

Course Outline

RSM 424H1S

Canadian Income Taxation II

Summer 2022

Course Meets: Mondays and Wednesdays 11am to 1pm (WO30). Tutorials held from 1pm to 2pm after class (WO30).

Instructor: Matthew Roman, CPA, MTax
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Webpage: <https://q.utoronto.ca>
Office Hours: Virtual via Zoom

Course Scope, Mission and Learning Outcomes

This is the second in a two-course series in Canadian federal income taxation. The course is designed to give the student an understanding of more complex issues of Canadian income tax law and tax planning. Topics include computation of corporate taxes, corporate reorganizations, business acquisitions and divestitures, partnerships, joint ventures, and trusts. The two-course sequence (RSM324 & RSM424) has been designed to provide students with coverage of all the tax topics listed in the *CPA Competency Map*.

After taking this course students are expected to be able to

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

Course Prerequisites

RSM324H1

Required Readings

Required Readings

- 1) **Canadian Income Taxation – Planning and Decision Making, 2021-2022** edition with **CONNECT PrePak** © 2020, by Buckwold/Kitunen/Roman, published by McGraw-Hill Education.
- 2) **Income Tax Act**. Students are NOT required to purchase a copy of the *Income Tax Act*. The Act will be referenced in the text and in the lectures. You can access a copy of the Act at <http://edu.knotia.ca.myaccess.library.utoronto.ca/Home.aspx> or at <https://laws-lois.justice.gc.ca/eng/acts/i-3.3/>

Electronic Course Materials

This course will be using the following electronic course materials:

These materials are included with textbook purchase. Alternatively, Connect access without a textbook can be purchased through the bookstore for \$65. The use of these materials complies with all University of Toronto policies which govern fees for course materials.

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 they have command of the course materials.

Work		Due Date
Participation	5%	Ongoing
Connect Homework	10%	Ongoing (details provided on Quercus)
Connect Quizzes	15%	Ongoing (details provided on Quercus)
Term Test	30%	Class #6 during class time
Final Assessment	<u>40%</u>	TBA

100%

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 to prepare for class and to contribute to discussions, both in class and online.

To prepare for classes 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.

Participation: The 5% 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 discussions. Learning and retention can be increased substantially through active discussion. The instructor will provide additional details on how participation grades will be administered.

Connect Homework: There are 10 homework assignments in total for 10% of the final grade. These questions are similar to the end of textbook materials. **You are allowed a maximum of three attempts and only the highest attempt will count.** Your score will be shown after each attempt, and you can use your previous attempt as a starting point for your next attempt (as opposed to starting over). Details regarding assignment due dates will be posted to Quercus.

Connect Quizzes: These are online quizzes that are to be completed on CONNECT (as purchased with the text book) by the scheduled due date. **You only get one attempt, so do not start the quiz until you are prepared to take it.** The submissions are graded within CONNECT and students will have access, through CONNECT, to their grades one hour after the deadline for each assignment. Please ensure that you have access to CONNECT. There are a total of four (4) CONNECT quizzes for a total of fifteen (15) marks toward the final course grade.

Term Test and Final Assessment: The term test will examine material covered prior to the midterm. Material covered during the entire term is examinable on the final assessment which is three hours in length.

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

Class Participation

Students are expected to prepare thoroughly and make every effort to attend every class. As class participation is a graded component of the course, students will be evaluated on the following:

- Thoughtful responses
- Understanding and analysis of topic
- Idea generation
- Promoting further discussion

Class participation can also be achieved solely through online discussion posts. Additional guidelines will be posted on Quercus.

Missed Tests and Assignments (including mid-term and final-term assessments)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration.

In such cases, students must:

1. Notify the instructor AND the Rotman Commerce Program Office **on the date** of the missed course deliverable, e.g. missed test, final assessments, assignment or class (in the case of participation marks).
2. Complete a [Request for Special Consideration Form](#) and submit it along with your Absence Declaration on [ACORN](#) (please read the instructions on how to use the Absence Declaration in ACORN) within **2 business days** of the originally scheduled course deliverable.

