

**The University of Western Ontario
Aubrey Dan Program in Management and Organizational Studies**

**Management and Organizational Studies 4462a/b – Advanced Issues in Canadian Taxation
Course Outline**

FACULTY

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Office Hours:

TIMETABLE

4 hours lecture per week: Tuesdays and
Thursdays 11:30 to 1:20

LOCATION

Thames Hall, Room 3101

DESCRIPTION

Students will gain deeper understanding of both the effect of the Income Tax Act (Canada) on business decisions and complex taxation issues at the personal and corporate levels. The course covers a variety of complex issues such as rollovers, estate planning and the taxation of trusts and international taxation.

PREREQUISITES

MOS 3362 a/b – Introduction to Taxation in Canada, and
Enrollment in 3rd or 4th year of BMOS

(Note: Unless you have either the requisites for this course, or written special permission from your Dean to enroll in it, you may be removed from this course and it will be deleted from your record. This decision may not be appealed. You will receive no adjustment to your fees in the event that you are dropped from a course for failing to have the necessary prerequisites.)

TEXTBOOKS

Byrd, Clarence and Chen, Ida.; Byrd and Chen's Canadian Tax Principles 2007-2008 Edition, Pearson Education Canada. Toronto.

Study Guide for the above text.

WEBSITE FOR SOLUTIONS

<https://vista.uwo.ca/webct/logonDisplay.dowebct>

NOTE: This course meets the credit requirements of both the CGA and CA designations. It is not a requirement for the CMA designation

EVALUATION

First Assignment	15%
Mid-term Examination	20%
Second Assignment	20%
Final Examination	35%
Participation	<u>10%</u>
	<u>100%</u>

EXAMINATIONS

"Students who fail to appear for an examination at the time set in the timetable will not be allowed to write the examination thus missed. Students should report this irregularity immediately to the office of their Dean. They may, with the approval of the chairman of the department concerned, petition the dean for standing or permission to write a special examination. Petitions will be entertained only when they are submitted on compassionate grounds with supporting documents." See the current Western Calendar.

POLICY ON SPECIAL EXAMINATIONS

- (1) Students with conflicts or students who are unable to write based on compassionate grounds (supported by appropriate documents), may apply in writing prior to the exam to the course coordinator to for special proctoring privileges to write examinations at another time.
- (2) Students involved with approved out-of-town university activities during the scheduled mid-term exam may apply to the course coordinator for special proctoring privileges to write the mid-term exam.
- (3) Students will not be excused from the writing of the mid-term exam under any circumstances.

MEDICAL NOTES

“Students who are unable to meet a course requirement through any form of illness (whether temporary, serious, or long-term) should advise their instructors of such an absence at the earliest possible opportunity (preferably in advance of the course requirement).

Medical excuse slips normally are not required. Instructors may, at their discretion, require medical certificates for verification of absence for reasons of illness, especially in the event that such absence includes a significant assessment period or evaluation. (Instructors are asked to use good judgement in requesting the use of UWO Student Health Services to verify absence for reasons of minor illness or in instances where a student had not consulted a physician at the time of illness.) Such verification shall be submitted by the student to the office of the appropriate Dean. The Dean’s Office will evaluate the original certificate and will retain it according to the University’s records retention guidelines. The Dean’s Office will then make arrangements with the appropriate instructor and Department Chair regarding accommodations to be made.

In the case of absence from final examinations, such verification is mandatory and normally is contingent upon the student being assessed medically before the final examination.

UWO Student Health Services normally will issue verification of illness only in the case of serious or long-term illness or in cases involving absence from final examinations or other significant periods.

Student absences for reasons other than illness shall continue to be verified according to current practices.”

NOTES

- (1) Scholastic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes a Scholastic Offence at the following web site:
<http://www.uwo.ca/univsec/handbook/appeals/scholoff.pdf>.
- (2) Plagiarism: Students must write their essays and assignments in their own words. Whenever students take an idea, or a passage, from another author, they must acknowledge their debt both by using quotation marks where appropriate and by proper referencing such as footnotes or citations. Plagiarism is a major academic offence. See Note 1 for further information.
- (3) Computer-marked multiple-choice tests and/or exams may be subject to submission for similarity review by software that will check for unusual coincidences in answer patterns that may indicate cheating
- (4) For a description of the process to be followed for mark/grade appeals, see your professor.
- (5) The use of personal computers during examinations will not be permitted.

ADD/DROP DEADLINES

February 15, 2009 – Last date to drop a first term half course.

HOW TO DO WELL IN THIS COURSE:

- 1) Come to class every class, no exceptions.
- 2) Prepare all the practice problems before the class in which they will be take up
- 3) When preparing the practice problems, do not look at the answer first. This is next to useless, you learn nothing from this.
- 4) Read the Powerpoint slides before each lecture. Use the textbook when you need more detail than the Powerpoint slides contain.
- 5) Do the practice Exercises in the text book.
- 6) Stay up to date with the material, you can't afford to fall behind.
- 7) Do as many extra problems as you possibly can find time for.

