



Rotman Commerce UNIVERSITY OF TORONTO

Course Outline

RSM 424H1F

Canadian Income Taxation II

Fall 2020

Course Meets online. L0101 Tuesday 11-1pm

Tutorials meet online synchronously. TUT0101 Tuesday 13:00 — 14:00. Links are provided on Quercus.

L0101 Instructor: Matthew Roman, MTax, CPA, CA
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Webpage: <http://q.utoronto.ca>
Office Hours: Online Synchronous – see Quercus for dates

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. 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

- 1) **Canadian Income Taxation – Planning and Decision Making, 2020-2021** edition with **CONNECT PrePak** © 2020, by Buckwold/Kitunen/Roman, published by McGraw-Hill Education.

Note: the 2019-2020 edition of the text can be used by students who still have a valid Connect license for that version and if that license will not expire before the end of the Fall term (this would generally be students who took RSM324 earlier in 2020). Students who have an expired Connect license should obtain the 2020/2021 edition.

- 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.

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.

Required Technology

For Fall 2020, this course may be conducted **entirely online**. To participate fully and to complete the course successfully, **you must ensure you have a computer with a working webcam, microphone and reliable access to an internet connection**. For further details, please visit this link: [Recommended Technology Requirements for Remote/Online Learning](#)

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: 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 they have command of the course materials.

<u>Work</u>		<u>Due Date</u>
Participation	5%	Ongoing during tutorials
Connect Homework	5%	Ongoing
Connect Quizzes	15%	Sept 29, Oct 13; Nov 3, Nov 17
Term Test	30%	Oct 20, 7-9pm
Final Assessment	<u>45%</u>	TBA
	<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 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.

Discussion Board: The discussion board on *Quercus* 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. 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 discussions. Learning and retention can be increased substantially through active discussion. **Participation will only be monitored during the synchronous tutorial sections.**

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 5 homework assignments in total for 5% 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*.

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. Printed text + Connect retails for \$149.95. The printed text alone retails for \$149.95. Connect with E-Book retails for \$99.00. Connect without the E-Book retails for \$65. The use of these materials complies with all University of Toronto policies which govern fees for course materials.

Publisher's website: <https://www.mheducation.ca/canadian-income-taxation-2020-2021-9781260060409-can-group>

Credit/No-Credit Option in Rotman Commerce

You may request to Credit/No-Credit (CR/NCR) an RSM course in the following cases only:

- The course will not be used for any specialist or focus, including the 8.0 RSM FCE requirement.
- The course does not have a group work component.

If you wish to request CR/NCR for an RSM course, you must contact a Rotman Commerce academic advisor by the drop deadline for the current term. The deadline for this term is November 9, 2020.

Final approval is on a case-by-case basis with the permission of the Director, Rotman Commerce.

Weekly Schedule

Week #	Date	Topic	Text reading(s)
1	Sept 15	<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 & 3	Sept 22 and 29	<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
4 & 5	Oct 6 and 13	<p>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>	Chapter 13 (Except Part V shareholder loans)
6	Oct 20	*** TERM TEST***	

7	Oct 27	Loans to Shareholders Use of Holding Companies Anti-Avoidance rule: Capital Gains Stripping [ITA 55(2)]	Chapter 13 (Part V shareholder loans) and Chapter 14 (Part II)
8	Nov 3	Sale of Assets vs. Sale of Shares Qualifying Small Business Corporation Shares	Chapter 18 Chapter 10 (Part IV)
Fall Reading Week – Nov 9 to Nov 13			
9	Nov 17	Sale of Assets vs. Sale of Shares – continued from previous class	No new readings
10	Nov 24	Other Rollovers and Estate Freezes [ITA 85.1 and 86] Anti-Avoidance Rule: Surplus Stripping [ITA 84.1] General Anti Avoidance Rule: ITA 245	Chapter 14 (Part I Section E) Chapter 19 (except amalgamations/windups) Chapter 2
11	Dec 1	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	Chapter 22
12	Dec 8	Introduction to Partnerships & Trusts	Chapter 15 & 17
Final Assessment		Details to come	

Last Date to drop course from Academic Record and GPA: November 9, 2020

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 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, assignment or class (in the case of participation marks).
2. Complete a [Request for Special Consideration Form](#) and submit it along with supporting documentation as indicated on the form. For example, this may include either your Self-Declaration of Absence on ACORN, or [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.

Note that documentation must clearly establish that you were ill or had other circumstances that prevented you from attending on the date in question. Reports after-the-fact are not sufficient.

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 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.

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:

On test and exams:

- Looking at someone else's answers

- Misrepresenting your identity.
- Collaborating with others (the exam and midterm are to be completed individually)

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, 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.

Accessibility Needs

The University of Toronto is committed to accessibility. 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.

For courses with deliverables that require you to work in teams, please note the following. If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, requests for extensions impact everyone in the group. As a result, requests for

late submissions of any component of teamwork will require compelling reasons, advance notice, and must work for everyone in the team. You are encouraged to discuss with your course instructor, Accessibility Advisor, and other team members what you need in order to successfully complete your coursework. Additionally, the Rotman Commerce Centre for Professional Skills offers Teamwork Mentors (see section above) who can help you and your team discuss how to support you effectively and how to develop a work plan that meets the needs and constraints of all team members.

Volunteer Notetaking

If you're interested in helping to make our classroom more accessible, volunteer to be a notetaker!

Accessibility Services needs dependable volunteer notetakers to assist students living with a disability to achieve academic success. All you have to do is attend classes regularly and submit your notes consistently.

1. Register online as a Volunteer Note-Taker at:

<https://clockwork.studentlife.utoronto.ca/custom/misc/home.aspx>

2. Follow the link that says "Volunteer Notetakers"

3. Select your course and upload a sample of your notes

4. Once you have been selected as a notetaker, you'll get an email notifying you to upload your Notes.

If you have any questions or require assistance, please email as.notetaking@utoronto.ca or call 416-978-6186.

Volunteers may receive co-curricular credit or a certificate of appreciation.

FIPPA

[This course, including your participation, will be recorded on video and will be available to students in the course for viewing remotely and after each session.](#)

Course videos and materials belong to your instructor, the University, and/or other sources depending on the specific facts of each situation, and are protected by copyright. Do not download, copy, or share any course or student materials or videos without the explicit permission of the instructor.

For questions about recording and use of videos in which you appear please contact your instructor.