



This course supports the assessment for Taxation I. The course covers 3 competencies and represents 3 competency units.

## Introduction

### Overview

Welcome to Taxation I! This course will provide a general introduction to taxation in the United States. It focuses on the taxation of individuals and will guide you through the steps of preparing individual income tax returns. It will also introduce the fundamentals of conducting research on tax-related issues. By the end of this course, you will be able to prepare an individual income tax return and use tax research tools to conduct basic tax research.

### Getting Started

In this course you will be introduced to taxation of individuals and the fundamentals of tax-related research. You will develop the necessary skills to prepare an individual tax return and learn how to use appropriate tools for tax-related research. As you work through each unit, you will access the VitalSource e-text along with reviews, homework, quizzes, and a study plan which can be accessed through MyAccountingLab links within each topic. These activities will help you assess your progress and comprehension of the topics. Be sure to reach out to your course instructor for support and guidance. Your pacing guide is a great resource to help you stay on track and a printable checklist will enable you to track your progress through the course. Competency in this course is demonstrated with an objective assessment.

Watch the following video for an introduction to this course:

*Note: To download this video, right-click the following link and choose "Save as...":* [download video](#).

### Competencies

This course provides guidance to help you demonstrate the following 3 competencies:

- **Competency 3026.1.1: Federal Taxation**  
The graduate explains the nature, purpose, and scope of the current U.S. tax system as it relates to individuals.
- **Competency 3026.1.2: Taxation of Individuals**  
The graduate determines the tax treatment for items reflected in individual income tax returns.
- **Competency 3026.1.3: Tax Research**  
The graduate conducts basic tax research.

### Course Instructor Assistance

As you prepare to demonstrate competency in this subject, remember that course instructors stand ready to help you reach your educational goals. As subject matter experts, mentors enjoy



and take pride in helping students become reflective learners, problem solvers, and critical thinkers. Course instructors are excited to hear from you and eager to work with you.

Successful students report that working with a course instructor is the key to their success. Course instructors are able to share tips on approaches, tools, and skills that can help you apply the content you're studying. They also provide guidance in assessment preparation strategies and troubleshoot areas of deficiency. Even if things don't work out on your first try, course instructors act as a support system to help you prepare for another attempt. You should expect to work with course instructors for the duration of your coursework, and you are encouraged to contact them as soon as you begin. Course instructors are fully committed to your success!

## **Preparing for Success**

The information in this section is provided to detail the resources available for you to use as you complete this course.

### **Learning Resources**

The learning resources listed in this section are required to complete the activities in this course. For many resources, WGU has provided automatic access through the course. However, you may need to enroll manually in or independently acquire other resources. Read the full instructions provided to ensure that you have access to all of your resources in a timely manner.

#### **Automatically Enrolled Resources**

You can access the learning resources listed in this section by clicking on the links provided throughout the course. You may be prompted to log in to the WGU student portal to access the resources.

#### **Wiley CPAexcel**

Wiley CPAexcel is a series of video resources designed to align with the course topics. You will be directly linked to the video content upon clicking the links provided.

#### **VitalSource E-Text**

The following textbook is available to you as an e-text within this course. You will be directly linked to the e-text within each topic and you can also download it to read offline, or purchase a printed text using the following instructions.

- Rupert, T.J., Pope, T.R., & Anderson, K.E. (2016). *Prentice Hall's federal taxation: individuals* (29<sup>th</sup> ed.). Upper Saddle River, NJ: Pearson. Print ISBN-10: 0134105907

*For further information about using a VitalSource text, visit the following help page:*

- [VitalSource: Help](#)

*Note: This e-text is available to you as part of your program tuition and fees, but you may purchase hard copies at your own expense through a retailer of your choice. If you choose to do*



so, please use the ISBN listed to ensure that you receive the correct edition.

## **MyAccountingLab**

MyAccountingLab contains the reviews, homework, quizzes, and study plan that you will need for this course.

View the MyAccountingLab Navigational Video to become familiar with using MyAccountingLab.

Note: To download this video, right-click the following link and choose "Save as...": [download video](#).

In the [Multimedia Library](#), you will be able to access the textbook and PowerPoint presentations for each chapter.

