

**College of San Mateo**  
**Official Course Outline**

1. **COURSE ID:** ACTG 181    **TITLE:** Taxation of Individuals Using Tax Software  
**Units:** 4.0 units    **Hours/Semester:** 64.0-72.0 Lecture hours; and 128.0-144.0 Homework hours  
**Method of Grading:** Grade Option (Letter Grade or Pass/No Pass)
2. **COURSE DESIGNATION:**  
**Degree Credit**  
**Transfer credit:** CSU
3. **COURSE DESCRIPTIONS:**  
**Catalog Description:**  
Preparation of Federal and California income tax returns for individuals using tax software and manually. Topics include income tax law, theory, and practice, and preparation of Form 1040 (Individual), Schedules A (Itemized Deductions), B (Interest and Dividends), C (Profit or Loss from a Business), D (Capital Gains and Losses), and tax credits. Students who successfully complete this course may apply to CTEC, the California Tax Education Council, to become a Registered Tax Preparer in California. This course is part of the Enrolled Agent Exam Preparation Series. Taxation of Individuals includes topics tested on the Regulation (REG) section of the CPA exam. This course is part of the CPA Exam Preparation Series, which is intended to meet the education requirement to sit for the CPA exam.
4. **STUDENT LEARNING OUTCOME(S) (SLO'S):**  
Upon successful completion of this course, a student will meet the following outcomes:
  1. Discuss the terminology, concepts, principles, and ethics used to prepare individual income tax returns.
  2. Using the proper formats, perform the calculations and explain the steps to prepare individual income tax returns.
5. **SPECIFIC INSTRUCTIONAL OBJECTIVES:**  
Upon successful completion of this course, a student will be able to:
  1. Understand and explain basic Federal and California income tax law, theory, and practice for individuals
  2. Demonstrate competency in preparing Form 1040 and the most commonly used schedules and the related California tax forms
  3. Calculate gross income and exclusions
  4. Calculate adjusted gross income deductions
  5. Calculate itemized deductions (Schedule A), self-employed business income (Schedule C), sale of property (Schedule D), rental income (Schedule E) and tax credits
  6. Demonstrate all steps required to prepare and file the most commonly used Federal and California income tax returns
6. **COURSE CONTENT:**  
**Lecture Content:**
  1. Introduction to Taxation and the Income Tax Formula.
  2. Basic Tax Returns
    - A. Introduction to 1040. Expanded Income Tax Formula. Dependents. Personal Exemptions. Standard Deduction. Filing Status. Penalties for Failure to File and Underpayment.
  3. Gross Income and Exclusions
    - A. Detailed discussion of types of income on 1040. Wages, Cash Basis, When to Record. Interest Income (Form 1099-INT & Schedule B). Dividends (Form 1099-DIV & Schedule B). State & Local Refunds. Alimony. Social Security Benefits. Other Income. Non-taxable Income. Non-standard Interest Income (OID).
  4. Form Adjusted Gross Income Deductions
    - A. Educator Expenses. Student Loan Interest. Health Savings Accounts. Moving Expenses. Self-employed Health Insurance. Self-employment Taxes. Early Withdrawal Penalty on Savings. Alimony.
  5. Itemized Deductions-Schedule A
    - A. Medical Expenses. Taxes. Mortgage Interest. Gifts to Charity. Casualty & Theft Losses. Miscellaneous Itemized Deductions and limitations on Itemized Deductions on the CA tax returns.
  6. Self-Employed Business Income-Schedule C

- A. Depreciation (Form 4562). Trade or Business Expenses. Business Use of Your Home (Form 8829). Business Bad Debts & Casualty Losses. Self-employment Tax (Schedule SE).
- 7. Sale of Property-Schedule D and Form 4797
  - A. Sale of Personal/Investment Property-Capital Gain & Losses (Schedule D). Sale of Personal Residence. Sale of Business Property-Form 4797. Software Completed Example of Form 4797.
- 8. Rental Property and Flow-Through Entities (Schedule E)
  - A. Rental Income and Rental Expenses. Depreciation on Rental Property. Rental of Vacation Homes. Reporting Royalty Income. Reporting Income/Losses from Flow-Through Entities.
- 9. Tax Credits
  - A. Earned Income Tax Credit. Child and Dependent Care Credit (Form 2441). Elderly or Disabled Credit (Schedule R). Child Tax Credit. Education Credits (Form 8863). Adoption Credit (Form 8839).
- 10. At-Risk Rules/Passive Activity Losses and Individual Alternative Minimum Taxes Retirement Plans and Contributions (IRAs, 401(k), etc.).
  - A. Minimum Tax. At-Risk Rules and How They Limit Loss Deductions (Form 6198). Passive Activity Losses (Form 8582). \$25,000 Offset For Rental Passive Activity Losses. Individual Alternative Minimum Tax (Form 6251).
- 11. Statute of Limitations for income tax returns.

**7. REPRESENTATIVE METHODS OF INSTRUCTION:**

Typical methods of instruction may include:

- A. Lecture
- B. Discussion

**8. REPRESENTATIVE ASSIGNMENTS**

Representative assignments in this course may include, but are not limited to the following:

**Writing Assignments:**

Preparation of income tax returns at variable levels of difficulty using tax software and manual preparation.

**Reading Assignments:**

Weekly readings on taxation theory, practice and problem solving techniques from textbook and IRS publications.

**9. REPRESENTATIVE METHODS OF EVALUATION**

Representative methods of evaluation may include:

- A. Exams/Tests
- B. Homework
- C. Oral Presentation
- D. Projects
- E. Quizzes

**10. REPRESENTATIVE TEXT(S):**

Possible textbooks include:

- A. Rupert, Anderson, Hulse. *Federal Taxation Comprehensive*, 35th ed. Pearson, 2021

**Origination Date:** March 2022

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**Effective Term:** Fall 2022

**Course Originator:** Rosemary Nurre