Students who do not provide this information will be given a grade of 0 (zero) for the missed course deliverable.

For this course, specifically, if the term test is missed with acceptable documentation, the weighting of the final assessment will be increased to 75%.

A missed final assessment will result in a make up exam being scheduled as soon as possible (different from the exam the rest of the class wrote). Final grades need to be submitted to the University within 5 business days of the exam. If a make up exam is not written and graded before this deadline, a temporary grade of zero will be awarded for the exam. The final grade will then be amended following the completion and grading of the make up exam.

Late Assignments

Students who, for reasons beyond their control, are unable to submit an assignment by its deadline must obtain approval from the instructor for an extension. Supporting documentation will be required as per the policy on missed tests and assignments.

Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

Commitment to Accessibility

The University is committed to inclusivity and accessibility, and strives to provide support for, and facilitate the accommodation of, individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University.

If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible at accessibility.services@utoronto.ca or studentlife.utoronto.ca/as. Obtaining your accommodation letter may take up to several weeks, so get in touch with them as soon as possible. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully responsibly and fairly in this academic community ensures that the U of T 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*](#) 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 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 U of T or RC resources such as the RC Centre for Professional Skills, the 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 U of T 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 ACORN. For more information visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail 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.

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. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording 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 any way. It is forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

Weekly Schedule (*EXAMPLE*)

Class #	Topic	Text reading(s)
1	<p>Introduction</p> <p>Relationship between the Corporation and its Shareholders</p> <p>Determination of Taxable Income for a corporation</p> <p>Loss restriction events (acquisition of control)</p> <p>The Integration of Corporate and individual Taxation</p>	Chapter 11
2	<p>Organization, Capital Structures and Income Distributions of Corporations</p> <p>Corporate capitalization – Debt or Equity</p> <p>Transferring Assets to a Corporation Corporate Distributions to Shareholders [ITA 85]</p> <p>Stop loss rules</p>	Chapter 12
3	<p>Canadian-Controlled Private Corporations Definition and Basic Principles</p> <p>Taxation of Income Earned by a Canadian-Controlled Private Corporation</p> <p>Overall Tax Calculation for a Canadian-Controlled Private Corporation</p>	Chapter 13 (Parts I to III and Part VII)
4	<p>Limitations to the Small Business Deduction Associated Corporations</p> <p>Taxable Capital</p> <p>Adjusted aggregate investment income</p> <p>Specified corporate income</p>	Chapter 13 (Part VI)
5	<p>Corporate distributions - dividends and salary</p> <p>Ordering of CCPC distributions</p> <p>General Rate Income Pool</p> <p>Capital Dividends</p> <p>Shareholder Loans</p>	Chapter 13 (Parts IV and V)

6	*** TERM TEST***	
7	General partnerships Limited partnerships Trusts Joint Ventures	Chapters 15, 16 and 17
8	Sale of Assets vs. Sale of Shares Qualifying Small Business Corporation Shares	Chapter 18 Chapter 10 (Part IV)
9	Sale of Assets vs. Sale of Shares – continued from previous class	No new readings
10	Tax Planning and Corporate Reorganizations Other Rollovers and Estate Freezes [ITA 85.1 and 86] Anti-Avoidance Rules: Surplus Stripping [ITA 84.1; 55(2)] General Anti Avoidance Rule: ITA 245	Chapter 14 (Part I Section E and Part II) Chapter 19 (except amalgamations/windups) Chapter 2
11	GST/HST basics Small suppliers Reporting periods Place of supply rules Input tax credits	Chapter 22 (Parts I and II)
12	Streamlined methods for calculating net tax Employee benefits and employment expenses Rules with respect to real property Special situations Administrative matters	Chapter 22 (Parts III to VII)
Final Assessment	Details to come	

Please note that the last day you can drop this course without academic penalty is August 1, 2022.

Other Useful Links

Become a volunteer note taker - [Volunteer Notetaking](#)

Accessibility Services – [Note Taking Support](#)

[Credit / No-Credit in RSM courses](#)

Rotman Commerce – [Academic Support](#)