As you work through the course of study, you will find links to the assigned chapter readings and quizzes. There are three types of quizzes for each chapter that will help you prepare for the objective assessment:

- Chapter Review. These activities check your knowledge of the key concepts presented in the chapter.
- Chapter Quiz. These quizzes provide additional support by assessing your understanding of the chapter as a whole.
- Concept Quiz. These quizzes target your learning to specific topic areas (e.g., Tax Rate Quiz).

## **Question Help in MyAccountingLab**

Assignments in MyAccountingLab include a variety of learning aides to support you as you work through the problems. You can access these learning aides through the Question Help button. Below is a description of the learning aides. The available learning aides vary depending on the question.

**Help Me Solve This** provides support by guiding you step by step in solving a similar problem.

**eText** pages direct you to the area of the textbook that relates to the question topic.

**Calculator** provides a calculator.

**Worked Solutions** are step-by-step explanations that detail how to solve the problem using the exact numbers and data presented in the problem. The full solutions are available when reviewing submitted assignments.

## **Additional Learning Tools**

Use the Check Answer and Final Check buttons as you work through each problem.



**Check Answer** provides feedback for each stage of a problem so you know whether or not you are on the right track before moving on.

**Final Check** provides you with the correct answer for a problem step that remains incorrect after several attempts. This allows you to progress through to the next stage of the problem

### **MyAccountingLab Study Plan**

The Study Plan will help you to achieve mastery of each learning objective. The thumbtack icon indicates recommendations for what to work on next. The recommendations are based on the results from course quizzes, reviews, and homework assignments. Your Study Plan will include items from learning objectives that you have not yet mastered and provide you with additional practice.

The **Quiz Me** button provides a quiz to assess your mastery of the objective after you have completed the practice questions.

Once you've mastered an objective, you will earn Mastery Points for that objective and the Study Plan will recommend a new section for you to work on. The Study Plan Content page will list the number of points you have earned alongside the number of points possible for each objective.

*Note: If you retake course quizzes, reviews, and homework assignments, the new results will be reflected in the Study Plan.*

### **Minimum Technical Requirements**

#### **Obtain a Calculator**

You will need a financial calculator or access to spreadsheet software, such as Microsoft Excel, for computational problems throughout this course. The recommended financial calculator is the Texas Instruments BA-II Plus. You may only use an approved financial calculator during the pre-assessment and assessment for this course. You are unable to use Excel during the assessments.

### **Topics and Pacing**

The pacing guide suggests a weekly structure to pace your completion of learning activities. It is provided as a suggestion and does not represent a mandatory schedule. Follow the pacing guide carefully to complete the course in the suggested timeframe.

Use this printable checklist to track your progress through the course: [C237 Taxation Course Checklist](#)

#### **Week 1**

- Preparing for Success
- Nature, Purpose, and Scope of the Current U.S. Tax System

#### **Week 2**



- Individual Income Tax Formula

### **Week 3**

- Gains and Losses

### **Week 4**

- Deductions
- Itemized Deductions

### **Week 5**

- Final Steps of the Individual Income Tax Formula

### **Week 6**

- Final Steps of the Individual Income Tax Formula
- Tax Research
- Final Steps

## **Federal Taxation**

This section introduces the history, foundations, and basic principles of the U.S. federal tax system.

### **Nature, Purpose, and Scope of the Current U.S. Tax System**

In this section, you will learn the background and basic principles that underlie the current U.S. tax system. You will learn the basic principles of individual income tax rates and distinguish between various taxes and entities that are subject to taxation. The Internal Revenue Service and basic principles of tax practice will also be introduced here.

This topic addresses the following competency:

- **Competency 3026.1.1: Federal Taxation**  
The graduate explains the nature, purpose, and scope of the current U.S. tax system as it relates to individuals.

This topic highlights the following objectives:

- Describe the history of taxation in the United States.
- Identify the sources of tax law.
- Describe the criteria of an equitable tax structure (equity, certainty, convenience, economy, simplicity).
- Describe the structure of individual income tax rates.
- Calculate an individual's federal income tax from his or her taxable income.
- Distinguish between various types of taxes.



- Identify different types of entities that are subject to taxation in the United States.
- Describe the administrative procedures of the IRS.
- Describe various components of a tax practice.

