

**SYLLABUS**  
**Accountancy 70661**  
**Special Topics in Taxation II**  
**Tax Periods & Methods**  
**Spring 2022**

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and by appointment

**Meeting Times:** T TH 1:00 pm – 2:50 pm, MCOB 133

**Required Course Materials:** *Internal Revenue Code: Income, Estate, Gift, Employment and Excise Taxes (most current version)*  
*Income Tax Regulations (most current version)*

**Recommended Materials:** *Federal Tax Accounting 2021* Frank L. Brunetti 2021 (Wolters Kluwer, ISBN: 978-0-8080-5456-6)

*Other supplementary documents on Canvas.*

### **Course Content and Objectives**

Tax accounting rules are found in all areas of federal income tax. The tax accounting rules do not always match up with general accepted accounting principles. As business transactions grow more complex and the pressure to collect tax revenue increases, the IRS is placing an intense focus on accelerating the recognition of taxable income and deferring the recognition of tax deductions.

Accounting 70661 deals with the federal income tax rules concerning the choice, utilization and changes regarding tax accounting periods and methods. The course reviews the overall methods of accounting, revenue recognition, deductions and capitalization. The first part of the course reviews the cash receipts and disbursements and accrual methods of accounting and the federal income tax planning as to the determination of the proper periods for reporting income and deductions. The second part of the course provides a general overview of specific methods including installment sales, Original Issue Discounts and interest recognition, capitalized expenditures, the uniform capitalization rules, inventory and changes in accounting periods or methods.

The course will review the required and permissible accounting periods including calendar, fiscal, and 52-53-week years. The procedures required to change an accounting method or period will also be covered.

At the conclusion of the course, students are expected to:

- Identify and understand cash and accrual methods of accounting;
- Be able to analyze and determine tax accounting methods and periods;
- Be able to understand the general rules of revenue recognition rules;
- Be able to distinguish capital expenditures from current expenses;
- Understand the fundamentals of the tax accounting of installment sales;

- Understand the fundamental concepts of the time value of money and interest rules;
- Understand the business interest expense limitation;
- Understand the fundamentals of the uniform capitalization rules;
- Understand the fundamentals of the tax accounting of inventory;
- Recognize the process for the change in an accounting period or method;
- Demonstrate effective analytical and communication skills;

## Grading

Grades will be determined based on total points earned. I expect the mean grade to be approximately 3.3 to 3.6 in accordance with College and departmental guidelines. The point distribution will be approximately:

Participation & professionalism	15	4%
Quizzes	40	12%
Homework	80	24%
Exam 1	100	30%
Exam 2	<u>100</u>	<u>30%</u>
Total	<u>335</u>	<u>100%</u>

## Course Organization & Administration

By its nature, the material is technical and complex. But, as an introductory class, it is not the intent to focus on the complexities of the Internal Revenue Code. The objective is to understand the basic concepts rather than memorize sections of the Internal Revenue Code. Class time will be spent explaining code sections and the practical application of the various concepts. Our class time will be spent with a mix of lecture, illustrative problems and examples, and student questions.

**Participation & Professionalism:** The course is organized around two 110 minute sessions per week. Students are expected to come to class to experience a collaborative learning experience. The importance of class participation is threefold. First, class participation requires preparing for every class by reviewing the Code sections and/or the recommended materials, which assists both learning and long-term retention. Second, in-class discussion of problems and assigned readings clarify and often add to the recommended material. Finally, class participation strengthens students' ability to form and respond to questions in the presence of peers.

Student's participation in class is an essential element of the learning experience. Participation in class and a positive attitude are critical for earning participation credit. Note that participation is more than just showing up for class. Passive attendance alone (even perfect attendance) is not great participation and will not result in full point allocation. Students who receive high participation grades in this component are well prepared, make meaningful comments, and volunteer information rather than waiting to be called on. Students that receive low participation grades come to class unprepared, wait to be called on, arrive late, come and go during class, use cell phones, use computers in activities unrelated to the course, do not respond when called upon, or miss class.

**Homework:** There are two homework assignments. Assignment One is 50 points and will be due before the first exam. Assignment Two is 30 points and will be due before the second exam. The assignments and the required deadlines will be posted in Canvas. Homework is to be completed individually; you are not to work with other students. The completed assignment must be uploaded to Canvas on or before the due date.

**Quizzes:** There will be 2 quizzes given during the semester. Each quiz is worth 20 points. The quizzes will be completed online on Canvas. You may use your notes, the Internal Revenue Code or the textbook to assist you. There are no extensions or makeups for quizzes.

**Exams:** Exams will be completed online on Canvas. It is course policy that students must document sufficient official Notre Dame Approval before taking an exam at an alternative time for full credit. If a student misses an entire exam without the aforementioned approval, it will be my discretion to decide whether to give the exam later on the exam date. In such cases, the exam may be subject to a penalty of 20% of the total exam points. Students failing to take an exam may receive a failing grade for the semester.

**Grade Appeals on Exams:** Any appeals regarding the scores for exams must be done in person, with the instructor, or submitted in writing within one calendar week after the exam is returned in class. The written protest must clearly identify why the disputed item should be scored differently. General requests for re-grading or failure to follow directions will not be considered. No points will be allowed for late grade protests. If regraded, I reserve the right to regrade all or part of the exam.

**Canvas:** I will use the campus Canvas system to provide the syllabus and class schedule, PowerPoint slides, quizzes and other material related to the course.

