

**Commerce 4SC3
Advance Canadian Taxation
Winter 2020 Course Outline**

**Accounting and Financial Information Services
DeGroote School of Business
McMaster University**

COURSE OBJECTIVE AND DESCRIPTION

This is the second of two courses in federal income tax law which is 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, taking into account the specific wording of the provisions, judicial decisions and Revenue Canada's position, and
- (4) to introduce basic tax planning concepts through problem application.
- (5) Through the term we will be spending a portion of the class time working through "CFE" style case involving an owner manager and a tax pitfalls and tax planning strategies they should be concern about. This will integrate concepts learned in chapter 3, 4, 6, 8, 12, 13, 14, 15, 16 of the textbook. It is the student's responsibilities to print the cases from the Avenue and bring it to weekly classes.

INSTRUCTOR AND CONTACT INFORMATION

Section 1: Monday 8:30-11:20 Class Location: JHE A101	Section 2: Monday 14:30-17:20 Class Location: HH 305	Section 3 Monday 17:30–20:20 Class location: BSB 108	Section 4 Thursday 8:30–1:20 Class location: BSB 117
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Course Website: <http://avenue.mcmaster.ca>

COURSE ELEMENTS

Credit Value:	3	Leadership:	Yes	IT skills:	No	Global view:	Yes
Avenue:	Yes	Ethics:	Yes	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group work:	No	Oral skills:	Yes
Evidence-based:	Yes	Experiential:	No	Final Exam:	Yes	Guest speaker(s):	No

REQUIRED COURSE MATERIALS AND READINGS

TEXTBOOKS: We will use the following reading materials, available from the McMaster bookstore. Both text books are required.

- R.E. Beam and S.N. Laiken, *Introduction to Federal Income Taxation in Canada*, 2019 - 2020, 40th edition with *Student Study Guide*, CCH Canadian Limited, North York, Ontario 2019.
- *Canadian Income Tax Act with Regulations*. (Current edition available in bookstore).

Texts are available at the bookstore. Due to the volatile nature of the law governing the study of income tax, students should not attempt the course without current text materials.

Components and Weights

Mid-term exam <i>Tentative date: February 14, 2020 @ 19:00</i>	50%
Final Exam	50%
Total	100%

NOTES: 1) Calculators and one copy of the Income Tax Act will be the only materials allowed for all examinations. The copy of the Income Tax Act may be highlighted, underlined and tabbed. Tabs (maximum 1.25 cm by 4 cm) may be labeled with section numbers and/or titles only. No annotations are permitted in the copy of the Act.

2) The mid-term examination will be graded on a numerical marking scheme. Students will be informed how the numerical marks can be interpreted in terms of the official letter-grade scale at the time the exams are returned.

If you have any specific questions in this regard, please ask.

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf>

Communication and Feedback

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #9 in the term. Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

ACADEMIC DISHONESTY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: “Grade of F assigned for academic dishonesty”), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy, located at;

www.mcmaster.ca/academicintegrity

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one’s own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

Students may request relief from a regularly scheduled midterm, test, assignment or other course components. Please refer to the policy and procedure on the DeGroot website at the link below;

<http://ug.degroot.mcmaster.ca/forms-and-resources/misled-course-work-policy/>

STUDENT ACCESSIBILITY SERVICES

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca

For further information, consult McMaster University’s Policy for Academic Accommodation of Students with Disabilities;

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicAccommodation-StudentsWithDisabilities.pdf>

ACKNOWLEDGEMENT OF COURSE POLICIES

Your enrolment in Commerce 4SC3 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

CLASS PREPARATION

Students are expected to do the required readings and keep up with the exercises and assignments at the end of each chapter in the Beam & Laiken text. Class preparation is essential if the student wishes to obtain maximum benefit from class work.

The prime teaching method is the class discussion and solving of assigned problems. During the discussion of an assigned problem the instructor will make overview comments, explain the underlying concepts or rationale of the material being applied and emphasize a systematic approach to problems. Extended lectures will not be given on materials that students can read and understand through application.

INFORMATION FOR CPA CANDIDATES

The CPA of Ontario is continually revising its curriculum in regard to both post university requirements and university grades. It is recommended that students contact the Institute or the School of Business counselors for the current and proposed requirements.

POTENTIAL MODIFICATIONS TO THE COURSE

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

COURSE SCHEDULE

**Commerce 4SC3
Canadian Income Taxation II
Winter 2020 Course Schedule**

WEEK	DATE	TOPIC	ASSIGNMENT PROBLEMS
1&2	Chapter 11	<ul style="list-style-type: none"> ▪ Taxable Income for Corporations ▪ Basic Corporation Tax ▪ Manufacturing and processing profits deduction ▪ Credits available to all taxpayers 	8, 9, 10, 11
3&4	Chapter 12	<ul style="list-style-type: none"> ▪ The Concept of integration ▪ The Small Business Deduction ▪ Income from Investments 	1, 10, 12, 15, 16
5	Chapter 13	<ul style="list-style-type: none"> ▪ Planning the use of a Corporation ▪ Shareholder-Manager remuneration ▪ Employment remuneration ▪ Salary versus dividends ▪ General anti-avoidance rules 	2, 7, 8, 11
6	Chapter 14	<ul style="list-style-type: none"> ▪ Obligations of the taxpayer ▪ Powers and obligations of Revenue Canada ▪ Rights of the taxpayer ▪ Obligations of payers and other persons 	1, 5, 6, 8, 12
7&8	Chapter 15	<ul style="list-style-type: none"> ▪ Corporate surplus distributions ▪ Special taxes on corporate surplus distributions and corporate dividends ▪ Winding-up of a Canadian corporation ▪ Sale of an incorporated business ▪ Implications of the GST 	1, 4, 6, 8, 10
9&10	Chapter 16	<ul style="list-style-type: none"> ▪ Transfers of Property to a Corporation ▪ Transfer of shares ▪ Implications of the GST 	1, 3, 4, 5, 7, 8
11	Chapter 17	<ul style="list-style-type: none"> ▪ Rollovers involving corporations and their shareholders ▪ Rollovers involving shares or corporate securities ▪ Estate freezing ▪ Implications of the GST 	2, 3, 4
12	Chapter 18	<ul style="list-style-type: none"> ▪ Partnerships ▪ Trusts ▪ Implications of the GST 	4, 7, 9

NOTE: The outline of the course will follow, sequentially, the chapters 11 to 18 in the Beam and Laiken text. As indicated in the preface, which should be read by students, that book is designed to guide the student through the other required materials. Assigned readings are listed in the reference section set out at the beginning of each chapter.