

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: Tuesday and Thursday 2:30-4:30

TIMETABLE

Section	Instructor	Day	Time	Location
001	Bigelow	Tuesday/Thursday	9:30-11:30	Somerville House 2355
002	Bigelow	Monday	1:30 – 3:30	Physics and Astronomy Room 36
		Wednesday	1:30 – 3:30	Talbot College 343

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 2009-2010 Edition, Pearson Education Canada. Toronto.

Study Guide for the above text.

WEBSITE FOR SOLUTIONS

<http://webct.uwo.ca/>

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%	<i>BOTH assignments must be completed</i>
Second Assignment	20%	<i>in order to pass this course.</i>
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.”

GENERAL 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 12, 2010 – Last date to drop a first term half course without academic penalty.

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 taken up
- 3) When preparing the practice problems, do not look at the answer first. Learning involves making mistakes and then correcting them. Please allow yourself to benefit from the process of making mistakes.
- 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 class might be fun (but probably isn't), however, it won't help you do tax problems on your own.

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 4/5, 2010	1	Introduction to course
Jan 6/7, 2010	2	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
Jan 11/12, 2010	3	International Issues in Taxation, continued Take up problems from Chapter 20
Jan 13/14, 2010	4	Taxable Income and Tax Payable for Corporations Review of Corporate Tax Calculation Readings: Byrd and Chen, Chapters 11 (refresh yourself on Ch 5) This will involve a review of some material covered in MOS 3362, Assignment Problems: 11-6, 11-9
Jan 18/19	5	Take up problems from Chapter 11 Taxation of Corporate Investment Income Readings: Byrd and Chen, Chapter 12 Assignment Problems: 12-1, 12-3
Jan 20/21	6	Take up Chapter 12 problems assigned last class Taxation of Corporate Investment Income, continued Assignment Problems: 12-6, 12-7
Jan 25/26	7	Take up problems from Chapter 12 Other Issues in Corporate Taxation Readings: Byrd and Chen, Chapter 13, page 493-508 Topics: Change in Control, Associated Corporations, Investment Tax Credits Assignment Problems: 13-1, 13-3
Jan 27/28	8	Take up problems from Chapter 13 assigned last class Assignment One Available on WebCT: Due February 12, 2010 Other Issues in Corporate Taxation, continued Readings, Byrd and Chen, Chapter 13, pages 508-521 Topics: Tax Basis Shareholders' Equity, Corporate Surplus Distributions Assignment Problem: 13-4, 13-5
Feb 1/2	9	Take up Problems from Chapter 13 assigned last class Corporate Taxation and Management Decisions Readings: Byrd and Chen, Chapter 15, Pages: 557-575 Topics: Deciding to Incorporate, Tax Reduction and Deferral, Provincial Taxes and Integration Assignment Problems: 15-1, 15-2, 15-4, 15-6
Feb 3/4	10	Take up Problems from Chapter 15 assigned last class Corporate Taxation and Management Decisions Readings: Byrd and Chen, Chapter 15, pages 575-578 Topic: Tax Free Dividends

