



This course supports the assessment for Taxation II. The course covers 7 competencies and represents 3 competency units.

Introduction

Overview

Welcome to Taxation II! This course focuses on the taxation of business entities, including corporations, partnerships, estates and trusts, and LLCs. Important taxation concepts and skills discussed in this course include tax reporting, planning, and research skills applicable to a variety of business contexts. The activities you will complete for this course emphasize the role of taxes in business decisions and business strategy.

welcome video for an introduction to this course:

Getting Started

In this course, you will learn using your VitalSource e-text along with reviews, homework, quizzes, and a study plan which can be accessed through the MyAccountingLab links within each topic. These activities will help you assess your progress and comprehension of the topics. Your pacing guide provides suggestions on when to complete the activities and a printable checklist will enable you to track your progress through the course. Remember to reach out to your course instructor for support and guidance. Upon the completion of the course, your competencies will be measured with an objective assessment.

Competencies

This course provides guidance to help you demonstrate the following 7 competencies:

- **Competency 3027.1.1: Tax Implications of Different Business Structures**
The graduate evaluates the tax implications of different legal structures for business entities.
- **Competency 3027.1.2: C Corporations**
The graduate determines the tax treatment for C corporations.
- **Competency 3027.1.3: S Corporations**
The graduate determines the tax treatment for S corporations.
- **Competency 3027.1.4: Partnerships**
The graduate determines the tax treatment for partnerships.
- **Competency 3027.1.5: Estates and Trusts**
The graduate determines the tax treatment for estates and trusts.
- **Competency 3027.1.6: IRS Procedures**
The graduate describes the administrative procedures of the IRS.
- **Competency 3027.1.7: Tax Research**
The graduate researches tax issues related to taxation of entities.

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 or acquire other resources independently. 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. John Wiley & Sons. 2017.

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: corporations, partnerships, estates* (29th ed.). Upper Saddle River: Pearson. Print ISBN13: 9780134105857

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. You will be directed to specific materials in MyAccountingLab throughout the 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, 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 quizzes 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 topics and pacing suggest 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: [C238 Taxation II Course Checklist](#)

Week 1

- Preparing for Success
- Federal Tax System as It Relates to Different Business Structures



Week 2

- Tax Treatment for C Corporations
- Additional Tax Issues for C Corporations

Week 3

- Tax Treatment for S Corporations

Week 4

- Tax Treatment for Partnerships
- Special Partnership Issues

Week 5

- Estates and Trusts
- Administrative Procedures of the IRS

Week 6

- Tax Research
- Final Steps

Tax Implications of Different Business Structures

Each type of business structure has different tax implications. Accountants need to understand these differences in order to plan effectively and account for business operations.

Federal Tax System as It Applies to Different Business Structures

It is essential to understand the tax implications of different business structures. In this topic, you will examine the tax advantages and disadvantages of different business structures, including sole proprietorships, partnerships, C corporations, and S corporations. You will also examine the tax advantages and disadvantages of equity and debt in a corporation's capital structure.

This topic addresses the following competency:

- **Competency 3027.1.1: Tax Implications of Different Business Structures**
The graduate evaluates the tax implications of different legal structures for business entities.

This topic highlights the following objectives:

- Identify the different types of business organizations.
- Identify the tax advantages and disadvantages of sole proprietorships.
- Identify the tax advantages and disadvantages of partnerships.



- Identify the tax advantages and disadvantages of C corporations.
- Identify the tax advantages and disadvantages of S corporations.
- Identify the tax advantages and disadvantages of equity and debt in a corporation's capital structure.

Chapter 2: Capital Formation and Corporate Structure

Read [Chapter 2: "Corporate Formations and Capital Structure"](#) in *Federal Taxation*.

View the following videos:

- [Formation](#) (4:04)
- [Financial Structure](#) (5:48)
- [Business Entity Choice](#) (18:54)
- [Formation of a Corporation](#) (18:05)

Complete the following [MyAccountingLab](#) activities:

- Take the Organization Forms Quiz.
- Take the Capital Structure Quiz.
- Complete the Chapter 2 Homework.

Optional MyAccountingLab Practice:

- Complete the Chapter 2 Review.
- Complete the [Study Plan](#) activities for Chapter 2.

C Corporations

It is fundamental for accountants to be able to understand and apply the rules and processes for the taxation of corporations.

Tax Treatment for C Corporations

In this topic you will learn essential tax rules for corporations, including how to determine a corporation's taxable income, loss, and tax liability. You will also learn tax planning strategies for corporations.

This topic addresses the following competency:

- **Competency 3027.1.2: C Corporations**
The graduate determines the tax treatment for C corporations.

This topic highlights the following objectives:

- Describe the elections that a corporation makes on its initial tax return.
- Calculate a corporation's taxable income.
- Calculate a corporation's income tax liability.
- Calculate a personal service corporation's income tax liability.



- Explain the special tax rules used for controlled groups in corporations.
- Describe tax planning strategies to minimize the amount of corporate taxes.
- Identify the items that must be reconciled in the schedules M-2 and M-3.

