remotely.** We will be leveraging automated e-Proctoring software, to ensure integrity of the test/exam process. However, we recognize that there may be exceptional circumstances that prohibit the use of technology (i.e., technical infrastructure issues), and for these cases, students may apply to have an in-person, proctored, exam at an eligible post-secondary institution. There is a cost associated for this service: \$92 for those writing within Canada, and \$165 for those writing outside of Canada. If technology is leveraged, the international fee will be waived in favor for the within Canada rate. For students who require the use of a proctor at a post-secondary institution, the student will also be responsible for this additional fee. Students need to apply for this service by **May 23, 2023.**

e-Proctoring: Please note that remote examinations in this course will use a remote proctoring service provided by Scheduling and Examination Services. You can find more information at <https://carleton.ca/ses/e-proctoring/>.

The minimum computing requirements for e-proctoring service are as follows:

- Hardware: Desktop, or Laptop
- OS: Windows 10, Mac OS 10.14, Linux Ubuntu 18.04
- Internet Browser: Google Chrome, Mozilla Firefox, Apple Safari, or Microsoft Edge
- Internet Connection (High-Speed Internet Connection Recommended)
- Webcam (HD resolution recommended)

Note: Tablets, Chromebooks and Smartphones are not supported at this time. Windows-based tablets are not supported at this time.

Comments on Marking

The assignments and final exam 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 write a brief email describing the difficulty with the awarded grade to the instructor no later than seven calendar days following the date the assignments/tests were handed back. Please be sure to include your student number in the email to enable us to properly identify it.

How To Do Well

1) Stay on Top of Your Work

Work Expected Each Week	Estimated Time
Watch lecture material, take good notes, solve problems on own when instructed and then watch video take-up, etc.	3 hrs.
Participation point activities	0-1 hrs.
PRACTICE!!! (see below)	2-3 hrs.
Assignment work	3 hrs.
Total hours per week (on average)	9 hrs.

2) Practice, Practice, Practice

In each of the ‘topic’ areas on Brightspace, there is a sub-module called “Learning Activities – On Your Own” which includes a ‘practice quiz’, comprehensive practice problems with solutions, and recommended textbook exercises. To succeed in the course, you should be working through most, if not all, of these. To maximize your learning, you should make an honest attempt at the question before peeking at the solution. Simply reading a question and then turning to the solution right away is next to useless. You will find that there is a direct correlation between the number of problems you prepare and your course grade (assuming you have also watched the lecture material).

Course Schedule:

Week	Dates	Videos to watch	Recommended Homework	Assessment Due
	Before term	<u>Getting Started</u> - Introduction to BUSI2005 - The Course Outline - Brightspace Walkthrough - The Tax Appendix	- Input all important dates/deadlines in your calendar	
#1	May 4 – May 14	<u>Introduction to Federal Income Tax (Ch.1)</u> - Videos 1 - 6b (~99 mins) <u>Administration and Procedures (Ch. 2)</u> - Videos 1 - 5 (~66 mins)	<u>Introduction to Federal Income Tax</u> - Practice quiz - Practice problems - Recommended textbook exercises <u>Administration and Procedures</u> - Practice quiz - Practice problems - Recommended textbook exercises	Participation Activity #1 & #2
#2	May 15 - May 21	<u>Employment Income (Ch. 3)</u> - Videos 1a - 8b (~124 mins) - Readings: Select CRA Administrative Policies	<u>Employment Income</u> - Practice quiz - Recommended textbook exercises	
#3	May 22 - May 28	<u>Employment Income (Ch. 3)</u> - Videos 9 & 10 (~57 mins) <u>CCA (Ch. 5)</u> - Videos 1a - 6 (~94 mins)	<u>Employment Income</u> - Practice problems <u>CCA</u> - Practice quiz - Recommended textbook exercises	Assignment 1 (Intro, Admin, & Employment Income) - due Sunday, May 28 (10pm)
#4	May 29 – June 4	<u>CCA (Ch. 5)</u> - Videos 7a & 7b (~31 mins) <u>Business Income (Ch. 6)</u> - Videos 1 - 7 (~109 mins)	<u>CCA</u> - Practice problems <u>Business Income</u> - Practice quiz - Recommended textbook exercises	Participation Activity #3
#5	June 5 – June 11	<u>Business Income (Ch. 6)</u> - Videos 8a - 9 (~38 mins) <u>Property Income (Ch. 7)</u> - Videos 1 - 8a (~119 mins)	<u>Business Income</u> - Practice problems <u>Property Income</u> - Practice quiz - Practice problem (only 1) - Recommended textbook exercises	Assignment 2 (CCA & Business Income) - due Sunday, June 11 (10pm)
#6	June 12 - June 18	<u>Capital Gains & Losses (Ch. 8)</u> - Videos 1 - 13 (~171 mins)	<u>Capital Gains & Losses</u> - Practice quiz - Practice problems - Recommended textbook exercises	