## **Chapter 1: An Introduction to Taxation in the U.S.**

Read [Chapter 1 An Introduction to Taxation](#) in *Federal Taxation*.

View the following video:

- [Sources of Tax Authority and Research \(19:57\)](#)

Complete the following [MyAccountingLab](#) activities:

- Take the Chapter 1 Quiz.
- Complete the Chapter 1 Homework.

Optional MyAccountingLab Practice:

- Take the Tax Rate Quiz.
- Take the Federal, State, and Local Tax Quiz.
- Complete the Chapter 1 Review.
- Complete the [Study Plan](#) activities for Chapter 1.

## **Taxation of Individuals**

Millions of Americans rely on professionals to assist them in filing their taxes. This section outlines the complex set of rules for calculating individual income taxes for individuals.

### **Individual Income Tax Formula**

This topic will introduce the individual income tax formula and guide you through each step in the formula for calculating individual income taxes across a wide variety of situations.

This topic addresses the following competency:

- **Competency 3026.1.2: Taxation of Individuals**  
The graduate determines the tax treatment for items reflected in individual income tax returns.

This topic highlights the following objectives:

- Define each component of the individual income tax formula.
- Calculate an individual's income tax when provided with monetary amounts for each component of the tax formula.
- Identify three conditions that must be met for income to be taxable.
- Identify the primary accounting methods for individual tax purposes.
- Define gross income in accordance with IRC Section 61(a).
- Explain tax planning strategies individuals can use to minimize their tax liability.



- Identify items that the IRS does not define as income.
- Identify various types of major statutory exclusions from gross income.

## **Chapter 2 Determination of Tax**

Access [Chapter 2 Determination of Tax](#) in *Federal Taxation* and read the section, "Formula for Individual Income Tax."

View the following videos:

- [Personal and Dependency Exemptions](#) (24:18)
- [Filing Status](#) (21:09)

Optional [MyAccountingLab](#) Practice:

- Take the [Income Tax Formula Quiz](#).
- Complete the [Study Plan](#) activities for Chapter 2, Objective 1: Use the tax formula to compute an individual's taxable income.

## **Chapter 3 Gross Income: Inclusions**

Read [Chapter 3 Gross Income: Inclusions](#) in *Federal Taxation*.

View the following videos:

- [Gross Income - Concepts, Interest and Dividends](#) (28:53)
- [Gross Income - Other Inclusions](#) (11:06)

Complete the following [MyAccountingLab](#) activities:

- Take the Gross Income Quiz.
- Complete the Chapter 3 Homework.

Optional MyAccountingLab Practice:

- Complete the Chapter 3 Review.
- Complete the [Study Plan](#) activities for Chapter 3.

## **Chapter 4 Gross Income: Exclusions**

Read [Chapter 4 Gross Income: Exclusions](#) in *Federal Taxation*.

View the following video:

- [Gross Income - Exclusions](#) (15:28)

Complete the following [MyAccountingLab](#) activities:

- Take the Exclusions Quiz.



- Complete the Chapter 4 Homework.

Optional MyAccountingLab Practice:

- Complete the Chapter 4 Review.
- Complete the [Study Plan](#) activities for Chapter 4.

## **Gains and Losses**

This topic will continue to guide you through the individual income tax formula by introducing the process for classifying and determining the tax treatment for gains and losses for individuals.

This topic addresses the following competencies:

- **Competency 3026.1.2: Taxation of Individuals**  
The graduate determines the tax treatment for items reflected in individual income tax returns.

This topic highlights the following objectives:

- Identify the difference between a realized gain (or loss) and a recognized gain (or loss).
- Calculate property basis.
- Differentiate between capital assets and non-capital assets.
- Calculate the tax treatment of capital gains and losses.
- Determine the holding period for an asset when a sale or exchange occurs.

### **Chapter 5 Property Transactions: Capital Gains and Losses**

Read [Chapter 5 Property Transactions: Capital Gains and Losses](#) in *Federal Taxation*.

View the following videos:

- [Capital Gains and Losses](#) (33:00)
- [Sales and Dispositions of Assets](#) (22:04)

Complete the following [MyAccountingLab](#) activities:

- Take the Chapter 5 Quiz.
- Complete the Chapter 5 Homework.

