



MGT 2206 – Canadian Income Taxation I
Fall 2009

Instructor:

Joan Kitunen, FCA: **Room 214A Kaneff Centre**
 University of Toronto Mississauga
 (905) 828-3912
 kitunen@rotman.utoronto.ca

Office Hours: **Tuesdays 4-5 pm., by appointment, and**
 any time my office door is open

Course Objectives:

This course is part of a three-course sequence for students enrolled in the Master of Management & Professional Accounting Program. MGT2206, MGT2207 and MGT2208 have been designed to provide participants with the specific competencies in taxation required by the professional accounting bodies. These courses examine many of the tax issues, problems and planning opportunities professional accountants encounter in providing taxation services to clients. MGT2206 is the first course in the sequence. It is designed to give a basic understanding of the *Income Tax Act* and its administration. This is achieved by applying the law to practical problems and cases. Topics covered include administration of the tax system, residence, employment income, business and property income, capital gains, other income and deductions, computation of taxable income and taxes payable for individuals. The goods and services tax implications, where relevant, will also be discussed.

The course develops the ability to analyze problems logically, carry out mathematical operations, and investigate issues. This is referred to as the *Logical-mathematical intelligence* in Gardener's Multiple Intelligences model. The course emphasizes communication and decision making skills as well as ethical behaviour. All of these skills are included in the pervasive qualities required by the CA Candidates' Competency Map. **The CICA Competency Map is available at the following website:**

http://www.cica.ca/multimedia/Download_Library/Become_a_CA/How_to_Become_a_CA/CA_Candidates_Competency_Map_E.pdf

After taking this course students are expected to be able to

- identify personal tax issues,
- use the *Income Tax Act* to determine the tax implications of the issues identified,
- analyse the alternatives,
- communicate the issues, tax implications, alternatives and recommendations.

Course Materials:

Required:

- 1) *Canadian Income Taxation – Planning and Decision Making*, **2009-2010** Edition, by Buckwold and Kitunen, published by McGraw-Hill Ryerson.

Included with the text is the CICA Tax Suite CD which includes an interactive version of the *Income Tax Act* and CRA bulletins and circulars as well as access to Profile, a highly regarded professional tax preparation software.

- 2) *The Ernst & Young's Federal Income Tax Act Annotated 2008*, **7th** Edition, published by the CICA.

Shrink-wrapped with the Act is Ernst & Young's Guide to Tax Research and Writing, 2009 (3rd Edition) and a DVD containing the CICA Federal Income Tax Collection.

Text Online Learning Centre: www.mcgrawhill.ca/olc/buckwold. This web site contains solutions to the end-of-chapter Review Questions from the text as well as over 500 interactive multiple-choice, true/false and short-answer questions with solutions. These questions are excellent for self-testing.

Supplemental Materials

Canadian Tax Journal & Conference Reports on TaxFind CD provided by the Canadian Tax Foundation
Newspaper articles

Tax Related Web Sites

Government

Department of Finance Canada	www.fin.gc.ca
CRA	www.cra.gc.ca
Tax Court of Canada	http://decision.tcc-cci.gc.ca/en/index.html

Chartered Accounting Firms

BDO Dunwoody	www.bdo.ca/library/publications/tax/index.cfm
Deloitte	www.deloitte.com/sevices/tax/
Ernst & Young	www.ey.com/gobal/content.nfs/Canada/Home
Grant Thornton	www.grantthornton.com/tax
KPMG	www.kpmg.ca/english/services/tax
PWC	www.ca.taxnews.com

Other

Canadian Tax Foundation	www.ctf.ca
Canadian Institute of Chartered Accountants	www.cica.ca
Ontario Institute of Chartered Accountants	www.icao.on.ca

Grade Allocation:

Class participation	5% - throughout course
Quiz	5% - Oct 6
Term test	25% - Oct 19
Profile tax software	10% - Oct 20, 27, Nov 3, 17
Group assignment	10% - Dec 1
Final examination	45% - Dec 18
	100%

Late submissions of assignments will be penalized a deduction of 20% for each day, including the day required for submission. Students should always keep a copy of the assignments submitted.

Conduct of Classes

Students are to bring the *Buckwold/Kitunen* text and the *Income Tax Act* to all classes. To prepare for class, students will be asked to read a chapter and answer the Review questions and check their solutions on the Online Learning Centre (OLC) for the text. The chapter material will be discussed in class using the *Income Tax Act* and Key Concept Questions from the text. Problems and cases from the chapter will be assigned. Solutions to these problems and cases will be discussed in the following class.

We expect our students to be highly motivated in learning the subject matter and to dedicate adequate time each week to the readings and class preparation. Students are expected to be prepared for the class and to contribute to class discussions. Lecture notes in the form of power point presentations will be available before class on the course website. Part of each class will be dedicated to a discussion of new material and part will be dedicated to discussing problems/cases assigned for completion before class. The *Income Tax Act* will be used throughout the entire class.