Summer Break (June 19 – July 3)				
#7	July 4 – July 9	<u>NALT (Ch. 9)</u> - Videos 1 - 6 (~47 mins) <u>Other Income/Deductions (Ch. 9)</u> - Videos 1 - 5 (~65 mins)	<u>NALT</u> - Practice quiz - Extra NALT & Attribution Example Other <u>Income/Deductions</u> - Practice Quiz - Recommended textbook exercises	Assignment 3 (property income, capital gains/ losses) - due Tuesday, July 4 (10pm)
#8	July 10 - July 16	<u>Deferred Income Plans (Ch. 10)</u> - Videos 1 - 6 (~59 mins) <u>Comprehensive Problems for Other Income and DIPs (Ch 9 -10)</u> - Videos 1 & 2 (~46 mins)	<u>Deferred Income Plans</u> - Practice quiz - Recommended textbook exercises <u>Other Income & Deferred Income Plans</u> - Practice problems	
#9	July 17 - July 23	<u>Taxes Payable for an Individual (Ch. 4&11)</u> - Videos 1a - 15 (~138 mins)	<u>Taxes Payable for an Individual</u> - Practice quiz - Recommended textbook exercises - Practice problems	Assignment 4 (NALT, Other Income. Deferred Income Plans) - due Sunday, July 23 (10pm)
#10	July 24 – July 30	<u>Taxes Payable for a Corporation (Ch. 12)</u> - Videos 1a - 4 (~135 mins)	<u>Taxes Payable for a Corporation</u> - Practice quiz - Recommended textbook exercises - Practice problems	Participation Activity #4
#11	July 31 – Aug 6	<u>Tax on Investment Income in a CCPC (Ch. 13)</u> - Videos 1a - 5b (~130 mins)	<u>Tax on Investment Income in a CCPC</u> - Practice quiz - Practice problems - Recommended textbook exercises (if you need more to work through)	Assignment 5 (Taxes Payable for an Individual & Taxes Payable for a Corporation) - due Sunday, Aug 6 (10pm)
#12	Aug 7 – Aug 13	<u>Other Topics (Including GST) (Ch. 15, 19, 21)</u> - Video 1a - 10 (~159 mins)	<u>Other Topics (Including GST)</u> - Practice quiz - Practice problems - Recommended textbook exercises (if you need more to work through)	Assignment 6 (Tax on Investment Income, - due Sunday, Aug 13 (10pm) Participation Activities #5, #6
Final Exam Period (Aug 19-25)				

