

**Business A733
Canadian Taxation II
Winter 2020 Course Outline**

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

INSTRUCTOR AND CONTACT INFORMATION

Section 1 E: Thursday 14:30-17:20
Class Location: RJC

Eric Bentzen-Bilkvist

Instructor

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Office Hours: To be arranged

Tel: (905) 522-6555

COURSE 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.

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

COURSE DESCRIPTION

This is the first of two introductory courses in Federal income tax law which are 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 Canada Revenue Agency's (CRA) position, and
- (4) to introduce basic tax planning concepts through problem application.

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.

EVALUATION

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 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. Your final grade will be calculated as follows:

Components and Weights

The components of the course grade will be weighted as follows:

<i>COMPONENT</i>	<i>PERCENT</i>
Midterm <i>Tentative date February 14, 2020 @ 19:00</i>	50%
Final	50%
Total	100%

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.

There will be no makeups for the mid-term examination. If a student has a valid reason for missing the mid-term examination, as documented by a medical certificate, etc., this portion of the grade will be re-weighted to the final examination. The rules customarily followed by the School of Business will govern absence from the final examination.

The instructor reserves the right to adjust grades for class participation or in the event significant improvement is noted on the final exam.

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:

www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf

Conversion

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	POINTS
A+	90 - 100	12
A	85 - 89	11
A-	80 - 84	10
B+	75 - 79	9
B	70 - 74	8
B-	60 - 69	7
F	00 - 59	0

Communication and Feedback

Students that are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential and anonymous email to the respective Area Chair or Associate Dean:

<http://mbastudent.degroote.mcmaster.ca/contact/anonymous/>

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

MISSED ACADEMIC WORK

Missed Mid-Term Examinations / Tests / Class Participation

Where students miss a regularly scheduled mid-term or class participation for legitimate reasons as determined by the MBA Academic Services Office, the weight for that test/participation will be distributed across other evaluative components of the course at the discretion of the instructor. Documentation explaining such an absence must be provided to the MBA Academic Services Office within five (5) working days upon returning to school.

To document absences for health related reasons, please provide the Petition for Relief for MBA Missed Term Work and the McMaster University Student Health Certificate which can be found on the DeGroot website at <http://mbastudent.degrootemcmaster.ca/forms-and-applications/>. Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. University policy states that a student may submit a maximum of three (3) medical certificates per year after which the student must meet with the Director of the program.

To document absences for reasons other than health related, please provide the Petition for Relief for MBA Missed Term Work and documentation supporting the reason for the absence.

Students unable to write a mid-term at the posted exam time due to the following reasons: religious; work-related (for part-time students only); representing university at an academic or

varsity athletic event; conflicts between two overlapping scheduled mid-term exams; or other extenuating circumstances, have the option of applying for special exam arrangements. Such requests must be made to the MBA Academic Services Office at least ten (10) working days before the scheduled exam along with acceptable documentation. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by the MBA Academic Services Office.

If a mid-term exam is missed without a valid reason, students will receive a grade of zero (0) for that component.

Missed Final Examinations

A student who misses a final examination without good reason will receive a mark of 0 on the examination.

All applications for deferred and special examination arrangements must be made to the MBA Academic Services Office. Failure to meet the stated deadlines may result in the denial of these arrangements. Deferred examination privileges, if granted, must be satisfied during the examination period at the end of the following term. There will be one common sitting for all deferred exams.

Failure to write an approved deferred examination at the pre-scheduled time will result in a failure for that examination, except in the case of exceptional circumstances where documentation has been provided and approved. Upon approval, no credit will be given for the course, and the notation N.C. (no credit) will be placed on the student's transcript. Students receiving no credit for a required course must repeat the course. Optional or elective courses for which no credit is given may be repeated or replaced with another course of equal credit value.

Requests for a second deferral or rescheduling of a deferred examination will not be considered.

Any student who is unable to write a final examination because of illness is required to submit the Application for Deferred MBA Final Examination and a statement from a doctor certifying illness on the date of the examination. The Application for Deferred MBA Final Examination and the McMaster University Student Health Certificate can be found on the DeGroote website at <http://mbastudent.degroote.mcmaster.ca/forms-and-applications/> Please do not use the online McMaster Student Absence Form as this is for Undergraduate students only. Students who write examinations while ill will not be given special consideration after the fact.

In such cases, the request for a deferred examination privilege must be made in writing to the MBA Academic Services Office within five business days of the missed examination.

Special examination arrangements may be made for students unable to write at the posted exam time due to compelling reasons (for example religious, or for part-time students only, work-related reasons):

- Students who have religious obligations which make it impossible to write examinations at the times posted are required to produce a letter from their religious leader stating that they are unable to be present owing to a religious obligation.

- Part-time students who have business commitments which make it impossible to write examinations at the times posted are required to produce a letter on company letterhead from the student's immediate supervisor stating that they are unable to be present owing to a specific job commitment.

In such cases, applications must be made in writing to the MBA Academic Services Office at least ten business days before the scheduled examination date and acceptable documentation must be supplied.

If a student is representing the University at an academic or athletic event and is available at an overlapping scheduled time of the test/examination, the student may write the test/examination at an approved location with an approved invigilator, as determined by the MBA Academic Services Office.

In such cases, the request for a deferred examination privilege must be made in writing to the MBA Academic Services Office within ten business days of the end of the examination period.

Note: A fee of \$50 will be charged for a deferred exam written on campus and a fee of \$100 for deferred exams written elsewhere. In cases where the student's standing is in doubt, the Graduate Admissions and Study Committee may require that the student with one or more deferred examination privileges refrain from re-registering until the examination(s) have been cleared.

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 must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is: <http://sas.mcmaster.ca>

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

Business A733 Federal Income Taxation in Canada Winter 2020 Course Schedule

The outline of the course will follow, sequentially, the chapters 11 to 18 in the Beam & 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 each chapter at the start of each topic.

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