

**TAX 3721: Tax Planning**  
Spring 2020, CRN 13756  
Lutgert College of Business  
Department of Economics and Finance  
Professor Alex R. Figares

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**Course Description**

A study designed for those business students interested in a general understanding of the tax law and its implications for the planning and decision-making process necessary for both individuals and business entities.

**Prerequisites**

- FIN 3403 with a minimum grade of “B”

**Instructor Information**

- Instructor: Professor Alex R. Figares, M.S. Finance , J.D., LL.M. in Taxation
- E-Mail: [afigares@fgcu.edu](mailto:afigares@fgcu.edu)  
(Best way to get in touch with me - I will respond within 24 hours)
- Office Hours: LH 3366 – Mondays 6:30 p.m. to 7:30 p.m.

**Required Resources**

- TEXTBOOK. Income Tax Planning 12th Edition by Langdon, Grange, and Dalton
- READINGS: Supplemental readings as assigned (they will be posted to Canvas)
- CALCULATOR: TI BAI Plus Professional
- SCANTRONS. You will be required to provide your own scantrons for exams (Pearson NCS Test Sheet Form No. 95679). **We will always use the Blue Side.**

**Class Meetings**

- Mondays 7:30 p.m. – 10:15 p.m. / Lutgert Hall 1201
- Final Exam – **Friday, May 1, 2020 – 5:45 p.m. to 8:00 p.m.**

**Attendance Policy**

- **Attendance is mandatory and will be factored into your final grade.** Tax is a complicated subject and there is no substitute for class attendance. We will be engaging in a lot of back and forth discussion, and you should be prepared to participate with comments and questions on the material being covered. **If you must miss a session, you should obtain notes from a classmate. You are responsible for knowing all material**

**covered in class.** That includes new material, assignments, quizzes, exams, and changes to the syllabus. Please read ahead of time the material assigned for that week. Failure to do so will significantly impact your grade and your ability to follow the discussion in class.

### **“Late” and “Makeup” Work Policies**

- No “late” or “makeup” work will be accepted. **NO EXCEPTIONS – DON’T ASK**

### **Quizzes / Homework / Exams**

- QUIZZES/HW: Quizzes/HW will cover current material. **Missed quizzes/HW cannot be made up and will count as “0”, in accordance with department policy for all sections.**
- **A cell phone on a desk or in a student’s hand while a quiz is being administered will result in the student receiving a grade of 0 for that quiz.**
- EXAMS: Exams cover content drawn from the assigned readings, in-class discussions, and quizzes. Concepts carry over throughout the course. **The Final Exam is Comprehensive.**
- Students should plan that exams/quizzes administered in class take place at the beginning of the indicated period. Students not in place at the beginning of the indicated period may only take the exam/quiz at the discretion of the instructor.
- **THERE ARE NO MAKE UP EXAMS. The only exception is a medical or other emergency (death in the family, etc.). If you do not notify the professor of the emergency at least 24 hours prior to the exam, you will not be allowed to make-up the exam – NO EXCEPTIONS. If you are allowed to make up an exam, the weight of the missed examination will be added to the final examination. There is no option to drop an exam score once the exam has been taken (or attempted).**
- In the interest of confidentiality of grades, individual exams are not reviewed in class. Once grades are posted, students may make an appointment with the instructor to review their exam. **Please do not email me asking what grade you received on an exam or quiz – I cannot provide you with any information via email or the phone.**
- **Students must bring the required Scantron form to each exam.**

## **Grading Policy**

- Learning assessments and their weighting for final grades include:
  - Assignments / Class Participation 15%
  - Exam 1 15%
  - Exam 2 20%
  - Exam 3 20%
  - Final Exam 30%
  
- Each student's weighted average score (rounded to the nearest whole number) will determine the letter grade received at the end of the semester according to the following scale:
  - A – 90% or greater
  - B – 80% or greater
  - C – 70% or greater
  - D – 60% or greater
  - F – 59% or less

**EXCEPTIONS** – DESPITE ALWAYS PROVIDING NOTICE IN CLASS AND IN THIS SYLLABUS THAT I DO NOT MAKE EXCEPTIONS TO DEADLINES OR ANY OF THE RULES, I ALWAYS RECEIVE EMAILS AND REQUESTS FOR EXCEPTIONS. PLEASE SAVE YOURSELF THE TIME AND DO NOT ASK. **I WILL ALWAYS TREAT EVERYONE FAIRLY AND EQUALLY** – THIS MEANS THAT **I CANNOT AND WILL NOT MAKE ANY EXCEPTIONS, FOR ANY REASON. PLEASE DO NOT ASK.**

## **Learning Outcomes**

### **Learning Objective**

1. Utilize financial accounting data to assess the financial health and direction of a firm.



### **Assessment Strategy**

1. Quiz and exam questions that emphasize financial statement and ratio analysis, utilizing the income statement, balance sheet, and statement of cash flows.

