

Course Outline

Course Code	RSM 424 H1 F
Course Name	Canadian Income Taxation II
Term, Year	Fall, 2023
Web page URL	https://q.utoronto.ca

Instructor Details

Name	Email	Office Hours
Matthew Roman	matthew.roman@rotman.utoronto.ca	By appointment

Course Meets: Mondays 11-1 (WO)

Tutorials: Monday 5pm to 6pm (Room Information available on ACORN)

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

Course Materials

Required Readings

- 1) ***Canadian Income Taxation – Planning and Decision Making, 2023-2024*** edition with **CONNECT PrePak © 2023**, by Buckwold/Kitunen/Roman/Iqbal, 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/>

- 3) **Current Readings in Taxation**, provided by the instructor. Readings will be assigned during the term with the objective of highlighting current discussions on topics covered in this course. Sources will include Canadian Tax Focus, the Canadian Tax Journal & Conference Reports provided by the Canadian Tax Foundation, as well as articles found in newspapers, magazines, and online.

Electronic Course Materials

This course will be using the following electronic course materials:

- Income Tax Act, and
- **CONNECT**, which contains self-study questions and assignment questions, as well as solutions to review questions & key concept questions from the text.

There is no charge for the use of the electronic Income Tax Act. The printed text with Connect retails for \$159.95. The printed text alone retails for \$149.95. Connect with E-Book retails for \$99.00. Connect without the E-Book retails for \$99. The use of these materials complies with all University of Toronto policies which govern fees for course materials.

Tax Related Web Sites

Canada Revenue Agency (CRA): www.canada.ca/en/revenue-agency.html

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

Chartered Professional Accountants Canada (CPAC): www.cpacanada.ca

Department of Finance Canada: <https://www.canada.ca/en/department-finance.html>

Evaluation and Grades

Grades are a measure of the knowledge and skills developed by a student within individual courses. Each student will receive a grade on the basis of how well they have command of the course materials, skills and learning objectives of the course.

Work	Percentage of grade	Due Date
Participation/Attendance	5%	Ongoing
Connect Homework	10%	Ongoing
Connect Quizzes	15%	September 27 November 1 November 15 December 6
Term Test	30%	October 23
Final Assessment	40%	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 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 and tutorials.

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.

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 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). The full solution is available after your final attempt. Homework assignments are due by **11:59pm on Sundays**. 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 textbook) 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 examination.

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

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 **within 2 business days** of the missed midterm/test/assignment due date.

In such cases, students must:

1. Complete the Request for Special Consideration form: <https://uoft.me/RSMConsideration>

2. Provide documentation to support the request, eg. Absence Declaration from [ACORN](#), medical note etc.

Please note: As of September 2023, students may use the Absence Declaration on ACORN ***one time per term*** to report an absence and request consideration. **Any subsequent absence will require a [Verification of Illness form](#) or other similar relevant documentation.**

Students who do not submit their requests and documentation within 2 days may receive a grade of 0 (zero) on the missed course deliverable.

In the case of a missed term test, a make-up test will not be provided. The weight of the term test (40%) will be added to the weight of the final assessment such that the final assessment will form 70% of the overall course grade.

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 [email Accessibility Services](#) or [visit the Accessibility Services website for more information](#) as soon as possible. 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.

Original

Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the [University's Plagiarism Detection Tool FAQ](#) page from Centre for Teaching Support & Innovation.

Generative AI / ChatGPT

The use of generative artificial intelligence tools or apps for assignments in this course, including tools like ChatGPT and other AI writing or coding assistants, is prohibited.

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 the [Information Commons Help Desk](#).

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

Week #	Week starting	Topic	Text reading(s)
1	Sept 11	<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	Sept 18	<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	Sept 25	<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	Oct 2	<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	Oct 16	<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	Oct 23	*** TERM TEST***	
7	Oct 30	General partnerships Limited partnerships Trusts Joint Ventures	Chapters 15, 16 and 17
8	Nov 13	Sale of Assets vs. Sale of Shares Qualifying Small Business Corporation Shares	Chapter 18 Chapter 10 (Part IV)
9	Nov 20	Sale of Assets vs. Sale of Shares – continued from previous class	No new readings
10	Nov 27	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	Dec 4	GST/HST basics Small suppliers Reporting periods Place of supply rules Input tax credits	Chapter 22 (Parts I and II)
12	Dec 7 (make up date for Thanksgiving)	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 Exam		Details to come	

Please note that the last day you can drop this course without academic penalty is November 6, 2023.

Other Useful Links

- [Become a volunteer note taker](#)
- [Accessibility Services Note Taking Support](#)
- [Credit / No-Credit in RSM courses](#)
- [Rotman Commerce Academic Support](#)

URL links for print

- ACORN: <http://www.acorn.utoronto.ca/>
- Email Accessibility Services: accessibility.services@utoronto.ca
- Accessibility Services website: <http://studentlife.utoronto.ca/as>
- University's Plagiarism Detection Tool FAQ: <https://uoft.me/pdt-faq>
- The University of Toronto's Code of Behaviour on Academic Matters: <http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>
- Information Commons Help Desk: <http://help.ic.utoronto.ca/category/3/utmail.html>
- Become a volunteer note taker: <https://studentlife.utoronto.ca/program/volunteer-note-taking/>
- Accessibility Services Note Taking Support: <https://studentlife.utoronto.ca/service/note-taking-support/>
- Credit / No-Credit in RSM courses: <https://rotmancommerce.utoronto.ca/current-students/degree-requirements/credit-no-credit-option/>
- Rotman Commerce Academic Support: <https://rotmancommerce.utoronto.ca/current-students/academic-support/>
- Book an appointment with a writing or presentation coach: <http://uoft.me/writingcentres>
- Writing and Presentation Coaching academic support page: <https://rotmancommerce.utoronto.ca/current-students/academic-support/writing-and-presentation-coaching/>
- Centre for Professional Skills Teamwork Resources page: <https://rotmancommerce.utoronto.ca/teamwork-resources>
- Book an appointment with a Teamwork Mentor: <http://uoft.me/writingcentres>