



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 324 H1F

Canadian Income Taxation I

Summer 2018

Course Meets Monday and Wednesday: 11am-2pm; WO 20

Tutorials are an integral part of this course. One-hour tutorials are the 3rd hour of each session ie. Monday and Wednesday 1-2pm

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Office Hours: Mon/Wed by appointment

Course Scope and Mission

This is the first of two courses in federal income tax law. This course emphasizes the fundamentals of the Canadian tax system. Included are topics, such as, tax rates for corporations and individuals, integration, types of income (employment, business, property, capital gains, other), computation of taxable income and tax payable for individuals. A key objective of this course is to assist students in learning to read, interpret and apply provisions of the *Income Tax Act* (Canada) (the "ITA") to practical problems and cases.

The two-course sequence (RSM324 & RSM424) has been designed to provide participants with coverage of all the tax topics listed in the Chartered Professional Accountant Competency Map.

After taking this course students are expected to be able to

- identify tax issues,
- use the ITA to determine the tax implications of the issues identified,
- analyse the alternatives, and
- prepare the appropriate communication.

Students should not attempt to memorize specific tax provisions. Tax laws change. Therefore, students must develop the ability to find, read, and interpret provisions in the ITA.

Course Prerequisites

RSM 220H1

Required Readings

- 1) **Canadian Income Taxation – Planning and Decision Making, 2017-2018** edition with **CONNECT PrePak © 2018**, by Buckwold/Kitunen, published by McGraw-Hill Ryerson. Students have the option of purchasing the SmartBook with Connect or the traditional print textbook which includes a Connect access code. Both are available at the UofT Bookstore.
- 2) **The Income Tax Act (electronic version accessed through KNOTIA – see below)**

KNOTIA Tax Suite Premium. This online tax research infobase includes - income tax (*FITAC-Platinum*), GST/HST (*EARL*), and provincial tax databases (*PERL*), as well as daily news updates (*Knotia News*). This package enables students to access the most up-to-date tax law, court cases, and administrative practices. These databases are accessed using your UTOR ID and password via the following URL:

<http://edu.knotia.ca.myaccess.library.utoronto.ca/Home.aspx>

Supplemental Materials:

Tax Related Web Sites

Canada Revenue Agency (CRA): www.cra.gc.ca

Canadian Tax Foundation (CTF): www.ctf.ca

Chartered Professional Accountants Canada (CPAC): <http://cpacanada.ca/>

Department of Finance Canada: www.fin.gc.ca

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged on the basis of how well he or she has command of the course materials.

<u>Work</u>		<u>Due Date</u>
Participation	10%	Ongoing
Connect Assignments (4)	10%	May 14, May 28, June 6, June 18
Term Test	35%	May 30 th ; Time: 9 AM; Room: WO 20
Final Exam	<u>45%</u>	During Faculty of Arts & Science Final Exam Period
	<u>100%</u>	

Course Format and Expectations

We expect our students to be highly motivated in learning the subject matter and to dedicate adequate time to the course each week. Students are expected to be prepared for class and to contribute to discussions, both in class and online. New topics will be discussed in each class using the ITA and Key Concept Questions from the text. Problems and cases from the text will be assigned for discussion during the following class. The ITA will be used throughout the entire class.

Students are to bring the *Buckwold/Kitunen* text and the ITA to all classes. To prepare for classes and tutorials students should:

- Complete the assigned Readings, Questions, Problems and Cases.
- Be prepared to discuss the prepared solutions and readings.

It is recommended that students form study groups and work together to prepare for class & tutorials.

Discussion Board: The discussion board on the Blackboard portal will be set up for discussions. Questions related to course material should be posted to the discussion board. Students in the course are expected to answer the questions. The answers will be monitored by a teaching assistant. Questions related to course administrative matters should be emailed to the course instructor.

Participation: The 10% grade component for participation is being awarded as an additional incentive for students to do the readings and problems/cases assigned each week and to actively participate in class and tutorial discussions. Learning and retention can be increased substantially through active discussion.

Some of the behaviors that contribute to effective participation are captured in the questions that follow:

- 1) Is the participant a good listener?
- 2) Are the points that are made relevant to the discussion? Are they linked to the comments of others?
- 3) Do the comments show evidence of preparation for the class?
- 4) Is there a willingness to share knowledge and ideas with other class members?
- 5) Do comments clarify important aspects of earlier comments and lead to a clearer statement of the concepts being covered?

Connect Assignments: These are online assignments that are to be completed by each student on assigned dates within a 12-hour period. The assignments should take no longer than 20 minutes. Please ensure that you have access to CONNECT before class 2.

Term test and Final Examination: The term test will examine material covered in classes prior to the midterm and is one hour and 45 minutes in length. Material covered during the entire term is examinable on the final examination which is three hours in length. Students are allowed to use a non-programmable calculator and the ITA as aids during the term test and final examination. It is the responsibility of each student to bring to the test and exam his/her personal calculator and ITA.

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. All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*.