Coverage

Chapter	Topics
1	Introduction to Federal Taxation in Canada (focus on income tax) <ul style="list-style-type: none"> - 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 (the Canadian parliamentary process and the structure of the ITA)
2	Procedures and Administration <ul style="list-style-type: none"> - When do we tax (deadlines for filing/payments) - Interest and penalties, failures and omissions - Notice of Assessment/Reassessment and Objections/Appeals
3	Income or Loss from an Office or Employment <ul style="list-style-type: none"> - Employee vs. self-employed vs. personal service business - Employment income inclusions & calculations thereof - Employment deductions allowed
5	Capital Cost Allowance <ul style="list-style-type: none"> - Basic CCA and UCC balance calculation (acquisitions/dispositions), declining balance and straight line (for specific classes) - Major CCA classes - Special topics
6	Income or Loss from a Business <ul style="list-style-type: none"> - 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)
7	Income from Property <ul style="list-style-type: none"> - Inclusion of income from interest, royalty, rental, dividends - The dividend gross-up/tax credit system & why (integration) - Shareholder benefits & loans - Deductions against property income
8	Capital Gains and Losses <ul style="list-style-type: none"> - Basic calculation, and ACB/POD inclusions - Special topics, including PUP/LPP, principal residence, reserves, CGE, ABIL, small business investments, replacement property, etc.
9	Other Income, Other Deductions and Other Issues <ul style="list-style-type: none"> - Identification of related parties, non-arm's length transactions, income splitting, attribution rules and kiddie tax - Other income inclusions - Other deductions
10	Retirement Savings and Other Special Income Arrangements <ul style="list-style-type: none"> - Deferred income plans
4 & 11	Taxable Income and Taxes Payable for Individuals (et al) <ul style="list-style-type: none"> - Division C deductions - Non-refundable tax credits - Refundable tax credits - Alternative minimum tax

12	Taxable Income and Tax Payable for Corporations <ul style="list-style-type: none"> - Division C deductions - Basic rate and reductions (general, small business, M&P, etc.)
13	Taxation of Corporate Investment Income <ul style="list-style-type: none"> - RDTOH, refundable Part 1 and Part IV - Integration revisited
Other Topics	Chapter 15: Corporate Taxation and Management Decisions <ul style="list-style-type: none"> - Incorporation - Salary vs. Dividend - Bonusing down - Section 85 / Section 86 Chapter 19: Trusts <ul style="list-style-type: none"> - What is a trust? - Why use a trust? - Taxation of trusts Chapter 21: GST/HST <ul style="list-style-type: none"> - Liability and registration - Collection, ITC's and remittances - Quick method/Simplified Method

Contribution to Learning Goals of the Program ([BCom](#), [BIB](#)):

Program Learning Goal	Competencies Not Covered	Competencies Introduced (only)	Competencies Taught But Not Assessed	Competencies Taught and Assessed
CHECK (X) ONE PER ROW				
BC1 Knowledge <i>Graduates will be skilled in applying foundational business knowledge to appropriate business contexts.</i>				X
BC2 Collaboration <i>Graduates will be collaborative and effective contributors in team environments that respect the experience, expertise and interest of all members.</i>			X	
BC3 Critical Thinking <i>Graduates will be discerning critical thinkers, able to discuss different viewpoints, challenge biases and assumptions, and draw conclusions based on analysis and evaluation.</i>				X
BC4 Communication <i>Graduates will be effective and persuasive in their communications.</i>				X
BI5 Global Awareness (BIB ONLY) <i>Graduates will be globally-minded.</i>				

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.

Grading

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 Accommodation

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

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

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 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

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

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

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 co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated.

Process: If an alleged violation occurs, all relevant documentation will be forwarded to the Dean. If the allegation proves true, the 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. **For a first offence, at a minimum, the penalty assigned will normally be a zero on the submitted work and at least a minimum full grade reduction of the final course grade. For a second offence, at a minimum, the penalty assigned will normally lead to a suspension from studies.**

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 Undergraduate Student Services Office offers program advising and overall student success support. Our team is available to discuss your academic goals and your program progression plans. We can also work with you to develop strategies for success, including study skills for Business. If you experience any difficulty this term or if you would like to access support, please contact our team at bcom@sprott.carleton.ca or at bib@sprott.carleton.ca.

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.

Important Information:

- Students must always retain a 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 <https://carleton.ca/its/get-started/new-students-2/>
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