

Taxation II

BUSI 4005A

FALL 2024

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| Instructor: | Lucille Perreault, MBA, CPA, CMA, PhD |
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| Office: | TBA |
| Office Hours: | Mondays 16:30 – 17:30 |
| Course Coordinator: | François Brouard, DBA, FCPA, FCA |
| TA: | TBA |
| Modality: | IN-PERSON* |
| Class Times: | Mondays 18:05 – 20:55* |

Exceptions are outlined in the Course Schedule Section

PREREQUISITES

BUSI 3005 (with a grade of C- or better)

The Sprott School of Business enforces all prerequisites.

Precludes additional credit for BUSI 2005.

COURSE CALENDAR DESCRIPTION

An intensive review of federal income tax laws and regulations as significant elements in the planning and decision-making process of taxable Canadian corporations. Emphasis on the tax planning function of corporate management and the associated accounting and reporting aspects.

This course deals with federal income tax laws and regulations and their impact on a corporation's financial and business decisions. Problems, issues and planning associated with the Income Tax Act are discussed as well as computations of taxable income and taxes payable by individuals, corporations, partnerships and trusts.

DROP COURSE POLICY

The deadline for academic withdrawal follows the dates prescribed by Carleton University:

<https://calendar.carleton.ca/academicyear/>

LEARNING OUTCOMES:

Accountants cannot make intelligent business decisions without first considering the tax implications of the various alternatives. An understanding of Canadian taxation is therefore necessary in order to make those decisions.

BUSI4005 is the second of two introductory courses (with BUSI3005) in income tax law which are designed to achieve the following objectives:

1. to explain the theoretical concepts behind the specific provisions of the law,
2. to apply the law in practical problems and case settings,
3. to interpret the law, considering the specific wording of the provisions, judicial decisions and the Canada Revenue Agency's (CRA) position, and
4. to introduce basic tax planning concepts through case application.

This taxation course is an introduction to tax principles and practices. The focus of BUSI3005 is on fundamental principles and personal income tax. The focus of BUSI4005 is on corporate income tax and some specialized topics.

METHOD OF INSTRUCTION

The format of the course consists of one 170-minute class per week. Due to time constraints not all chapter material will be covered in class. Students are responsible for the entire content of each chapter of the textbook as well as all additional topics discussed in class, except for those areas specifically excluded by the instructor.

Class sessions entail a mixture of lecture, case study, problem analysis, and class discussion. The content of any lecture presumes and expects you have carefully studied the assigned reading. Lectures emphasize major topics and readings, yet you are responsible for all assigned materials. It requires active learning, which means that the student must take responsibility for the learning that takes place. You must be prepared for each class by completing the assigned problems and readings. You are encouraged to ask questions and to stimulate discussion on topics that you have difficulty understanding.

COURSE MATERIALS

Required Texts

- Johnstone, N., Mescal, D., and Robson, J.E., *Introduction to Federal Income Taxation in Canada, 2024-2025*, 45th Edition, Toronto, Wolters Kluwer
- Johnstone, N., Mescal, D., and Robson, J.E., *Introduction to Federal Income Taxation in Canada – Study Guide, 2024-2025*, 45th Edition, Toronto, Wolters Kluwer

**Note: If you have a prior edition text from BUSI 3005, that will be sufficient for this class.

Course Website

A Brightspace page is used for announcements and posting of course materials. It is your responsibility to keep up with announcements. You can find the course Brightspace page at: <https://brightspace.carleton.ca/>

Supplemental References:

**Note: the below references are not mandatory for the course, however, may be used to enhance tax knowledge. Note, more recent editions of the below texts may be available.