Chapter 3: The Corporate Income Tax

Read [Chapter 3: "The Corporate Income Tax"](#) in *Federal Taxation*.

View of the following video:

- [Corporate Income](#) (17:15)

Complete the following [MyAccountingLab](#) activities:

- Take the Corporate Elections Quiz.
- Take the Corporate Taxable Income Quiz.
- Take the Corporate Tax Liability and Filing Quiz.
- Complete the Chapter 3 Homework.

Optional MyAccountingLab practice:

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

Additional Tax Issues for C Corporations

In this topic you will explore various issues, including nonliquidating distributions and three additional types of taxes for C corporations.

This topic addresses the following competencies:

- **Competency 3027.1.2: C Corporations**
The graduate determines the tax treatment for C corporations.

This topic highlights the following objectives:

- Calculate a corporation's earnings and profits.
- Describe the tax impact of nonliquidating distributions to shareholders.
- Determine the tax treatment for stock dividends and stock rights.
- Determine the tax treatment for stock redemptions.
- Explain the criteria that make a corporation liable for alternative minimum tax.
- Analyze a corporation to determine if it is a personal holding company.
- Describe the tax treatment for accumulated earnings.
- Describe tax planning strategies that are associated with AMT and PHC.
- Explain the rules that must be followed for corporate liquidations.
- Explain the rules applicable to business entities under the Employer Shared Responsibility provisions of the Affordable Care Act.

Chapter 4: Corporate Nonliquidating Distribution in General; Earning and Profits Tax



Read [Chapter 4: "Corporate Nonliquidating Distributions"](#) in *Federal Taxation*.

View the following video:

- [Termination \(6:47\)](#)

Complete the following [MyAccountingLab](#) activities:

- Take the Corporate Nonliquidating Distributions Quiz.
- Complete the Chapter 4 Homework.

Optional MyAccountingLab practice:

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

Chapter 5: Other Corporate Tax Levies

Read [Chapter 5: "Other Corporate Tax Levies"](#) in *Federal Taxation*.

View the following video:

- [Distributions from a Corporation \(20:23\)](#)

Complete the following [MyAccountingLab](#) activities:

- Take the Miscellaneous Corporate Tax Levies Quiz.
- Take the Corporate Liquidation Quiz.
- Complete the Chapter 5 Homework.

Optional MyAccountingLab practice:

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

Chapter 6: Corporate Liquidating Distributions

Read pages 2-14 of [Chapter 6: "Corporate Liquidating Distributions"](#) in *Federal Taxation*.

View the following video:

- [Corporate Redemptions and Liquidations \(17:39\)](#)

Complete the following [MyAccountingLab](#) activities:

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



Optional MyAccountingLab activity:

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

Web Activity: Affordable Care Act

Review the resources listed below to learn more about the Affordable Care Act, including the rules for the employer shared responsibility payment.

- [Affordable Care Act Planning for CPAs - Video](#)
- [Employer Shared Responsibility Provisions](#)
- [The Affordable Care Act: Summary of Employer Requirements](#)

S Corporations

S corporations have specific tax rules and regulations that are different from those of C corporations. It is important to understand the difference between the two types of corporations.

Tax Treatment for S Corporations

In this section, you will study the unique tax advantages, disadvantages, and regulations that apply specifically to S corporations.

This topic addresses the following competency:

- **Competency 3027.1.3: S Corporations**
The graduate determines the tax treatment for S corporations.

This topic highlights the following objectives:

- Explain the tax advantages and disadvantages of an S corporation.
- Describe the requirements for being eligible to elect S corporation status.
- Identify which events trigger the termination of an S corporation.
- Describe the tax treatment of ordinary income and separately stated items on an S corporation return.
- Describe the taxation of shareholders of S corporations.
- Calculate the stock and debt basis of an S corporation shareholder.
- Identify tax planning strategies for an S corporation.

Chapter 11: S Corporations

Read [Chapter 11 "S Corporations"](#) in *Federal Taxation*.

View the following videos:

- [Eligibility, Elections, Terminations \(15:44\)](#)
- [Income and Basis \(19:09\)](#)

Complete the following [MyAccountingLab](#) activities:



- Take the S Corporations Quiz.
- Complete the Chapter 11 Homework.

Optional MyAccountingLab activities:

- Complete the Chapter 11 Review.
- Complete the [Study Plan](#) activities for Chapter 11.

Partnerships

Partnerships are a major type of business structure that is widely used in the U.S. It is essential to learn the tax guidelines that apply specifically to partnerships.

Tax Treatment for Partnerships

In this section, you will learn about the different types of partnerships; specific rules for the formation, taxation, and termination of partnerships; tax planning strategies for partnerships; and the advantages of limited liability companies and limited liability partnerships.

This topic addresses the following competency:

- **Competency 3027.1.4: Partnerships**
The graduate determines the tax treatment for Partnerships.