Weekly Schedule – All Reading References are to the Buckwold/Kitunen Text

Session	Date	Topic	Readings
1	May 7	<p>Introduction Sources of Canadian Tax Law Structure and interpretation of the ITA Determination of Income</p> <ul style="list-style-type: none"> • Taxation year • Types of income • Net Income for Tax Purposes – The Aggregating Formula • Taxable Income <p>Administration of the Income Tax System</p> <ul style="list-style-type: none"> • Filing of Returns • Assessment • Objection and Appeal • Payment of Tax <p>Penalties and Offences</p> <p>Income Tax and the GST/HST</p>	<p>Chapter 3 (Parts I & III) Exclude Part II</p> <p>Chapter 3 (Parts IV & V)</p>
2 & 3	May 9 & May 14	<p>Income from Employment</p> <ul style="list-style-type: none"> • Scope & Structure of Employment Income • Cash Basis • Employee Benefits • Allowances • Deductions from Employment Income • Employment Income and GST/HST <p>GST/HST Information Supplement Employees and Employment Income</p>	<p>Chapter 4</p> <p>Appendix A (Part I)</p>
4	May 16	<p>Business Income:</p> <ul style="list-style-type: none"> • Business Income Defined • General Rules for Determining Business Income • Exceptions to the General Rules • Business Income and GST/HST <p>GST/HST Information Supplement</p> <ul style="list-style-type: none"> • Carrying on a Business 	<p>Chapter 5</p> <p>Appendix A (Part II)</p>

5	May 23	<p>The Acquisition, Use, and Disposal of Depreciable Property</p> <ul style="list-style-type: none"> • A Standardized System for Depreciable Property • Depreciable Property and Capital Cost Allowance (CCA) • The Treatment of Eligible Capital Property • Accounting Rules versus Tax Rules • Impact on Management Decisions 	Chapter 6
6	May 28	<p>Income from Property</p> <ul style="list-style-type: none"> • Income from Property Defined • General Rules for Determining Property Income • The Unique Features of Property Income • Impact on Investment Decisions 	Chapter 7
	May 30	<p>*** TERM TEST – 9 AM*** 1 Hour and 45 Minutes</p> <p>Followed by Class #7 at 11 AM</p>	
7&8	May 30 & June 4	<p>Gains and Losses on the Disposition of Capital Property – Capital Gains</p> <ul style="list-style-type: none"> • Capital Gain and Capital Loss Defined • Determining Capital Gains and Losses – General Rules • Unique Aspects of Capital Losses • Unique Aspects of Specific Capital Properties • The Aggregating Formula Revisited • Impact on Investment and Management Decisions <p>GST/HST Information Supplement</p> <ul style="list-style-type: none"> • Real Estate 	Chapter 8 Appendix A (Part III)
9&10	June 6 & June 11	<p>Other Income, Other Deductions, and special Rules for Completing Net Income for Tax Purposes</p> <ul style="list-style-type: none"> • Other Sources of Income • Other Deductions • Registered Retirement Savings Plans • Pooled Registered Pension Plans • Registered Education Savings Plans • Tax-Free Savings Accounts • Special Rules for Net income Determination • Review of Net Income for Tax Purposes 	Chapter 9 (excluding “Gain on Settlement of Debt” Part VIII-I)

11 & 12	June 13 & June 18	Individuals: Determinations of Taxable Income and Taxes Payable <ul style="list-style-type: none"> • Determination of Taxable Income • Loss Carry-Overs • Loss Utilization – Impact on Decision Making • The Capital Gains Deduction • Calculation of Tax for Individuals • Special Adjustments to the Tax Calculation • Final Returns of Deceased Taxpayers 	Chapter 10
Final Exam	June 20 to June 26	Final Examination – To be scheduled by the Registrar	

Last Date to drop course from Academic Record and GPA: June 5, 2018

POLICY AND PROCEDURE

Missed Tests and Assignments (including midterm examinations)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may submit a request for special consideration. Provided that notification and documentation are provided in a timely manner, and that the request is subsequently approved, no academic penalty will be applied.

In such cases, students must notify Rotman Commerce on the date of the missed test (or due date in the case of course work) and submit supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Program Office within **48 hours** of the originally scheduled test or due date. Students who do not provide Rotman Commerce or the instructor with appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed test or course deliverable.

Documentation submitted in support of petitions for missing tests and assignments must be original; no faxed or scanned copies will be accepted.

Note that the physician’s report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. Rotman Commerce will not accept a statement that merely confirms a later report of illness made by the student to a physician.

For this course, specifically, if the term test is missed with acceptable documentation, the weighting of the final exam will be increased to 80%. If a CONNECT assignment is missed with acceptable documentation, the weighting will be shifted equally to the other CONNECT quizzes.

Accessibility Needs

The University of Toronto is committed to accessibility. If you require accommodations for a disability, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible: accessibility.services@utoronto.ca or <http://www.studentlife.utoronto.ca/as>.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarships at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the UofT degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

The University of Toronto's Code of Behaviour on Academic Matters

<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm> outlines the behaviours that constitute academic misconduct, the process for addressing academic offences, and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to), medical notes.

All suspected cases of academic dishonesty will be investigated by the following procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other UofT resources such as College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all UofT students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up AND properly entered on the ROSI system. For more information please visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Hotmail, Gmail, Yahoo or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Hotmail, Gmail or Yahoo accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Blackboard and the Course Page

The online course page for this course is accessed through Blackboard. To access the course page, go to the UofT Portal login at <https://portal.utoronto.ca/> and log in using your UTORid and password. Once you have logged in, look for the My Courses module where you'll find the link to all your course websites. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours. If the course does not appear, go to the Information Commons Help Desk in Robarts Library, 1st floor, for help, or explore additional Portal Information for Students at <http://portalinfo.utoronto.ca/content/information-students>.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted (note: students who have been previously granted permission to record lectures as an accommodation for a disability are, of course, excepted). This includes tape recording, filming, photographing PowerPoint slides, Blackboard materials, etc.

If permission is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in anyway. It is absolutely forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.