- *Income Tax Act - Federal Income Tax Act*, CPA, 2023. [FITA], or *Canadian Income Tax Act with Regulations*, Annotated, 116th edition, Wolters Kluwer, August 2024. [CITA], or *Practitioner's Income Tax Act 2024*, 65th Edition, Carswell, 2024. [PITA]
- Brouard, F. (2023). *Canadian Tax Summary of Knowledge* (2023 edition), May 2023, 140p. <https://carleton.ca/profbrouard/taxguidefisc/>
- Buckwold, W., Kitunen, J., Roman, M. *Canadian Income Taxation: Planning and Decision Making, 2020-2021*, 23rd edition, Toronto, McGraw-Hill Ryerson, 2020.
- Byrd & Chen's *Canadian Tax Principles - Study Guide, 2023-2024 Edition*, 1st Edition, Toronto, Pearson, 2024.
- Canadian Tax Foundation. TaxFind, Canadian Tax Foundation
- Tax and Accounting Web Links:
 - For CPA competency map, CPA documents, CFE reference schedule, CFE reports, CFE exam simulations: <http://carleton.ca/profbrouard/taxguidefisc/>
 - For tax associations, university programs in taxation, journals, government sources: <http://carleton.ca/profbrouard/links/taxfisc/>
 - For list of CPA firms, accounting standards, salary survey: <http://carleton.ca/profbrouard/links/accounting-comptabilite/>

Government Resources:

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| Canada Revenue Agency (CRA) / Agence du revenu du Canada (ARC) | http://www.cra-arc.gc.ca/ |
| Department of Finance Canada | http://www.fin.gc.ca/ |
| Department of Justice Canada | http://canada.justice.gc.ca |
| Tax Court of Canada (TCC) | http://www.tcc-cci.gc.ca/ |
| Federal Court of Canada (FCC) | http://www.fct-cf.gc.ca/ |
| Supreme Court of Canada (SCC) | http://www.scc-csc.gc.ca/ |
| House of Commons | https://www.parl.ca/ |
| Ministry of Finance Ontario, Tax Revenue Division | http://www.trd.fin.gov.on.ca/ |
| Ministère des Finances Québec | http://www.finances.gouv.qc.ca/ |
| Ministère du Revenu Québec | http://www.mrq.gouv.qc.ca/ |

Tax Associations:

Canadian Tax Foundation (CTF) <http://www.ctf.ca/>
Association de planification fiscale et financière (APFF) <http://www.apff.org/>

Other Carleton University Resources and Services

Carleton University <https://carleton.ca/>
Sprott School of Business <https://sprott.carleton.ca/>
Carleton Library <https://library.carleton.ca/>
Sprott Business Students' Society (SBSS) <https://www.sbssonline.ca/>
Sprott Accounting Students' Association (SASA) <https://www.cusasa.ca/>

GRADING SCHEME

Your grade for the course will depend on both individual work and group work outside of the class, and classroom contributions, as outlined below:

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|---------------|------------|
| Participation | 10 |
| Assignments | 40 |
| Final exam | <u>50</u> |
| Total | <u>100</u> |

*** To pass the course, students must obtain at least 45% on the final examination in addition to other requirements.**

**** Satisfactory In-term Performance**

- 1) The requirement for Satisfactory In-term Performance is set at 50% of all pre-final term work (i.e. participation, quizzes and assignments)
- 2) Unsatisfactory In-term Performance in this course will lead to Failure in this course (regardless of the performance at the Final exam))

Individual Class Participation:

Class participation is highly encouraged. The intent is to have a very interactive class. Students are expected to contribute to class discussions on a constructive and regular basis. Much of your learning will occur during class and case discussions. Points will be awarded for contributions to the class which include asking thoughtful questions, helping to understand complicated ideas, suggesting reasonable alternatives, and being willing to try out new ideas. Participation may include occasional announced and unannounced quizzes.

Self-study problems in the textbook will provide the student with additional opportunity to practice the course material.

Assignments:

Four (4) assignments will be assigned throughout the course. Each assignment will be worth 10% of the total marks. They may be completed individually, or in groups of two or three students. If completed in groups, only one assignment per group should be submitted on Brightspace. The cover page must include a statement signed by each student, indicating that each group member has contributed to the assignment and has respected plagiarism rules. The content of each assignment will be posted on the course website.