Course Work

Quiz: The quiz will be written at the beginning of the fourth class. The quiz will cover material from the first three classes and will be 15 minutes in length. Students will be allowed to use a calculator and the *Income Tax Act* as aids.

Group Assignment: Students are required to work in groups (two to four students per group) on a comprehensive personal tax assignment.

Profile - tax return preparation: Students are required to complete four personal tax returns using Profile, a professional tax preparation software. The first three are worth 2 marks each; the fourth is worth 4 marks for a total of 10 marks. The first tax return will be prepared during class with the guidance of the course instructor on Oct 20th.

Midterm and Final Examination: Students will be allowed to use a non programmable calculator and the *Income Tax Act* as aids during the mid-term and final examinations. The *Income Tax Act* may not be written in (annotated), nor may additional pages be inserted. However, underlining, highlighting, and tabbing of sections are permitted. To ensure all students understand what is permitted, the following clarification is provided:

- It is the responsibility of each student to bring to the test/exam his/her personal calculator and *Income Tax Act*.
- You may use tabs (maximum 1.25 cm by 4 cm) labeled with section numbers and/or titles only. You may highlight and/or underline areas you feel are important; however, you are not permitted to include notations of any kind. Without limiting the generality of the foregoing, you cannot include any marginal or other notes, definitions or items of that nature, nor are you permitted to include any inserts. Your compliance with the above will be monitored by the exam invigilators who will be spot-checking students' Income Tax Acts prior to the start and during the exam.

In the event invigilators suspect a breach of the above rules, the offending reference material will be confiscated for detailed review. The confiscated reference material will not be replaced. The candidate will be permitted to continue to write the remainder of the examination. The consequences of the student's actions will be determined subsequently by the Academic offence committee.

Maximum Label
Size

The midterm exam is two hours in length. Material covered during the entire term is examinable on the final examination which is three hours in length.

Missed Midterm

Students may miss the midterm test due to illness without academic penalty providing the appropriate documentation is received and approved by the MMPA office in a timely manner.

The missed test must be made up by writing a 2000 word paper (essay) on a taxation topic agreeable with the instructor (**10%**), writing the midterm test **and** submitting same as an assignment (**10%**). The term test assignment submission must be submitted to the instructor within five (5) days of the midterm date unless some alternative timing is agreed to with the instructor. If this timing requirement is not fulfilled a grade of 0% will be awarded for this component. The value of the final exam will also be increased by **5%**. Students should contact the instructor on the day following the midterm in order to review logistics and to obtain a copy of the midterm that will need to be submitted as an assignment.

Midterm Make-up essay	10%
Midterm (submitted as an assignment)	10%
Increased weighting of final exam	<u>5%</u>
TOTAL	<u>25%</u>

Academic misconduct:

Students should note that copying, plagiarizing, or other forms of academic misconduct will not be tolerated. Any student caught engaging in such activities will be subject to academic discipline ranging from a mark of zero on the assignment, test or examination to dismissal from the university as outlined in the academic handbook. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties.

Students agree that by taking this course all required papers may be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com web site.

Detailed Course Outline:

Class #	Date	Topic	Text reading(s)
1	Sept 15	Introduction, General, administrative & electronic questions Liability for Tax Resident Individuals and Corporations Income Determination	Chapter 3 (Parts I, II and III)
2	Sept 22	Administration of the Income Tax System GST Income from Employment	Chapter 3 (Parts IV – VII) Chapter 4 (Parts I, II and III)
3	Sept 29	Income from Employment, continued	Chapter 4 (Parts IV, V and VI)
4	Oct 6	Income from Employment, continued Quiz	Chapter 4 (Parts VII – X)
5	Oct 13	Income from Business	Chapter 5
	Oct 19	TERM TEST Monday 9-11	
6	Oct 20	The acquisition, use, and disposal of Depreciable Property Profile tax return #1	Chapter 6
7	Oct 27	Income from Property Gains & Losses on the Disposition of Capital Property Profile tax return #2	Chapter 7 Chapter 8 (Parts I, II and III)
8	Nov 3	Gains & Losses, continued Profile tax return #3	Chapter 8 (Parts IV – VIII)
		Reading week	
9	Nov 17	Other Income and Other Deductions Profile tax return #4	Chapter 9 (Parts I – IV)
10	Nov 24	Special rules for Net Income Determination, including the concepts of Related persons, Attribution, Death of a Taxpayer, Debt forgiveness, etc.	Chapter 9 (Parts V – IX)
11	Dec 1	Individuals: Determination of Taxable Income & Tax Payable Group Assignment due	Chapter 10
12	Dec 8	Individuals: Determination of Taxable Income & Tax Payable, continued	
	Dec 18	Final Examination – (3 hours)	