Important: This is not a course to take for easy credit. It is extremely challenging, and there is an incredible amount of information for you to learn and remember. No two problems look alike. You have to be willing to do tax in order to understand tax. Watching me do tax problems in tax might be fun (but probably isn't), however, it won't help you do tax problems. My number one hint is: Practice. That is also my number two and three hint.

PRACTICE PRACTICE PRACTICE

TENTATIVE LECTURE OUTLINE

<u>DATE</u>	<u>SESSION</u>	<u>TOPIC AND ASSIGNMENT</u>
Jan 6, 2009	1	Introduction to course
Jan 8, 2009	2	Goods and Services Tax Readings: Byrd and Chen, Chapter 21 Assignment Problems: 21-3, 21-7, 21-9, 21-10
Jan 13, 2009	3	Take up Problems from Chapter 21 Taxable Income and Tax Payable for Corporations Review of Corporate Tax Calculation Readings: Byrd and Chen, Chapters 11 and 12 This will involve a review of material covered in MOS 3362, with the addition of Foreign Tax Credits Assignment Problems: 11-9, 12-6, 12-7 (extra problem for practice)
Jan 15, 2009	4	Take up problems from Chapters 11 and 12 Taxable Income and Tax Payable for Corporations, continued Readings: Byrd and Chen, Chapter 13, pages 585-600 Topics: Change in Control, Associated Corporations, Investment Tax Credits Assignment Problems: 13-1, 13-3
Jan 20, 2009	5	Take up problems from Chapter 13 assigned last class Taxable Income and Tax Payable for Corporations, continued Readings, Byrd and Chen, Chapter 13, pages 600-612 Topics: Tax Basis Shareholders' Equity, Corporate Surplus Distributions Assignment Problem: 13-4, 13-5
Jan 22, 2009	6	Take up Problems from Chapter 13 assigned last class <i>Assignment One Distributed: Due February 5, 2009</i> Corporate Taxation and Management Decisions Readings: Byrd and Chen, Chapter 15, Pages: 657-675 Topics: Deciding to Incorporate Assignment Problems: 15-1, 15-2, 15-4, 15-6
Jan 27, 2009	7	Take up Problems from Chapter 15 assigned last class
Jan 29, 2009	8	Corporate Taxation and Management Decisions, continued Readings: Byrd and Chen, Chapter 15, pages 675-694 Topics: Tax Free Dividends, Income Splitting, Shareholder Benefits, Management Compensation Decisions Assignment Problems: 15-7, 15-8, 15-10
Feb 3, 2009	9	Take up Problems from Chapter 15 assigned last class
Feb 5, 2009	10	<u>First Assignment Due</u> Rollovers Under Section 85 Readings: Byrd and Chen, Chapter 16, pages 705-725 Topics: General Rules, Transfer Prices – Detailed Rules, Allocation of Elected Value, Paid Up Capital of Shares Issued, Comprehensive Example Assignment Problems: 16-1, 16-3, 16-5

DATE	SESSION	TOPIC AND ASSIGNMENT
Feb 10, 2009	11	Take up Problems from Chapter 16 assigned last class Rollovers Under Section 85 Readings: Byrd and Chen, Chapter 16, pages 725-736 Assignment Problems: 16-7, 16-9, 16-10
Feb 12, 2009	12	Take up Problems from Chapter 16 assigned last class
READING WEEK – Relax and Enjoy!		
Feb 24, 2009	13	Other Rollovers and Sale of an Incorporated Business Readings: Byrd and Chen, Chapter 17, pages: 749-762 Topics: Share for Share Exchanges, Exchange of Shares in a Reorganization, Amalgamation Assignment Problems: 17-1, 17-3, 17-4
Feb 26, 2009	14	Take up Problems from Chapter 17 assigned last class Other Rollovers and Sale of an Incorporated Business Readings: Byrd and Chen, Chapter 17, pages: 763-780 Topics: Winding Up, Convertible Properties, Sale of an Incorporated Business Assignment Problems: 17-2, 17-6, 17-7
Mar 3, 2009	15	Take up Problems from Chapter 17 assigned last class
Mar 5, 2009	16	<u>CLASS CANCELLED</u> <u>Mid term exam Friday, March 6, 2009</u> <u>Covers Chapters 12 (Foreign Tax Credits), 21, 13, 15, 16</u> Time: 6:00 to 9:00 PM
Mar 10, 2009	17	Partnerships Readings: Byrd and Chen, Chapter 18 Assignment problems: 18-1, 18-3, 18-5, 18-7, 18-9
Mar 12, 2009	18	Partnerships, continued
Mar 17, 2009	19	Partnerships, continued Take up Problems from Chapter 18
Mar 19, 2009	20	Assignment Two Distributed: Due April 7, 2009, 4PM Trusts and Estate Planning Readings: Bryd and Chen, Chapter 19, pages 829- 850 Topics: Basic Trust Concepts, Classification of Trusts, Taxation of Trusts, NIFTP of Trusts, Income Allocations to Beneficiaries, Tax Payable of Personal Trusts, Trust Tax and Information Returns, Income Attribution, Purchase and Sale of an Interest in a Trust Assignment Problems: 19-1, 19-4, 19-5
Mar 24 2009	21	Take up Problems from Chapter 19 assigned last class Trusts and Estate Planning, continued Readings: Bryd and Chen, Chapter 19, pages 850 - 862 Topics: Tax Planning, Estate Planning, Estate Freeze, SIFT Partnerships and Trusts Assignment Problems: 19-8, 19-9
Mar 26, 2009	22	Take up Problems from Chapter 19 assigned last class
Mar 31, 2009	23	International Issues in Taxation Readings: Byrd and Chen, Chapter 20 Topics: Residence, Non-residents earning Canadian Source Income, Double Taxation, Immigration and Emigration, Foreign Source Income Assignment Problems: 20-2, 20-3, 20-5, 20-12, 20-13