NO LATE ASSIGNMENTS WILL BE ACCEPTED. MAKE-UP ASSIGNMENTS ARE NOT PROVIDED.

Be sure to keep a copy for yourself of all your assignments and reports submitted. The time limit for revision of the assignments is limited to 2 weeks after the date of return.

Final Exam:

A three-hour Final Exam will be scheduled during the period December 9 to 21, 2024. The final date, time and place is to be announced. Material covered during the entire term is examinable on the final examination.

No books or papers shall be permitted in the examination room. A Tax Appendix with various information may be provided by the instructor as part of the final exam.

The only valid excuse for missing an exam is for medical reasons or death in the family and must be documented with a medical certificate. Any other reason (such as travel, etc...) will not be considered. In such circumstances, separate arrangements may be made. If you miss a deadline for a reason that is not deemed as legitimate, your mark will be zero.

DEFERRED EXAMINATIONS

If you wish to defer a Formal Final Exam, you – the student – must reach out to the registrar's office with the proper documentation prior to the deadline (please refer to <https://carleton.ca/registrar/deferral/> for dates). Once the request has been put through, your instructor will be notified for their approval. Your final exam will be formally scheduled. If you miss the deadline for applying for a deferral, please reach out to your instructor personally to discuss.

If you wish to defer a Midterm or an Assignment, please reach out directly to your instructor to discuss.

For more information or to apply for a deferral visit: <https://carleton.ca/registrar/deferral/>

STUDENT PREPARATION AND PARTICIPATION:

Background Reading

Each course module contains readings about tax concepts and issues. The content of any lecture presumes and expects you have carefully studied the assigned reading.

Homework Cases and Problems

Students learn technical tax materials best when they have to apply them, rather than listening to lectures. Therefore, you should expect to solve problems every week. Some of the cases and problems are for self-study; solutions are provided. Some of the cases and problems will be important preparation for the class discussions. You can't expect to become a professional athlete only by watching sports on tv. It's the same thing with taxation.

ATTENDANCE POLICY

Regular class attendance is important and required. I expect you to attend class and contribute to a quality discussion. Class and team discussion of the materials (e.g., readings, assignments, and cases) are an important part of the learning process. If circumstances prevent attendance at a class meeting, please remember that you are responsible for all materials discussed, handouts distributed, assignments covered, and announcements made.

CHANGES TO THE SYLLABUS

A syllabus is a tool to help you plan your time. Every effort is made to make the syllabus as complete as possible, but there may be occasions when changes are required. The instructor will announce any deviations from the syllabus in class and the change will be posted on the course web page.

Course Schedule

| Week | Date | Topic/s | Chapter/s | Due |
|------|---|---|-----------|--------------|
| 1 | 09 Sept 2024 | <ul style="list-style-type: none"> • Introduction to Course • Overview of Net Income and Taxable Income | 11 | |
| 2 | 16 Sept 2024* (class will be online) | <ul style="list-style-type: none"> • Taxable Income and Tax Payable for Corporations • Corporate Tax Components | 11, 12 | |
| 3 | 23 Sept 2024 | <ul style="list-style-type: none"> • Taxable Income and Tax Payable for Corporations • Concept of Integration • Eligible Dividends | 12 | Assignment 1 |
| 4 | 30 Sept 2024 | <ul style="list-style-type: none"> • Associated, Related, Connected, and Affiliated Corporations | 12 | |
| 5 | 07 Oct 2024 | <ul style="list-style-type: none"> • Planning the Use of a Corporation and Shareholder-Manager Remuneration • GAAR | 13, 15 | Assignment 2 |
| | 14 Oct 2024 | Thanksgiving – no class | | |
| | 21 Oct 2024 | Fall Break – no class | | |
| 6 | 28 Oct 2024 | <ul style="list-style-type: none"> • Corporate Distributions | 16 | |
| 7 | 04 Nov 2024 | <ul style="list-style-type: none"> • Corporate Reorganizations | 17 | Assignment 3 |
| 8 | 11 Nov 2024 | <ul style="list-style-type: none"> • Corporate Reorganizations, continued | 17, 18 | |
| 9 | 18 Nov 2024 | <ul style="list-style-type: none"> • Corporate Reorganizations, continued • Sale/Purchase of a Business | 18, 15 | |
| 10 | 25 Nov 2024 | <ul style="list-style-type: none"> • Harmonized Sales Tax (HST) | 21 | |
| 11 | 02 Dec 2024 | <ul style="list-style-type: none"> • Partnerships and Trusts | 19 | Assignment 4 |
| 12 | 06 Dec 2024 Friday class 1805 to 2055 | Review class | | |

