

**CARLETON UNIVERSITY
SPROTT SCHOOL OF BUSINESS
BUSI 4005-B
WINTER 2023
TAXATION II**

1.0 INSTRUCTOR AND TIMING

Instructor: Grace Adams, CPA

Email: gracemadams@cmail.carleton.ca

Time & Room: Friday 14:35 to 17:25 / Tory Building 202

Course coordinator: François Brouard, DBA, FCPA, FCA

TA: TBD

Office Hours: Virtual; please send an email to confirm availability

Modality: In-Person

2.0 PREREQUISITES

BUSI 3005 (with a grade of C- or better)

The Sprott School of Business enforces all prerequisites.

Precludes additional credit for BUSI 2005.

3.0 COURSE DESCRIPTION

An intensive review of federal income tax laws and regulations as significant elements in the planning and decision making process of taxable Canadian corporations. Emphasis on the tax planning function of corporate management and the associated accounting and reporting aspects.

This course deals with federal income tax laws and regulations and their impact on a corporation's financial and business decisions. Problems, issues and planning associated with the Income Tax Act are discussed as well as computations of taxable income and taxes payable by individuals, corporations, partnerships and trusts.

4.0 COURSE OBJECTIVES

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

BUSI4005 is the second of two introductory courses (with BUSI3005) in income tax law which are 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, considering 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 taxation course is an introduction to tax principles and practices. The focus of BUSI3005 is on fundamental principles and personal income tax. The focus of BUSI4005 is on corporate income tax and some specialized topics.

5.0 METHOD OF INSTRUCTION

The format of the course consists of one 170-minute class meeting per week. Classes will include a summary of textbook material and example problems. Students are responsible for the entire content of each chapter of the textbook as well as all additional topics discussed in class, except 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 be prepared for each class by completing the assigned problems and readings. 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:

Participation	10%	(see section 6.1)
Assignments	40%	(see section 6.2)
Final exam*	<u>50%</u>	(see section 6.3)
Total	100%	

***In order to pass the course, a grade of at least 45% must be obtained on the Final exam in addition to the other requirements.**

** Satisfactory In-term Performance

- 1) The requirement for Satisfactory In-term Performance is set at 50% of all pre-final term work (i.e. participation, quizzes and assignments)
- 2) Unsatisfactory In-term Performance in this course will lead to Failure in this course (regardless of the performance at the Final exam))

6.1 Individual Class Participation

Class participation is highly encouraged. 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 case discussions. Points will be awarded for attendance and contributions to the class which include asking thoughtful questions, helping to understand complicated ideas, suggesting reasonable alternatives, and being willing to try out new ideas. Participation may include occasional announced or unannounced quizzes.

Self-study problems in the textbook will provide the student with additional opportunity to practice the course material.

6.2 Assignments

Four (4) assignments will be assigned throughout the course. Each assignment will be worth 10% of the total marks. They must be completed in pairs (2) or in groups of three (3) students. Special instructor permission and a good reason are required to work individually. Only one assignment per group should be submitted. The cover page must include all names and student numbers of group members. This will be taken as a statement 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.

Submit the Assignment to the Brightspace drop box *before* the start of each class. If it is not submitted before class begins, it will be considered late and subject to a 100% PENALTY.

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

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.

Be sure to keep a copy for yourself of all assignments and reports submitted.

NOTE: The Assignments MUST be submitted in Excel in order to be marked. No exceptions.

6.3 Final Exam

A three-hour Final Exam will be scheduled during the period *April 15 to 27, 2023*. The final date and time are to be announced. Material covered during the entire term is examinable on the final examination. Examination aids to be confirmed.

The only valid excuse for missing an exam is for medical reasons or a 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, separate arrangements may be made. If you miss a deadline for a reason that is not deemed as legitimate, your mark will be zero.

7.0 COURSE MATERIALS

7.1 Required Texts

- Johnstone, N., Mescal, D., and Robson, J.E., *Introduction to Federal Income Taxation in Canada, 2022-2023*, 43rd Edition, Toronto, Wolters Kluwer
- Johnstone, N., Mescal, D., and Robson, J.E., *Introduction to Federal Income Taxation in Canada – Study Guide, 2022-2023*, 43rd Edition, Toronto, Wolters Kluwer

**Note: If you have a prior edition text from BUSI 3005, that will be sufficient for this class.

7.2 Course Website

A Brightspace page is used for announcements and posting of course materials. It is your responsibility to keep up with announcements. You can find the course Brightspace page at: <https://brightspace.carleton.ca/>

7.3 Supplemental References

**Note: the below references are not mandatory for the course, however, may be used to enhance tax knowledge. Note more recent editions of the below texts may be available.

- *Income Tax Act - Federal Income Tax Act*, CPA, 2022. [FITA], or *Canadian Income Tax Act with Regulations*, 111th edition, Wolters Kluwer, Spring 2021. [CITA], or *Practitioner's Income Tax Act*, 59th Edition, Carswell, 2021. [PITA]
- Brouard, F. (2020). *Canadian Tax Summary of Knowledge* (2020 edition), May 2020, 138p. <https://carleton.ca/profbrouard/taxguidefisc/>

- Buckwold, W., Kitunen, J., Roman, M. Canadian Income Taxation: Planning and Decision Making, 2020-2021, 23rd edition, Toronto, McGraw-Hill Ryerson, 2020.
- Byrd, C. & Chen, I. Canadian Tax Principles, and Canadian Tax Principles - Study Guide, 2020-2021 Edition, Toronto, Pearson, 2020.
- Canadian Tax Foundation. TaxFind, Canadian Tax Foundation
- Tax and Accounting Web Links:
 - For CPA competency map, CPA documents, CFE reference schedule, CFE reports, CFE exam simulations: <http://carleton.ca/profbrouard/taxguidefisc/>
 - For tax associations, university programs in taxation, journals, government sources: <http://carleton.ca/profbrouard/links/taxfisc/>
 - For list of CPA firms, accounting standards, salary survey: <http://carleton.ca/profbrouard/links/accounting-comptabilite/>