Optional MyAccountingLab Practice:

- Complete the Chapter 5 Review.
- Complete the [Study Plan](#) activities for Chapter 5.

Access [Chapter 2 Determination of Tax](#) in *Federal Taxation* and read the following sections:

- "Treatment of Capital Gains and Losses"





- "Provision Applicable to Higher-Income Taxpayers"

Optional MyAccountingLab Practice:

- Complete the [Study Plan](#) activities for Chapter 2.
  - Objective 5: Explain the basic concepts of capital gains and losses.
  - Objective 6: Compute the income tax for high-income individuals.

## Deductions

This topic will provide you with an overview of how to determine deductions for individual income taxes.

This topic addresses the following competencies:

- **Competency 3026.1.2: Taxation of Individuals**  
The graduate determines the tax treatment for items reflected in individual income tax returns.

This topic highlights the following objectives:

- Distinguish between deductions *for* AGI and deductions *from* AGI.
- Identify examples of business and investment expense deductions.
- Explain the restrictions applied to expense deductions.
- Identify the time period when an expense becomes a deduction.
- Determine deductions from Adjusted Gross Income.

## Chapter 6 Deductions and Losses

Read [Chapter 6 Deductions and Losses](#) in *Federal Taxation*.

View the following video:

- [Deductions for AGI](#) (16:21)

Complete the following [MyAccountingLab](#) activities:

- Take the Chapter 6 Quiz.
- Complete the Chapter 6 Homework.

Optional MyAccountingLab Practice:

- Complete the Chapter 6 Review.
- Complete the [Study Plan](#) activities for Chapter 6.

Access [Chapter 2 Determination of Tax](#) in *Federal Taxation*.

- Read the section "Deductions from Adjusted Gross Income."



View the following video:

- [Deductions - Basic Principles](#) (15:41)

Optional [MyAccountingLab](#) Practice:

- Complete the Deductions from AGI Quiz.
- Complete the [Study Plan](#) activities for Chapter 2, Objective 2: Determine the amount of deductions from Adjusted Gross Income.

## Itemized Deductions

This topic examines a specific type of deductions: itemized deductions, which include medical expenses, charitable deductions, and other miscellaneous deductions.

This topic addresses the following competencies:

- **Competency 3026.1.2: Taxation of Individuals**  
The graduate determines the tax treatment for items reflected in individual income tax returns.

This topic highlights the following objectives:

- Identify the types of medical expenses that qualify as itemized deductions.
- Describe the limits on the amount of qualified medical expenses that can be deducted.
- Identify the types of taxes and interest that qualify as itemized deductions.
- Identify examples of deductible charitable contributions.
- Describe the limits on the amount of qualified charitable contributions that can be deducted.
- Identify types of miscellaneous itemized deductions.

## Chapter 7 Itemized Deductions

Read [Chapter 7 Itemized Deductions](#) in *Federal Taxation*.

View the following videos:

- [Itemized Deductions - Medical, Taxes, Interest](#) (28:40)
- [Itemized Deductions - Other](#) (23:38)

Complete the following [MyAccountingLab](#) activities:

- Take the Chapter 7 Quiz.
- Complete the Chapter 7 Homework.

Optional MyAccountingLab Practice:

- Complete the Chapter 7 Review.



- Complete the [Study Plan](#) activities for Chapter 7.

## Final Steps of the Individual Income Tax Formula

This topic will guide you through the remaining steps of the individual income tax formula and help you with issues such as losses, bad debt, filing statuses, and tax form submissions.

This topic addresses the following competencies:

- **Competency 3026.1.2: Taxation of Individuals**

The graduate determines the tax treatment for items reflected in individual income tax returns.

This topic highlights the following objectives:

- Determine what constitutes a loss for tax purposes.
- Explain the tax treatment for a bad debt.
- Describe the different types of exemptions for an individual tax return.
- Identify the different types of filing statuses.
- Determine the optimum filing status for different individuals.
- Calculate an individual's tax liability using the tax table.
- Identify various tax credits for individuals.
- Explain the difference between refundable and non-refundable tax credits.
- Describe tax withholding requirements and limitations.
- Explain when an individual should use a 1040, 1040EZ, 1040A, or 4868 form.
- Identify when a given individual income tax is due.
- Explain the differences between GAAP cost recovery and tax depreciation.
- Describe common expenses that may appear on forms 2106 and 2106-EZ.
- Explain the rules applicable to individuals under the Individual Shared Responsibility provisions of the Affordable Care Act.