*Class will be held online

Contribution to Learning Goals of the Program ([BCom](#), [BIB](#)):

| Program Learning Goal | Competencies Not Covered | Competencies Introduced (only) | Competencies Taught But Not Assessed | Competencies Taught and Assessed |
|---|---------------------------------|---------------------------------------|---|---|
| CHECK (X) ONE PER ROW | | | | |
| BC1 Knowledge <i>Graduates will be skilled in applying foundational business knowledge to appropriate business contexts.</i> | | | | X |
| BC2 Collaboration <i>Graduates will be collaborative and effective contributors in team environments that respect the experience, expertise and interest of all members.</i> | | | X | |
| BC3 Critical Thinking <i>Graduates will be discerning critical thinkers, able to discuss different viewpoints, challenge biases and assumptions, and draw conclusions based on analysis and evaluation.</i> | | X | | |
| BC4 Communication <i>Graduates will be effective and persuasive in their communications.</i> | | | X | |

ADDITIONAL INFORMATION

Course Sharing Websites

Materials created for this course (including presentations and posted notes, labs, case studies, assignments, and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Required calculator in BUSI course examinations.

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

Group work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership, and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

Grading

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

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|--------------|-------------|-------------|-------------|
| A+ = 90-100 | B+ = 77-79 | C+ = 67-69 | D+ = 57-59 |
| A = 85-89 | B = 73-76 | C = 63-66 | D = 53-56 |
| A - = 80-84 | B - = 70-72 | C - = 60-62 | D - = 50-52 |
| F = Below 50 | | | |

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

Academic Regulations

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

Requests for Academic Accommodation

Carleton is committed to providing academic accessibility for all individuals. You may need special arrangements to meet your academic obligations during the term. The accommodation request processes, including information about the *Academic Consideration Policy for Students in Medical and Other Extenuating Circumstances*, are outlined on the Academic Accommodations website (students.carleton.ca/course-outline).

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

Pregnancy Accommodation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Religious obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Academic Accommodations for Students with Disabilities

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with your instructor as soon as possible to ensure accommodation arrangements are made. carleton.ca/pmc

Survivors of Sexual Violence

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: carleton.ca/sexual-violence-support

Accommodation for Student Activities

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: students.carleton.ca/course-outline

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated.

Process: If an alleged violation occurs, all relevant documentation will be forwarded to the Dean. If the allegation proves true, the penalties may include; a grade of Failure on the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. **For a first offence, at a minimum, the penalty assigned will normally be a zero on the submitted work and at least a minimum full grade reduction of the final course grade. For a second offence, at a minimum, the penalty assigned will normally lead to a suspension from studies.**

Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <https://carleton.ca/registrar/academic-integrity/>.

Sprott Student Services

The Sprott Undergraduate Student Services Office offers program advising and overall student success support. Our team is available to discuss your academic goals and your program progression plans. We can also work with you to develop strategies for success, including study skills for Business. If you experience any difficulty this term or if you would like to access support, please contact our team at bcom@sprott.carleton.ca or at bib@sprott.carleton.ca.

Centre for Student Academic Support

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: carleton.ca/csas.

Important Information:

- Students must always retain a copy of all work that is submitted.
- All final grades are subject to the Dean’s approval.
- For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, in order to respond to your inquiries, please send all

email from your Carleton CMail account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://carleton.ca/its/get-started/new-students-2/>