7.5 Governmental Sources

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

7.6 Tax Associations

Canadian Tax Foundation (CTF)	http://www.ctf.ca/
Association de planification fiscale et financière (APFF)	http://www.apff.org/

7.7 Other Carleton University Resources and Services

Carleton University	https://carleton.ca/
Sprott School of Business	https://sprott.carleton.ca/
Carleton Library	https://library.carleton.ca/
Sprott Business Students' Society (SBSS)	https://www.sbssonline.ca/
Sprott Accounting Students' Association (SASA)	https://www.cusasa.ca/

8.0 STUDENT PREPARATION

8.1 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.

8.2 Homework Cases and Problems

Students learn technical tax materials best when they have to apply them, rather than listening to lectures. Therefore, 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. You can't expect to become a professional athlete only by watching sports on tv. It's the same thing with taxation.

8.3 Aids to Assist with Questions Raised by Cases and Problems

These aids may take many forms. Usually there will be a list of hints to help you get started. 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.

8.4 Suggested Approach

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

- Have you read the chapter 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 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 (Brightspace)?
- Have you consulted your instructor with your problems?

9.0 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.
- **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.
- **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.

10.0 ATTENDANCE POLICY

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.

11.0 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.

12.0 BUSI 4005 B – SUMMARY OF SCHEDULE – Winter 2022

Week	Date	Topic(s)	Chapter(s)	Assignment Due
1	January 13	<ul style="list-style-type: none">• Introduction to Course• Overview of Net Income and Taxable Income	11	
2	January 20	<ul style="list-style-type: none">• Taxable Income and Tax Payable for Corporations• Corporate Tax Components	11	
3	January 27	<ul style="list-style-type: none">• Taxable Income and Tax Payable for Corporations• Concept of Integration• Eligible Dividends	12	Assignment #1
4	February 3	<ul style="list-style-type: none">• Associated, Related, Connected, and Affiliated Corporations	12	
5	February 10	<ul style="list-style-type: none">• Planning the Use of a Corporation and Shareholder-Manager Remunerations• GAAR	13, 15	
6	February 17	<ul style="list-style-type: none">• Corporate Distributions	16	Assignment #2
	February 24	Winter Break, No Class		
7	March 3	<ul style="list-style-type: none">• Corporate Reorganizations	17	
8	March 10	<ul style="list-style-type: none">• Corporate Reorganizations	17,18	Assignment #3
9	March 17	<ul style="list-style-type: none">• Corporate Reorganizations• Sale/Purchase of a Business	18, 15	
10	March 24	<ul style="list-style-type: none">• Harmonized Sales Tax (HST)/PST/GST	21	
11	March 31	<ul style="list-style-type: none">• Partnerships & Trusts	19	Assignment #4
12	April 12	<ul style="list-style-type: none">• Review Class (optional)		
	April 15-27	Final Examination Period		

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
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	

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 obligation

Write to me 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 accommodation regarding a formally-scheduled final exam, you must complete the Pregnancy Accommodation Form:

<https://carleton.ca/equity/contact/form-pregnancy-accommodation/>

Religious obligation

Write to me 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:

<https://carleton.ca/equity/focus/discrimination-harassment/religious-spiritual-observances/>

Academic Accommodations for Students with Disabilities

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of

Accommodation at the beginning of the term, and 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 me to ensure accommodation arrangements are made. Please consult the PMC website for the deadline to request accommodations for the formally-scheduled exam (if applicable).

<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 where 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: <https://carleton.ca/equity/sexual-assault-support-services>

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 will be provided to students who compete or perform at the national or international level. Write to me 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: <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 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/>
-

Covid-19 Information:

It is important to remember that COVID is still present in Ottawa. The situation can change at any time and the risks of new variants and outbreaks are very real. There are a number of actions you can take to lower your risk and the risk you pose to those around you including being vaccinated, wearing a mask, staying home when you're sick, washing your hands and maintaining proper respiratory and cough etiquette.

Feeling sick? Remaining vigilant and not attending work or school when sick or with symptoms is critically important. If you feel ill or exhibit COVID-19 symptoms do not come to class or campus. If you feel ill or exhibit symptoms while on campus or in class, please leave campus immediately. In all situations, you must follow Carleton's symptom reporting protocols.

Masks: Carleton has paused the COVID-19 Mask Policy, but continues to strongly recommend masking when indoors, particularly if physical distancing cannot be maintained. It may become necessary to quickly reinstate the mask requirement if pandemic circumstances were to change.

Vaccines: Further, while proof of vaccination is no longer required as of May 1 to attend campus or in-person activity, it may become necessary for the University to bring back proof of vaccination requirements on short notice if the situation and public health advice changes. Students are strongly encouraged to get a full course of vaccination, including booster doses as soon as they are eligible, and submit their booster dose information in cuScreen as soon as possible. Please note that Carleton cannot guarantee that it will be able to offer virtual or hybrid learning options for those who are unable to attend the campus.

All members of the Carleton community are required to follow requirements and guidelines regarding health and safety which may change from time to time. For the most recent information about Carleton's COVID-19 response and health and safety requirements please see the University's COVID-19 website and review the Frequently Asked Questions (FAQs). Should you have additional questions after reviewing, please contact covidinfo@carleton.ca.