**ACE 346**

Tax Policy and Financial Planning

Instructor: John Breen, EA

Classroom: 132 Bevier Hall; 8:00 – 9:20 MW

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Office Hours: 9:30 – 11am Weds in 305 Mumford or by appointment

Textbook (Optional): Fundamentals of Income Taxation 13th Edition –

Authors: Christopher P. Woehrle

Course Overview:

This course is an overview of basic income tax concepts for the non tax professional. Topics include individual income taxation, partnership and corporation issues, and Estate and Gift tax discussions. The course includes discussions on history of tax law as well as the legislative, executive and judicial branches and how they administer and influence tax laws. The bulk of the course deals with important tax concepts necessary to allow taxpayers to correctly file returns and pay the least possible legal income tax.

Course Objectives:

Students who complete this course should improve their ability to:

1. Understand and explain the tax treatment of life insurance premiums, death benefits and surrender.
2. 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.

1. Compute marginal and average tax brackets and explain the appropriate use

of each.

1. Explain what it means to be in compliance with Internal Revenue Code (IRC),

including filing and payment rules.

1. Explain a taxpayer’s rights to and the process for challenging IRS Code,

decisions, and penalties.

1. 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.

1. Recommend actions to minimize tax liability and maximize after-tax returns

for clients and dependents consistent with IRS Code.

1. Identify adjustments, deductions and exclusions that may be available to sole

proprietors, partners, LLPs, LLCs, S-corp and C-corp owners.

1. Outline the basic income tax compliance rules for trusts and estates including

when a return is required and how it is filed.

1. Explain how basis is measured and how it is used in income taxation.
2. Calculate the capital gain or loss on a property sale, exchange,

abandonment, and charitable contribution.

1. Explain the alternative minimum tax.
2. Review changes as a result of the new 2017 tax act and compare to prior law.

Grading:

15% - Exam 1

15% - Exam 2

15% - Exam 3

20% - Final Project

5% - Project 1

20% - Homework / Iclicker

10% - Quizzes

Class Format and Participation:

The course will be lectures with discussion. Participation is encouraged. We will also have a guest speaker who is a CFP working for RSM Wealth Management as well as an Estate Planning Attorney. Lectures will include real life examples based on the instructors experience in the field and some exam questions will be covered in the lectures and not found in the written material. You may bring a laptop to class to take notes.

There will not be make-up of Iclicker points. We will not count the lowest 5 Iclicker scores so if you miss a class that will be one of the five that we throw out. If you know that you will be absent for a quiz or exam you must arrange to take the quiz or exam prior to the date administered in class. The exam or quiz may not be identical to the one given in class.

We will not count the lowest quiz score. If you miss a quiz and have not arranged to take it in advance, that will be the quiz that we do not count.

If there is a problem with your Iclicker you will have 1 week to report it to me so that proper credit may be given. Do not wait until the end of the semester to report an Iclicker problem.

**Academic Integrity**

The University statement on your obligation to maintain academic integrity is:

*“If you engage in an act of academic dishonesty, you will become liable to severe disciplinary action.  Such acts include cheating; falsification or invention of any information or citation in an academic endeavor; helping or attempting to help others commit academic infractions; plagiarism; offering bribes, favors or threats; academic interference; computer-related infractions; and failure to comply with research regulations.”*

The Code on Campus Affairs and Handbook of Policies and Regulations Applying to All Students  [http://admin.illinois.edu/policy/code/](https://webmail.illinois.edu/owa/redir.aspx?C=1nayiElczUi-I0KK5SgHUgtEXd5SctAIiImrIp_D-iLugcVvjlydq3GBJAZiAlbjCszI3o6Z3AU.&URL=http%3a%2f%2fadmin.illinois.edu%2fpolicy%2fcode%2f) gives complete details of rules governing integrity for all students.  You are responsible for knowing and abiding by these rules.

**Policy for the Provision of Reasonable Accommodations for Students with Disabilities**

(a) The University provides reasonable accommodations to students with disabilities admitted to study at the University in accordance with the following procedures. As the term is used herein, “reasonable accommodations” refer to those academic adjustments, services, and aids provided to otherwise qualified students with disabilities to facilitate equal access to University programs and activities. The Division of Disability Resources and Educational Services (DRES) or the Center for Wounded Veterans in Higher Education (CWVHE), as applicable, coordinates the University’s efforts to provide these reasonable accommodations. DRES and CWVHE will consult as necessary to facilitate the processing of requests for reasonable accommodations.

