



**M:**

## Course Objectives/Learning Outcomes

At the end of the course, the successful student should be able to:

1. demonstrate the use of the Canadian Income Tax Act (ITA) to solve various tax issues;
2. prepare personal income tax returns and schedules with varying degrees of complexity;
3. demonstrate the effective use of income tax software for personal returns (T1s);
4. demonstrate knowledge of special topics pertaining to individual taxation.

**N:** Course Content:1. Overview of Income Tax Act:

- 1.1 History and structure of Income Tax Act
- 1.2 Taxable entities
- 1.3 Liability for tax
- 1.4 Economic objectives of taxation
- 1.5 Qualitative characteristics of tax systems
- 1.6 Income sourcing
- 1.7 Total income vs. net income vs. taxable income

2. Preparation of Personal Income Tax Returns:

- 2.1 Income from employment or office:
  - 2.1.1 Wages, salaries, commissions, tips, etc.
  - 2.1.2 Taxable and non-taxable benefits, including stock options
  - 2.1.3 Computation of benefits, preparation of T4s
  - 2.1.4 Available deductions from employment income
- 2.2 Capital cost allowance, cumulative eligible capital
  - 2.2.1 Comparison to accounting amortization expense
  - 2.2.2 Capital cost for tax purposes, asset classes and rates
  - 2.2.3 Calculation of Capital Cost Allowance (CCA), including half-year rule
  - 2.2.4 Asset disposals, recapture, terminal loss
- 2.3 Business (self-employed) income:
  - 2.3.1 Professional, business, commissions, etc.
  - 2.3.2 Inclusions, reserves
  - 2.3.3 Available deductions and limitations
  - 2.3.4 Reconciliation of accounting income to income for tax purposes
- 2.4 Capital gains and losses:
  - 2.4.1 Capital gains/losses vs. income gains/losses
  - 2.4.2 Adjusted cost base.
  - 2.4.3 Dispositions, calculation of gain/loss, reserves
  - 2.4.4 Personal use property, listed personal property
  - 2.4.5 Principal residence rules
- 2.5 Income from property, other income:
  - 2.5.1 Rental income/expenses
  - 2.5.2 Interest, taxable dividends, royalties
  - 2.5.3 EI, WCB, social assistance, shareholder benefits
  - 2.5.4 Pensions, RRSPs, other deferred income
- 2.6 Computation of taxable income:
  - 2.6.1 Deductions from total income (e.g. moving, child care, spousal support, RRSPs)
  - 2.6.2 Deductions from net income, including losses of other years
- 2.7 Computation of taxes payable:
  - 2.7.1 Non-refundable tax credits
  - 2.7.2 Federal and Provincial taxes payable
  - 2.7.3 Dividend tax credit and other available credits
  - 2.7.4 Federal and Provincial surtaxes, Provincial tax credits
- 2.8 Retirement savings and other special income arrangements
  - 2.8.1 Registered Pension Plans (RPPs)
  - 2.8.2 Registered Retirement Savings Plans (RRSPs) , including Home Buyers Plan and Lifelong Learning Plan
  - 2.8.3 Registered Retirement Income Funds (RRIFs)

	2.8.4	Deferred Profit Sharing Plans, salary deferrals
	2.8.5	Transfers between plans
	2.9	Other tax topics
	2.9.1	Tax planning, avoidance, evasion
	2.9.2	Residency
	2.9.3	Goods & Services Tax (GST)
	2.9.4	Administration, assessment, enforcement of ITA
	2.9.5	Allowable Business Investment Loss (ABIL)
	2.9.6	Registered Education Savings Plans (RESPs)
3.		<u>Use of Income Tax Software:</u>
	3.1	Demonstration of T1 income tax program
	3.2	Preparation of personal income tax returns and schedules using the income tax software
4.		<u>Special Topics in Taxation:</u>
	4.1	Taxation as a continually evolving system
	4.2	Interpretation of existing and new tax legislation

**O:** Methods of Instruction

Lecture, demonstration and discussion. Students will be required to do selected assignments on a computer (outside of class).

**P:** Textbooks and Materials to be Purchased by Students

Clarence Byrd and Ida Chen. Canadian Tax Principles, latest edition, Pearson Education Canada.  
Income Tax Act, latest edition.

Any one of the following calculators:

1. Texas Instruments BA II Plus
2. Sharp EL 733A
3. Hewlett-Packard 10B

**Q:** Means of Assessment

Group Project	05%
Computer assignments, using tax software	08%
Other assignments and/or quizzes	12%
Midterm Examinations (2)	40%
Final Examination-Comprehensive	<u>35%</u>
	100%

**STUDENTS MUST WRITE BOTH THE MIDTERM EXAMINATIONS AND THE FINAL EXAMINATION TO OBTAIN CREDIT FOR THE COURSE.**

**R:** Prior Learning Assessment and Recognition: specify whether course is open for PLAR

This course is not open to PLAR.

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Course Designer(s) **Elizabeth Hicks**

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Education Council / Curriculum Committee Representative

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Dean / Director **Rosilyn Coulson**

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