DATE	SESSION	TOPIC AND ASSIGNMENT
Feb 8/9	11	Corporate Taxation and Management Decisions, continued Readings: Byrd and Chen, Chapter 15, pages 578-594 Topics: Income Splitting, Shareholder Benefits, Management Compensation Decisions, Salary Dividend for the Owner/Manager Assignment Problems: 15-7, 15-8, 15-10
Feb 10/11	12	Take up Problems from Chapter 15 assigned last class
Feb 12, 2010		<i>First Assignment Due</i>
<i>READING WEEK – Relax and Enjoy!</i>		
Feb 22/23	13	Rollovers Under Section 85 Readings: Byrd and Chen, Chapter 16, pages 599-619 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
Feb 24/25	14	Take up Problems from Chapter 16 assigned last class Rollovers Under Section 85, continued Exam Review
Mar 1/2	15	<u>CLASS CANCELLED</u>
Mar 3/4	16	<u>CLASS CANCELLED</u> <u>Mid term exam , Thursday, March 4, 2010, 5:30-8:30 PM</u> <u>Covers Chapters 20, 12, 13, 15, 16 (pages 599-619)</u>
Mar 8/9	17	Rollovers Under Section 85, continued Readings: Byrd and Chen, Chapter 16, pages 619-629 Assignment Problems: 16-7, 16-9, 16-10
Mar 10/11	18	Take up problems from Chapter 16 assigned last class Other Rollovers and Sale of an Incorporated Business Readings: Byrd and Chen, Chapter 17, pages: 637-650 Topics: Share for Share Exchanges, Exchange of Shares in a Reorganization, Amalgamation Assignment Problems: 17-1, 17-3, 17-4
Mar 15/16	19	Take up Problems from Chapter 17 assigned last class Other Rollovers and Sale of an Incorporated Business, continued Readings: Byrd and Chen, Chapter 17, pages: 651-668 Topics: Winding Up, Convertible Properties, Sale of an Incorporated Business Assignment Problems: 17-2, 17-6, 17-7
Mar 17/18	20	Take up Problems from Chapter 17 assigned last class <i>Assignment Two Distributed: Due April 7, 2009, 4PM</i>
Mar 22/23	21	Partnerships Readings: Byrd and Chen, Chapter 18, pages 675-694 Assignment problems: 18-3, 18-5, 18-7, 18-9
Mar 24/25	22	Take up problems from Chapter 18 assigned last class Partnerships, continued Readings: Byrd and Chen, Chapter 18, pages 694-699 Assignment problems: 18-9

<u>DATE</u>	<u>SESSION</u>	<u>TOPIC AND ASSIGNMENT</u>
Mar 29/30	23	Trusts and Estate Planning Readings: Bryd and Chen, Chapter 19, pages 707-728 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 31, Apr 1	24	Take up Problems from Chapter 19 assigned last class Trusts and Estate Planning, continued Readings: Bryd and Chen, Chapter 19, pages 728-736 Topics: Tax Planning, Estate Planning, Estate Freeze, (SIFT Partnerships and Trusts – not covered) Assignment Problems: 19-8, 19-9
Apr 5/6	25	Take up Problems from Chapter 19 assigned last class <u>Second Assignment DUE by 4:00 PM</u> REVIEW – Final Exam

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. **You must complete BOTH assignments to pass the 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; the second assignment will require you to complete personal tax calculations for a family. 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.

It is fine for you to work with another student or group to complete the assignment. Groups may submit one assignment for all members. If agreement cannot be reached on the tax treatment of some items then some group members may wish to submit an individual assignment. In this case, please indicate the names of all people consulted in completing the assignment. 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 consist of a combination of multiple choice questions and short answer problems, similar to problems assigned in the textbook. You will be permitted to bring writing materials, a calculator and 2 sheets of notes (8.5" x 11" pages, double sided). **Note sheets must be created by you. This means that material from another source must go through your eyes, into your brain, and then be transferred onto the page by typing or hand writing it. It cannot be photocopied from some other source. Under no circumstances can you use notes prepared by another student.** Should there be any concerns about your cheat sheet during an exam, it will be taken away from you.

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 an 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.

GENERAL INFORMATION

- If, on medical or compassionate grounds, you are unable to meet your academic responsibilities, i.e., unable to write term tests or final examinations or complete course work by the due date, you should follow the instructions listed below. You should understand that academic accommodation will not be granted automatically on request. You must demonstrate that there are compelling medical or compassionate grounds that can be documented before academic accommodation will be considered. Read the instructions carefully. In all cases, action must be taken at the earliest possible opportunity, preferably prior to the scheduled examination, test or assignment.
- 1. Check the course outline to see if the instructor has a policy for missed tests, examinations, late assignments or attendance. The course outline should include the preferred method of contact (e-mail, phone, etc.).
- 2. Inform the instructor prior to the date of the scheduled time of the test or examination or due date of the assignment. If you are unable to contact the instructor, leave a message for him/her at the department office.
- 3. Bring your request for accommodation to the Social Science Academic Counselling Office, Room 2105, Social Science Centre, telephone 519 661-2011 or fax 519 661-3384. Be prepared to submit documentation of your difficulties.
- 4. If you decide to write a test or an examination you should be prepared to accept the mark you earn. Rewriting tests or examinations or having the value of the test or examination reweighted on a retroactive basis is not permitted.