**FERPA Regulations**

It is University policy to comply fully with the Family Educational Rights and Privacy Act of 1974 (the Act) as amended. On November 13, 1974, the Board of Trustees authorized the President of the University to promulgate guidelines and regulations for discharge of the University’s obligation under the Act to identify the responsibility for its implementation. The integrated nature of our administrative information systems means that some student information could be accessible throughout the University of Illinois. The University of Illinois will not disclose student record information that it maintains except as provided by law.

(b) Except as otherwise provided in these Guidelines and Regulations, the responsibility for implementation of the Act is assigned to the Chancellor. Among these responsibilities are:  
(1) publication of parents’ and students’ rights and procedures under the Act;  
(2) publication of the types of records kept and the names of the persons in charge;  
(3) notification to students of directory information categories that may be released without the student’s consent in each individual instance; and  
(4) notification of a reasonable period of time during which currently enrolled students may indicate that any or all items of directory information should not be released without the student’s prior consent.

(c) The Chancellor shall designate persons to perform the necessary functions.

Class Schedule: Subject to Change and Modification

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| **Class #** | **Date** | **Classroom Discussion/Assignments** |
| 1 | 8/27 | Introduction, Class Goals, Review Syllabus  Assignment: Read Chapters 1 and 2 |
| 2 | 8/29 | Classroom: Sources of Information and History of Tax Law  Assignment: Read Chapter 3 |
| 3 | 9/3 | No class Labor Day |
| 4 | 9/5 | **Guest Speaker: Marty Roth, CFP and Nicole Anderson**  **RSM Wealth Management LLC** |
| 5 | 9/10 | Classroom: Introduction to Four Basic Income Tax Concepts  Assignment: Read Chapter 4 |
| 6 | 9/12 | Classroom: Determination of Income Tax Liability  Assignment: Read Chapter 5 |
| 7 | 9/17 | Classroom: Items of Gross Income  Assignment: Read Chapter 6  **Quiz 1** |
| 8 | 9/19 | Classroom: Exclusions from Gross Income  Assignment: Read Chapter 7 |
| 9 | 9/24 | Classroom: Business Expenses and Expenses for Production of Income |
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| 10 | 9/26 | **EXAM #1- CHAPTERS 1-7**  Assignment: Read Chapter 8 |
| 11 | 10/1 | Classroom: Losses and Bad Debts  Assignment: Read Chapter 9    **Homework 1 due: Schedule C** |
| 12 | 10/3 | Classroom: Itemized Deductions for Individuals  Assignment: Read Chapter 10    **Project #1 Due** |
| 13 | 10/8 | Classroom: Individual Income Tax Credits  Assignment: Read Chapters 11    **Quiz #2** |
| 14 | 10/10 | Classroom: Cost Recovery Deductions  Assignment: Read Chap 12  **Homework 2 due: Schedule A** |
| 15 | 10/15 | Classroom: Limitations on Passive Activity Losses and Credits and discuss Group Project  Assignment: Read Chapter 13 |
| 16 | 10/17 | Classroom: Guest Speaker Brooke Didier Starks, estate planning attorney from Meyer Capel law firm |
| 17 | 10/22 | Classroom: Sales and Exchanges of Property  Assignment: Read Chapter 14    **Quiz #3** |
| 18 | 10/24 | Classroom: The Taxation of Capital Gains and Losses  **Homework 3 due: Credits** |
| 19 | 10/29 | **EXAM #2-CHAPTERS 8-14**  Assignment: Read Chapter 15 |
| 20 | 10/31 | Classroom: The Alternative Minimum Tax  Assignment: Read Chapter 16  **Homework 4 due: Schedule D** |
| 21 | 11/5 | Classroom: Income Taxation of Life Insurance  Assignment: Read Chapter 17 |
| 22 | 11/7 | Classroom: Tax Treatment of Modified Endowment Contracts  Assignment: Read Chapter 18  **Homework 5 due: Form 6251** |
| 23 | 11/12 | Classroom: Taxation of Corporations and Shareholders  Assignment: Read Chapter 19  **Quiz #4** |
| 24 | 11/14 | Classroom: Taxation of Distributions to a Corporations Shareholders  Assignment: Read Chapter 20 |
| 25 | 11/19 | Classroom: Taxation of Partners and Partnerships |
| 26 | 11/21 | **Exam #3 Chapters: 15- 20** |
| 27 | 11/26 | Classroom: Business Law Concepts (Not in textbook) |
| 28 | 11/28 | Continue Estates and Trusts |
| 29 | 12/3 | Final Project due  **Quiz #5** |
| 30 | 12/5 | Review final project |
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