DATE	SESSION	TOPIC AND ASSIGNMENT
Apr 2, 2009	24	International Issues in Taxation, continued
Apr 7, 2009	25	<u>Second Assignment DUE by 4:00 PM</u> Take up Problems from Chapter 20 REVIEW – Final Exam Review

Generally, assigned problems will be taken up in the class following the class in which they are assigned. I will post solutions on WebCT after they are taken up in class. It is helpful to your preparation for class if you look at the problems and think about what you need to know and clarify in the class that they are assigned above. This will make it easier for you to prepare your solutions over the time between assignments and take up of questions.

Also, please note that the answers to the Exercises and Self Study Problems throughout the text are in the Study Guide provided with the text book. These exercises serve as additional work that you can complete to ensure you understand the material in the chapter, and to prepare for tests.

ASSIGNMENTS

There will be two hand in assignments required for this course. The distribution and due dates are listed in the table above. The assignments will require you to research tax issues and develop an opinion on the appropriate treatment of a variety of situations for tax purposes. You will be required to submit your explanation of what you believe to be appropriate treatment for any issues described. Research materials you may use might include the *Income Tax Act*, the textbook, other CRA publications such as Interpretation Bulletins and Information Circulars and other tax related publications. I have placed a number of items on reserve at D.B. Weldon library that would be useful in completing these assignments.

It is fine for you to work with another student or group to complete the assignment; however each student must hand in their own original work. Beware of working in groups and using material provided by other students without proper referencing – this will be considered cheating if it is detected. **Plagiarism is a serious academic offence that can result in a penalty as severe as expulsion from the University.** Whenever you take an idea or a passage from another author, you must acknowledge your debt by using quotation marks where appropriate, and by proper referencing such as footnotes and citations. Western has software available to check for plagiarism, and you may be required to submit your work in electronic form so that it can be checked by this software.

EXAMS

The exams will be in a mixed format including multiple choice questions and questions similar to problems assigned in the textbook. You will be permitted to bring writing materials, a calculator and 2 cheat sheets (8.5" x 11" pages, double sided). No other items will be permitted at your desk in the examination room. This includes dictionaries, cell phones, PDA's, CD players, iPod's, etc. These rules will be strictly enforced as it is my responsibility to do everything possible to prevent cheating on examinations.

PARTICIPATION

- (1) 10% of your final grade will be a result of your contribution to class discussion.
- (2) It is expected that you will arrive on time, and be ready to work when you arrive.
- (3) I will evaluate your participation efforts after each class, taking into consideration both the quality of your participation and the quantity.
- (4) Quality is more important than quantity.

- (5) It is not anticipated that we will encounter any problems with poor preparation for class, disruptive behaviour, or frequent lateness or absences, however, should you choose to behave in any of these ways, you will experience a negative impact on your participation mark. I appreciate it very much when students advise me that they will be late, have to leave early, or will be absent from class.
- (6) The main objective of contributing to class discussion is not to be evaluated, but rather to learn, and to assist other members of the class (including the instructor) to learn.
- (7) The following might assist you in deciding on how you will contribute to the class:
- **9 or 10 out of 10 – Excellent contribution**
 - Consistent contribution to class discussions
 - Contributions indicated preparation for class by pre reading and thinking about assigned material, and making an initial attempt at assigned problems
 - Frequently explains difficult points or concepts
 - Positive direction demonstrated
 - **7 or 8 out of 10 – Good contribution**
 - Consistent contribution to class discussions
 - Contributions indicated preparation for class by pre reading assigned material
 - Often demonstrates the capability to explain difficult points or concepts
 - Positive direction demonstrated
 - **5 or 6 out of 10 – Fair contribution**
 - Contributed to class discussions
 - Contributions indicated preparation for class
 - Positive direction demonstrated most of the time
 - **4 out of 10 – Poor contribution**
 - Contributed to class discussions infrequently
 - Contributions give little indication of preparation for class
 - Did not aid in developing a positive classroom atmosphere
 - **less than 4 out of 10 – Unsatisfactory contribution**
 - Rarely contributed to class discussions
 - Gave no indication of preparation for class
 - Actively inhibited or impeded the course of class discussions
 - PLEASE NOTE: **Participation marks must be earned.** They are not negotiable, however it is important that you understand why you get the mark that you do, so I am always available to discuss matters like this, and I will provide feedback on how you are doing at least once during the term. If you wish to have more frequent feedback, please let me know.