2. Apply time value of money techniques to make multi-period investment decisions and security valuations.



2. Quiz and exam questions on present and future valuations of lump sums, annuities, and uneven cash flow streams; and on stock and bond valuation problems.

3. Use statistical analysis to quantify risk and return in uncertain economic environments.



3. Quiz and exam questions on determining expected rates of return, standard deviation of returns, and other applications of statistics to quantify risk and return assessments.

4. Forecast cash flows and apply capital budgeting decision techniques to make capital investment decisions.



4. Quiz and exam questions on cash flow forecasting methods and capital budgeting techniques, to include payback, net present value, and internal rate of return methods.

## **LEARNING OBJECTIVES**

### Fundamental Tax Law

- a. Compare and contrast the fundamental components of the income tax system including filing forms, filing status, income, exemptions, exclusions, deductions, adjustments, credits, and tax rates.
- b. Explain how a progressive income tax system works and contrast it with other tax systems.
- c. Compute marginal and average tax brackets and explain the appropriate use of each.

### Income tax fundamentals and calculations

- a. Complete a Form 1040 including the receipt of wages, retirement income, interest, dividends; capital gains, self-employment and rental income or losses; itemized deductions; credits; and estimated or carryover payments.
- b. Recommend actions to minimize tax liability and maximize after-tax returns for clients and dependents consistent with IRS Code.

### Characteristics and income taxation of business entities

- a. Differentiate between the organizational form and the tax treatment of income, expenses, payroll and wage taxes for sole proprietorships, partnerships, LLPs, LLCs, S-corps and C-corps.
- b. Compare the income and payroll tax effects of wage versus ownership income.
- c. Identify adjustments, deductions and exclusions that may be available to sole proprietors, partners, LLPs, LLCs, S-corp and C-corp owners.

### Income taxation of trusts and estates

- a. Outline the basic income tax compliance rules for trusts and estates including when a return is required and how it is filed.

- b. Contrast the trust and estate income tax rules with personal income tax rules.
- c. Identify the income(s) that will pass-through to beneficiary/ beneficiaries for tax purposes.
- d. Explain how a client will report income and appropriate deductions from a trust or estate on his income tax return.

#### Alternative minimum tax (AMT)

- a. Explain the alternative minimum tax.
- b. Identify taxpayer situations that are most likely to result in imposition of the AMT.
- c. Recommend strategies to avoid triggering the AMT. Tax reduction/management techniques
- d. Differentiate between tax avoidance and tax evasion.
- b. Identify income shifting techniques (transfer and timing) and explain how income shifting benefits a taxpayer.
- c. Compare the cash flow impact of receiving tax-exempt or tax-sheltered income to taxable income.
- e. Explain how deduction clustering results in a lower tax liability.
- f. Calculate the advantage of using tax-preferenced retirement, education, and flexible spending plans.
- g. Identify investment strategies that can be used to manage tax liability; e.g., tax loss harvesting, bond swaps, etc.

#### Tax consequences of property transactions

- a. Differentiate between the taxation of capital gains and ordinary income, including the difference in applicable tax rates.
- b. Calculate the capital gain or loss on a property sale.
- c. Explain the special rules regarding capital gains and losses on a principal residence.

### Passive activity and at-risk rules

- a. Identify passive and at-risk activities and explain how taxation of such activities differ.

### Tax implications of special circumstances

- a. Explain the tax implications of supporting an elderly parent or adult child.
- b. Recommend the appropriate credit/deduction to use for post-secondary education costs.
- c. Recommend income and asset transfers between divorcing spouses given the resulting tax effects.

### Charitable/philanthropic contributions and deductions

- a. Identify qualified charitable contributions of cash, property, and appreciated assets and the advantages, disadvantages and tax effects of such gifts.
- b. Calculate the maximum charitable contribution deduction allowed in a tax year.

### **Think E.P.C.K.**

The learning goals for Lutgert College of Business graduates can be summarized by thinking ***EPCK***. Students should understand the business ***Environment***, be effective ***Problem*** solvers, be effective ***Communicators***, and have interdisciplinary business ***Knowledge***. FIN 3930 Tax Planning is designed to further develop students' problem solving skills and demonstrate an integration of the economic, accounting, and finance disciplines.

### **Academic Behavior Standards and Academic Dishonesty**

- All students are expected to demonstrate honesty in their academic pursuits. The university policies regarding issues of honesty can be found in the FGCU Student Guidebook under the "Student Code of Conduct" and "Policies and Procedures" sections. All students are expected to study this document which outlines their responsibilities and consequences for violations of the policy. The FGCU Guidebook is available online at <http://studentservices.fgcu.edu/judicialaffairs/new.html>.