TERM TESTS and MID-TERM EXAMS

- 1. If you are unable to write a term test, inform your instructor (preferably prior to the scheduled date of the test). If the instructor is not available, leave a message for him/her at the department office.
- 2. Be prepared, if requested by the instructor, to provide supporting documentation. Submit your documentation to the Social Science Academic Counselling Office.
- 3. Make arrangements with your professor to reschedule the test.
- 4. The Academic Counselling Office will contact your instructor to confirm your documentation.

FINAL EXAMINATIONS

- 1. You require the permission of the Dean, the instructor, and the Chair of the department in question to write a special final examination.
- 2. If you are unable to write a final examination, contact the Social Science Academic Counselling Office in the first instance to request permission to write a special final examination and to obtain the necessary form. You must also contact your instructor at this time. If your instructor is not available, leave a message for him/her at the department office.
- 3. Be prepared to provide the Social Science Academic Counselling Office and your instructor with supporting documentation.

- 4. You must ensure that the Special Examination form has been signed by the instructor and Department Chair and that the form is returned to the Social Science Academic Counselling Office for approval without delay.

LATE ASSIGNMENTS

- 1. Advise the instructor if you are having problems completing the assignment on time (prior to the due date of the assignment).
- 2. Submit documentation to the Social Science Academic Counselling Office.
- 3. If you are granted an extension, establish a due date.
- 4. Extensions beyond the end of classes must have the consent of the instructor, the Department Chair and Dean. A Recommendation of Incomplete form must be filled out indicating the work to be completed and the date by which it is due. This form must be signed by the student, the instructor, the Department Chair, and the Dean's representative in the Academic Counselling Office.

SHORT ABSENCES

- If you miss a class due to a minor illness or other problems, check your course outlines for information regarding attendance requirements and make sure you are not missing a test or assignment. Cover any readings and arrange to borrow notes from a classmate.

EXTENDED ABSENCES

- If you are absent more than approximately two weeks or if you get too far behind to catch up, you should consider reducing your workload by dropping one or more courses. This must be done by the appropriate deadlines. (Refer to the Registrar's website for official dates.) The Social Science Academic Counsellors can help you to consider the alternatives. At your request, they can also keep your instructors informed of your difficulties.

DOCUMENTATION

- **Personal Illness:** If you consulted Student Health Services regarding your illness or personal problem, you should complete a Records Release Form at the time of your visit allowing them to notify Social Science Academic Counselling Office. Once your documentation has been assessed, the academic counsellor will inform your instructor that academic accommodation is warranted.
- If you were seen by an off-campus doctor, obtain a certificate from his/her office at the time of your visit. The doctor must provide verification of the severity of the illness for the period in question. Notes stating "For Medical Reasons" are not considered sufficient.
- **In Case of Serious Illness of a Family Member:** Obtain a medical certificate from the family member's physician.
- **In Case of a Death:** Obtain a copy of the newspaper notice, death certificate or documentation provided by the funeral director.
- **For Other Extenuating Circumstances:** If you are not sure what documentation to provide, ask an Academic Counsellor.

Note: Forged notes and certificates will be dealt with severely. To submit a forged document is a scholastic offense and you will be subject to academic sanctions.

ACADEMIC CONCERNS

- You need to know if your instructor has a policy on late penalties, missed tests, etc. This information may be included on the course outline. If not, ask your instructor.
- You should also be aware of attendance requirements in courses such as Business and English. You can be debarred from writing the final examination if your attendance is not satisfactory.
- If you are in academic difficulty, check the minimum requirements for progression in your program. If in doubt, see your Academic Counsellor.
- If you are registered in Social Science courses but registered in another faculty (e.g., Arts or Science), you should immediately consult the Academic Counselling Office in your home faculty for instructions.