*To the extent possible, I will follow the daily class schedule of assignments. Please note that this is an overall planning tool and actual timing of the course may vary from the schedule. The schedule may be altered (add, delete, change timing, etc.) to enhance student learning opportunity or for other reasons.*

## **Academic Code of Honor**

The *Academic Code of Honor* as described in the *Student Guide to the Academic Code of Honor* (available at: <http://honorcode.nd.edu>) will be strictly applied. Perhaps the most fundamental sentence is the beginning of section IV-B:

“The pledge to uphold the *Academic Code of Honor* includes an understanding that a student’s submitted work, graded or ungraded – examinations, draft copies, papers, homework assignments, extra credit work, etc. - must be his or her own.”

**ACCT70661  
Spring 2022  
Class Schedule**

<b>Date</b>	<b>Session</b>	<b>Day</b>	<b>Topics to be Discussed</b>	<b>Recommended Code Sections, Regulations &amp; Other Readings*</b>
1/11	1	T	Course introduction, review of accounting doctrines, tax accounting vs. financial accounting	Sec. 441, Reg. 1.441-1 Reg. 1.461-1(a)(3) Sec. 6501 Sec. 1234 Sec. 1341, Reg. 1.1341-1 Chapter 2
1/13	2	TH	Entity's taxable year, methods of accounting	IRS Pub. 538, pp. 2- 7 Sec. 441, Reg. 1.441-1 – 1.441-3 Sec. 442, Reg. 1.442-1 Sec. 443, Reg. 1.443-1 Sec. 1378(a) Sec. 706(b), Reg. 1.706-1(b) Sec. 444 Sec. 446, Reg. 1.446-1 Chapters 3 and 4
1/18	3	T	<b>Quiz #1</b> Cash receipts and disbursements method of accounting	IRS Pub. 538, pp.8-10 Sec. 446, Reg. 1.446-1(c)(1)(i) Sec. 448(b)(3), Sec. 448(c) Reg. 1.6041-1(c) Sec. 451, Reg. 1.451-1 - 1.451-2 Code Sec. 83 Chapter 5
1/20	4	TH	Cash receipts and disbursements method of accounting	IRS Pub. 538, pp. 8-10 Sec. 446, Reg. 1.446-1(c)(1)(i) Sec. 461, Reg. 1.461-1 Reg. 1.263(a)-4(f) Rev. Rul. 75-541, 1975-2 CB 195 Sec. 448 Chapter 5
1/25	5	T	Accrual method of accounting, economic performance, accrual of expenses  <b>Homework Assignment #1</b>	IRS Pub. 538, pp. 10-12 Reg. 1.446-(c)(1)(ii)(A) – (C) Sec. 451(b) and 451(c)- 451(j) Reg. 1.451-1 – 1.451-3 Reg. 1.451-8 Sec. 448 Sec. 455, Reg. 1.455-6 Sec. 456 Chapter 6

<b>Date</b>	<b>Session</b>	<b>Day</b>	<b>Topics to be Discussed</b>	<b>Recommended Code Sections, Regulations &amp; Other Readings*</b>
1/27	6	TH	Accrual method of accounting, economic performance, accrual of expenses	IRS Pub. 538, pp. 10-12 Sec. 461, Reg. 1.461-1 – 1.461-5 Sec. 461(h), Reg. 1.461-1(a)(2) Reg. 1.461-4 Sec. 267(a)(2) Chapter 6
2/1	7	T	<b><i>Exam #1</i></b>	
2/3	8	TH	Installment method	IRS Pub. 537 Form 6252 and Instructions Sec. 453, Reg. 15A.453-1 Sec. 453A Sec. 453B Chapter 10
2/8	9	T	Business interest, OID and the time value of money	IRS Pub. 550 pp. 4-17, 30-35 IRS Pub. 1212 Sec. 61(a)(4) Sec. 163, Temp. Reg. 1.163-8T-10T Sec. 163(j), Reg. 1.163(j)-2 Sec. 461(g), Reg. 1.461-1(a)(1) Sec. 446, Reg. 1.446-2 Rev. Rul. 75-541, 1975-2 CB 195 Sec. 1272, Reg. 1.1272-1(e) Sec. 1273 Sec. 1274 Sec. 7872 Chapter 14
2/10	10	TH	<b><i>Quiz #2</i></b> Capital expenditures	IRS Pub. 535, pp. 24-27 IRS Cost Segregation Guide Chapter 6.1 Sec. 263, Reg. 1.263(a)1 –(a)(3) Sec. 263A, Reg. 1.263A-1 – 1.263A-3 Sec. 471, Reg. 1.471-1 Chapters 9 and 13
2/15	11	T	Inventory <b><i>Homework Assignment #2</i></b>	Sec. 471, Reg. 1.471-1 -1.471-8 Sec. 472, Reg. 1.472-2 Reg. 1.472-8 Sec 448(c) Reg. 1.162-3 Chapter 8

<b>Date</b>	<b>Session</b>	<b>Day</b>	<b>Topics to be Discussed</b>	<b>Recommended Code Sections, Regulations &amp; Other Readings*</b>
2/17	12	TH	Change in accounting methods or period	IRS Pub. 538, p. 18 Sec. 446(e), Reg. 1.446-1 Sec. 481 Sec. 448(c)(1) Rev. Proc. 2015-13 Rev. Proc. 2019-43 Rev. Proc. 2002-18 Form 3115 and Instructions Chapter 7
2/22	13		<b><i>Exam #2</i></b>	

\* All Chapter references refer to *Federal Tax Accounting 2021* Frank L. Brunetti 2021