### **Disability Accommodations Services**

- Florida Gulf Coast University, in accordance with the Americans with Disabilities Act and the university's guiding principles, will provide classroom and academic accommodations to students with documented disabilities. If you need to request an accommodation in this class due to a disability, or you suspect that your academic performance is affected by a disability, please contact your instructor or contact the Office of Adaptive Services. The Office of Adaptive Services is located in Howard Hall 137. The phone number is 239-590-7956 or TTY 239-590- 7930.

## **Student Observance of Religious Holidays**

- All students at Florida Gulf Coast University have a right to expect that the University will reasonably accommodate their religious observances, practices, and beliefs. Students, upon prior notification to their instructors, shall be excused from class or other scheduled academic activity to observe a religious holy day of their faith. Students shall be permitted a reasonable amount of time to make up the material or activities covered in their absence. Students shall not be penalized due to absence from class or other scheduled academic activity because of religious observances. Where practicable, major examinations, major assignments, and University ceremonies will not be scheduled on a major religious holy day. A student who is to be excused from class for a religious observance is not required to provide a second party certification of the reason for the absence.

## **Video and Audio Recording of Class Lectures**

- Video and audio recording of class lectures is expressly prohibited unless the FGCU Office of Adaptive Services has documented a student's disability and determined a reasonable accommodation for the student is to allow recording and the student has executed a written agreement with the instructor regarding the limitations on use of such recordings and their disposition at the end of the semester.
- **Please do not take pictures** of my notes or materials that I put on the board or overhead.

## **COUNSELING AND PSYCHOLOGICAL SERVICES**

**Counseling and Psychological Services (CAPS) provides free counseling and therapy services (including psychiatry) to all FGCU students. Please walk in to the second floor Howard Hall office any weekday between 8:30 and 4:30 to schedule an initial contact appointment. Visit the CAPS website at [www.fgcu.edu/caps](http://www.fgcu.edu/caps) for more information. CAPS offers a 24/7 Helpline at (239) 745-3277 (EARS).**

### **Additional Issues**

- The instructor's primary tasks in this course are:
  - To facilitate a positive and rich learning experience by providing a course structure that guides students through the timely and topical material.
  - To evaluate students' abilities to retain and express their learning of the material through graded learning assessments.
- The burden of learning ultimately rests squarely on students' shoulders.
- Students should make every effort to stay on top of the material and not get behind.
- Students should not expect to do well in this course if their lives are overloaded with work, social activities, other courses, etc.
- Students who find themselves in need of additional assistance in understanding any of the concepts discussed in the course should notify me as soon as possible. I am here to help you learn! I want you to learn and do well! **PLEASE SEE ME IF**

## YOU NEED HELP

- You must log into Canvas during the first week of class and complete the survey. If you do not do this, any financial aid that you may be entitled to will not be disbursed. This requirement applies even if you are not receiving financial aid.

## AGENDA

SPRING 2020

<b>Jan. 6</b>	<b>COMPLETE CANVAS SURVEY</b> Chap 1 – Introduction to Income Tax Planning
Jan. 13	Chap 2 – Working with the Tax Law
Jan. 20	Chap 3 – Fundamentals of Income Taxation
Jan. 27	Chap 4 – Gross Income from Personal and Investment Activities
<b>Feb. 3</b>	<b>EXAM #1 – (Chapters 1 – 4)</b> Chap 5 – Gross Income from Employment
Feb. 10	Chap 6 – Introduction to Deduction
Feb. 17	Chap 7 – Below the Line Deductions
Feb. 24	Chap 8 – Other Deductions, Penalties, and Loss Disallowance
<b>Mar. 2</b>	<b>SPRING BREAK – NO CLASS THIS WEEK</b>
<b>Mar. 9</b>	<b>EXAM #2 – (Chapters 5 – 8)</b> Chap 9 – Tax Credits
Mar. 16	Chap 10 – Basic Rules, Depreciation, & Asset Categorization
Mar. 23	Chap 11 – The Taxation of Capital Assets
<b>Mar. 27</b>	<b>LAST DAY TO WITHDRAW WITHOUT ACADEMIC PENALTY</b>
Mar. 30	Chap 12 – Business Assets
<b>Apr. 6</b>	<b>EXAM #3 – (Chapters 9 – 12)</b> Chap 13 – Nontaxable Exchanges
Apr. 13	Chap 14 – Passive Activity Rules Chap 15 – The Alternative Minimum Tax
Apr. 20	Chap 16 – Business Entity Selection and Taxation
<b>May 1</b>	<b>FINAL EXAM – FRIDAY 5:45 P.M. TO 8:00 P.M.</b> <b>(Chapters 13 – 16)</b>

**The instructor reserves the right to modify the above schedule as necessary.**