## Chapter 8 Losses and Bad Debts

Read [Chapter 8 Losses and Bad Debts](#) in *Federal Taxation*.

Complete the following [MyAccountingLab](#) activities:

- Take the Chapter 8 Quiz.
- Complete the Chapter 8 Homework.

Optional MyAccountingLab Practice:

- Complete the Chapter 8 Review.
- Complete the [Study Plan](#) activities for Chapter 8.

## Chapter 2 Exemptions, Tax Forms, Due Dates, and Extensions

Access [Chapter 2 Determination of Tax](#) in *Federal Taxation*.



- Read the section, "Determining the Amount of Tax."
- Read the section, "Compliance and Procedural Considerations."

Complete the following [MyAccountingLab](#) activities:

- Take the Chapter 2 Quiz.
- Complete the Chapter 2 Homework.

Optional MyAccountingLab Practice:

- Complete the Chapter 2 Review.
- Complete the [Study Plan](#) activities for Chapter 2.
  - Objective 3: Calculate the income tax for individuals.

### **Chapter 14 Special Tax Computations Methods**

Read [Chapter 14 Special Tax Computation Methods, Tax Credits, and Payment of Tax](#) in *Federal Taxation*.

View the following video:

- [Personal Tax Credits](#) (34:54)

Complete the following [MyAccountingLab](#) activities:

- Take the Affordable Care Act Quiz.
- Complete the Chapter 14 Homework.

Optional MyAccountingLab Practice:

- Complete the [Study Plan](#) activities for Chapter 14.

### **Web Activity: Affordable Care Act**

Review the resources below to learn more about the Affordable Care Act including how to determine the shared responsibility payment for an individual and the available exemptions.

- [Affordable Care Act Planning for CPAs - Video](#)
- [Individual Shared Responsibility Provision—Reporting and Calculating the Payment](#)
- [Individual Shared Responsibility Provision—Exemptions: Claiming or Reporting](#)

### **Chapter 10 Depreciation, Cost Recovery, Amortization**

Read [Chapter 10 Depreciation, Cost Recovery, Amortization, and Depletion](#) in *Federal Taxation*.

Complete the following [MyAccountingLab](#) activities:

- Complete the Chapter 10 Quiz.



- Complete the Chapter 10 Homework.

Optional MyAccountingLab Practice:

- Complete the [Study Plan](#) activities for Chapter 10.

### Chapter 9 Employee Expenses and Deferred Compensation

Read [Chapter 9 Employee Expenses and Deferred Compensation](#) in *Federal Taxation*.

Complete the following [MyAccountingLab](#) activities:

- Complete the Chapter 9 Quiz.
- Complete the Chapter 9 Homework.

Optional MyAccountingLab Practice:

- Complete the [Study Plan](#) activities for Chapter 9.

## Tax Research

Tax law is the foundation for accounting procedures. Central to your role as an accountant is the process of researching, understanding, and applying tax law.

### Tax Research

In this section, you will study the tax research process, describe sources of tax law, and use tax research tools to resolve tax issues related to corporations.

This topic addresses the following competency:

- **Competency 3026.1.3: Tax Research**  
The graduate conducts basic tax research.

This topic highlights the following objectives:

- Describe the tax research process.
- Describe the various sources of tax law.
- Determine the relative weight of each tax law source in relation to one another.
- Apply various tools to assist in tax research.

### Tax Research

Read [Chapter 15 Tax Research](#) in *Federal Taxation*. As you read, write a brief description of each of the six steps in the tax research process.

Complete the following [MyAccountingLab](#) activities:

- Complete the Chapter 15 Homework.



Optional MyAccountingLab Practice:

- Complete the Chapter 15 Review.
- Take the Chapter 15 Quiz.
- Take the Assessment Practice Exam.

## **Final Steps**

Congratulations on completing the activities in this course! You are now prepared to complete the associated assessment. If you have not already been directed to complete it, schedule and complete the assessment now.