



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 424 H1F

Canadian Income Taxation II

Summer 2019

Course Meets: Tues/Thurs from 9am to noon (third hour is tutorial) in WO30

Instructor: Matthew Roman, CPA, MTax
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Office Hours: TBA

Course Scope and Mission

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.

Course Prerequisites

RSM 324H1

After taking this course students are expected to be able to

- identify tax issues,
- determine the tax implications of the issues identified,
- calculate income taxes payable for a corporation,
- analyse the alternatives and make recommendations, and
- prepare the appropriate communication.

The two course sequence (RSM324 & RSM424) has been designed to provide participants with coverage of all the tax topics in the CPA Competency Map (Section 7-6 learning outcomes)

Required Readings

Canadian Income Taxation – Planning and Decision Making, with CONNECT PrePak by Buckwold/Kitunen, published by McGraw-Hill Ryerson, **2018-2019** edition. The text is available for purchase at the bookstore.

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 <http://laws-lois.justice.gc.ca/eng/acts/i-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 newspaper and magazine articles.

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	5%	Ongoing
Connect Assignments (4)	15%	May 14, May 21, June 4, June 11
Term Test	35%	May 23
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 tutorials and to contribute to discussions, both in class, tutorial, and online.

Students are to bring the *Buckwold/Kitunen* text 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 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 class 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?

Participation marks can also be earned by providing constructive feedback on the course textbook to the instructor. For example, were there parts of the required readings that were unclear or contained ambiguous? Is there an area where another example would be helpful? We are particularly interested in receiving feedback on the brand new Chapter 22.

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 the second class.**

Term test and Final Examination: The term test will examine material covered in the first five classes 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.

Weekly Schedule

Class #	Date	Topics	Preparation
1	May 7	<p>Chapter 11 The Integration of Corporate and individual Taxation</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>Key concept questions: 11-1 to 11-8</p> <p>Problems: 11-9</p> <p>Tutorial: none</p>
2	May 9	<p>Chapter 12 (including appendix)– 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>Key concept questions: 12-1 to 12-7</p> <p>Problems: 12-2, 12-3</p> <p>Tutorial: P11-8</p>
3	May 14	<p>Chapter 12 continued</p>	<p>Extra Readings: Review Chapter 6 Part II – K and L</p> <p>Comprehensive Case 4 (sample midterm question) - accessed at the end of the table of contents in the E-book on Connect [solution will not be posted]</p> <p>Problems: 12-8</p> <p>Tutorial: P12-4, P12-5</p>

Class #	Date	Topics	Preparation
4	May 16	<p>Chapter 13 – Canadian-Controlled Private Corporations Definition and Basic Principles</p> <p>Taxation of Income Earned by a Canadian-Controlled Private Corporation</p> <p>Benefits of Incorporation</p> <p>Dividend Policy</p> <p>Limitation of the Small Business Deduction</p> <p>Overall Tax Calculation for a Canadian-Controlled Private Corporation</p>	<p>Key concept questions: 13-1, 13-2, 13-8 to 13,-13</p> <p>Problems: 13-8</p> <p>Tutorial: P13-3, P13-4</p>
5	May 21	<p>Chapter 13 - continued from previous class</p>	<p>Key concept questions: 13-3, 13-7, 13-14, 13-16, 13-17</p> <p>Problems: 13-11</p> <p>Tutorial: P13-13, P13-14, P13-15</p>
6	May 23	<p>Midterm Test</p>	<p>Chapters 11, 12, 13</p>
7	May 28	<p>Chapter 13 – Loans to Shareholders</p> <p>Chapter 14 - Use of Holding Companies Anti-Avoidance rule: ITA 55(2)</p>	<p>Key concept questions: 13-5, 13-6, 14-6</p> <p>Problems: 14-6</p> <p>Tutorial: Midterm return and take up</p>

Class #	Date	Topics	Preparation
8	May 30	Chapter 18 – Sale of Assets vs. Sale of Shares	Key concept questions: 18-1 to 18-3 Problems: 18-6, 18-7 Tutorial: P13-16
9	June 4*	Chapter 18 – continued from previous class	Key concept questions: None Problems: 18-2 Tutorial: P18-1
10	June 6	Chapter 19 – Other Rollovers and Estate Freezes [ITA 85.1 and 86] Anti-Avoidance Rule: ITA 84.1 General Anti Avoidance Rule: ITA 245	Key concept questions: 19-1, 19-2, 19-3, 19-5, 19-6, Problems: , 19-3, 19-4, 19-5 Tutorial: 19-2
11	June 11	Chapter 22 – Introduction to GST/HST General Rules with Respect to Carrying on a Business Input Tax Credits Streamlined Methods for Calculating Net Tax Rules with Respect to Real Property Special Situations Administrative Matters	Key concept questions: 22-1 to 22-7 Problems: 22-2 Tutorial: P22-1
12	June 13	Chapters 15 and 17 – Partnerships & Trusts Chapter 3 (Part II) – Resident individuals and corporations	Key concept questions: 15-1, 15-4, 15-6, 17-1, 17-2, 3-1, 3-2, 3-3 Problems: 3-2 Tutorial: P22-3
	TBA	Final Exam	

*** DEADLINE TO DROP COURSE WITHOUT ACADEMIC PENALTY: Tuesday June 4, 2019**

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. The Request for Special Consideration Form and supporting documentation must be submitted in a timely manner in order for the request to be reviewed.

In such cases, students must notify the Rotman Commerce Program Office on the date of the course deliverable such as a missed test, or assignment missed class (in the case of participation marks), or due date. They must then complete a [Request for Special Consideration Form](#) and submit it along with supporting documentation (e.g. [Verification of Student Illness or Injury form](#)) to the Rotman Commerce Office within **2 business days** of the originally scheduled course deliverable. Students who do not provide appropriate or sufficient supporting documentation will be given a grade of 0 (zero) for the missed 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%.

Late Assignments

Connect assignments cannot be submitted late and will result in a mark of zero if the deadline is missed.

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

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.

Quercus and the Course Page

The online course page for this course is accessed through Quercus. To access the course page, go to q.utoronto.ca and log in using your UTORid and password. Once you have logged in, you will be at the Quercus Dashboard. On this page you will see all of the courses you are presently enrolled in. If you don't see the course listed here but you are properly registered for the course in ROSI, wait 48 hours.

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, Quercus 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.