This topic highlights the following objectives:

- Describe the types of partnerships.
- Describe the tax treatment of partnership income.
- Describe the tax consequences to a partnership of property or service contributions.
- Explain the process of establishing a tax year for a partnership.
- Describe the tax treatment of ordinary income and separately stated items on a partnership return.
- Determine the tax treatment for each partner's distributive share.
- Describe the impact of liabilities on a partner's basis.
- Describe the tax consequences for a partnership due to property sales.
- Identify tax planning strategies for partnerships.

Chapter 9: Partnership Formation and Operations

Read [Chapter 9: "Partnership Formation and Operation" in *Federal Taxation*](#).

View the following videos:

- [Formation ad Basis \(30:23\)](#)
- [Flow-Through of Income and Losses \(31:37\)](#)
- [Partnership Distributions \(17:00\)](#)

Complete the following [MyAccountingLab](#) activities:



- Take the Partnerships Quiz Part 1.
- Complete the Chapter 9 Homework.

Optional MyAccountingLab activity:

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

Special Partnership Issues

In this section, you will learn about special issues for partnerships and various types of partnerships including publicly traded partnerships, limited liability companies, and limited liability partnerships.

This topic addresses the following competencies:

- **Competency 3027.1.4: Partnerships**
The graduate determines the tax treatment for partnerships.

This topic highlights the following objectives:

- Identify the types of nonliquidating partnership distributions.
- Determine the tax consequences when liquidating or selling a partnership.
- Determine the tax consequences when a partnership is terminated.
- Describe the advantages of forming a limited liability company.
- Describe the advantages of limited liability partnerships.

Chapter 10: Special Partnership Issues

Read [Chapter: "10 Special Partnership Issues" in *Federal Taxation*](#).

View the following videos:

- [Transactions with Partners \(17:12\)](#)
- [Sales and Terminations \(18:33\)](#)

Complete the following [MyAccountingLab](#) activities:

- Take the Special Partnership Issues Quiz.
- Take the Partnerships Quiz.
- Complete the Chapter 10 Homework.

Optional MyAccountingLab activities:

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

Estates and Trusts

Estates and trusts are unique entities that are defined as fiduciaries. The concept of fiduciaries



opens up a new realm of tax rules and regulations to understand and apply.

Estates and Trusts

In this section, you will define trusts and estates and determine the taxable income of each.

This topic addresses the following competency:

- **Competency 3027.1.5: Estates and Trusts**
The graduate determines the tax treatment for estates and trusts

This topic highlights the following objectives:

- Describe trusts, including inter vivos trusts and testamentary trusts.
- Define an estate.
- Determine a trust's or estate's gross income tax liability.
- Determine a trust's distributable net income (DNI).
- Determine the taxable income of a simple trust and tax treatments for beneficiaries.
- Determine the taxable income for complex trusts and estates.

Chapter 14: Income Taxation of Trusts and Estates

Read [Chapter 14: "Income Taxation of Trusts and Estates" in *Federal Taxation*](#).

View the following videos:

- [Federal Estate Tax \(36:04\)](#)
- [Income Taxation of Fiduciaries \(20:09\)](#)

Complete the following [MyAccountingLab](#) activities:

- Take the Estates and Trusts Quiz.
- Complete the Chapter 14 Homework.

Optional MyAccountingLab activities:

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

IRS Procedures

The Internal Revenue Service (IRS) directs tax collection and enforcement in the United States. Accountants need to be thoroughly familiar with its procedures.

Administrative Procedures of the IRS

In this section, you will describe IRS procedures including auditing, private letter rulings, tax returns and payments, penalties, and the statute of limitations.

This topic addresses the following competency:



- **Competency 3027.1.6: IRS Procedures**

The graduate describes the administrative procedures of the IRS

This topic highlights the following objectives:

- Identify the steps of the auditing process.
- Describe the process for requesting a private letter ruling.
- List the due dates for tax returns and tax payments (including extensions).
- Describe failure-to-file and failure-to-pay penalties.
- Describe the penalties for negligence, substantial understatement, civil fraud, and criminal fraud.
- Explain when the statute of limitations applies for tax returns.

Chapter 15: Administrative Procedures

Read [Chapter 15: "Administrative Procedures" in *Federal Taxation*](#).

Complete the following [MyAccountingLab](#) activities:

- Take the IRS Quiz.
- Complete the Chapter 15 Homework.

Optional MyAccountingLab activities:

- Complete the Chapter 15 Review.
- Complete the [Study Plan](#) activities for Chapter 15.

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 3027.1.7: Tax Research**

The graduate researches tax issues related to the taxation of entities

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 and the tax research process to resolve a tax issue related to corporations.



Chapter 1: Tax Research

Read [Chapter: "1 Tax Research"](#) in *Federal Taxation*.

View the following video:

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

Complete the following [MyAccountingLab](#) activities:

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

Optional MyAccountingLab activities:

- Complete the Chapter 1 Review.

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; then complete the assessment now.