This course supports the assessments for Concepts in Financial Accounting and Tax. The course covers 13 competencies and represents 6 competency units.

**Introduction**

**Overview**
This course is a vital component of your new career as an accountant. Some students choose to practice alone, some in the public sector, and some in an industrial setting. The study of intermediate accounting and income tax is relevant to each career option. Providing information about what a business owns, what they owe, and how they are performing is a critical aspect of accounting information. Accounting is an information and measurement system that identifies, records, and communicates relevant, reliable, and comparable information about an organization's activities and investments.

Accounting is often called the language of business because all organizations set up an accounting information system to communicate data to help people make better decisions.

Imagine that you are a new employee with a regional accounting firm. You know that much of your work from January to April will be tax work for businesses and individuals; however, the rest of the year will be devoted to client accounting and statement preparation.

One of the firm's clients comes in to discuss the construction of a new building on some land that was just purchased for $500,000. The land has some old structures on it that will be removed. The new building is expected to cost $3 million. The client wants to maximize the depreciation for the first four years. How would you advise the client?

You will need a financial calculator or a spreadsheet program, such as Microsoft Excel, in order to solve computational problems throughout this course.

Watch the following welcome 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 13 competencies:

- **Competency 302.2.1: Current Tax System**
  The student understands the nature, purpose, and scope of the current U.S. tax system.

- **Competency 302.2.2: Tax Treatments for Partnerships, Estates, and Trusts**
  The student determines the tax treatment for partnerships, estates, and trusts.

- **Competency 302.2.3: Tax Treatments for Individual Returns**
  The student determines tax treatments for individual income tax returns.

- **Competency 302.3.1: Accounting Standards**
The student understands the scope and purpose of accounting standards.

- **Competency 302.3.2: Valuing Receivables and Inventories**
  The student can use various methods to value receivables and inventories.

- **Competency 302.3.3: Long Term Assets**
  The student can perform accounting for long term assets.

- **Competency 302.3.5: Bonds**
  The student can account for the issuance of bonds.

- **Competency 302.3.6: Liabilities**
  The student can value liabilities.

- **Competency 302.3.7: Stock and Retained Earnings**
  The student accounts for the effects of stock and retained earnings on stockholder's equity.

- **Competency 302.3.8: Recording for Investments**
  The student understands recording for investments.

- **Competency 302.3.9: Income**
  The student can account for income.

- **Competency 302.3.10: Differentiating Accounting and Income Tax Rules**
  The student reconciles the differences between rules for accounting and rules for income tax.

- **Competency 302.3.11: Lease and Pension Recording**
  The student can record leases and pensions.

**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 guide you through the revision process. You should expect to work with course instructors for the duration of your coursework, so you are welcome 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 manually enroll 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.
Using Your Learning Resources

Please watch the following video on Using Your Learning Resources:

Note: To download this video, right-click the following link and choose "Save as...": download video.

Manually Enrolled Resources

Take a moment to enroll in the learning resources listed in this section by following the instructions provided below.

Cengage Aplia

Aplia uses interactive problem sets, detailed explanations, and real-world examples so you can practice the tax concepts as you prepare for the ATO1 objective assessment. Problems have been individually selected to provide you with some overall practice on tax concepts.

Aplia includes the following textbook as an e-text:


Registration Instructions:

1. Log in here.

2. Enter your WGU e-mail address and click on Create New Account.

3. Enter the required information to create an account: First Name, Last Name, Password creation, Security Question and Answer, and check the box to agree to the terms of the site.

4. Please make note of the login credentials you created for this site.

Automatically Enrolled Learning 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.

WileyPLUS

WileyPLUS is the primary learning resource for the intermediate accounting content in this course. For each chapter, there is a "Reading," an "Assignment," and a "Chapter Review" to help you check your level of understanding and competence. Your reading efforts, work on the assignments, and scores on the chapter reviews will be reported in the WileyPLUS gradebook.
Note: If you require assistance or approval from the course instructor for a second attempt on the objective assessment, the course instructor will rely on the WileyPLUS gradebook reporting feature.

The "Read, Study & Practice" section of WileyPLUS provides additional resources for the text. Work done in the "Ready, Study & Practice" portion of WileyPLUS is not reported in the gradebook.

The following e-text will be the primary reading for WileyPLUS:


**Introduction to Accounting: The Language of Business**

In order to ensure that you have the grounding in accounting fundamentals necessary to successfully complete this assessment, you may wish to review some core concepts prior to and while you engage in this course. The Introduction to Accounting: The Language of Business courseware contains modules with lessons that are instructor-led with on-screen presentation of material. There are numerous helps built into each lesson. This resource is only necessary for those students who need to build a more solid foundation in accounting principles while working through the remainder of this course's activities. Click the following link to access the resource:

- Introduction to Accounting: The Language of Business

**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**

This outline 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 these guidelines carefully to complete the course in the suggested timeframe.

**Week 1**

- Current Tax System
- Tax Law

**Week 2**

- Gross Income: Concepts and Inclusions
- Trusts & Estates
In your study of income tax concepts, focus on the broad picture. There are many special circumstances that have special tax rules. It is not possible to know them all.

One of the skills you will need to build in your study is the ability to research the tax law. This research will allow you to provide value-added services to your clients. After you have completed an accounting degree, you should be familiar with the law, but the law is usually changed annually. Your clients will expect you to apply the law and the changes therein when they come to you for your services.

**Current Tax System**
This topic addresses the following competency:
• Competency 302.2.1: Current Tax System
  The student understands the nature, purpose, and scope of the current U.S. tax system.

This topic highlights the following objectives:

• Define how taxes influence decision making by individuals.
• Define how tax regulations impact business decisions.
• Identify the professional, ethical, and legal responsibilities of a tax practitioner.

Chapter 1

Read the following in South-Western Federal Taxation 2013:

• Chapter 1 ("An Introduction to Taxation and Understanding the Federal Tax Law")

Chapter 1 Concept Review

Use the text website, South-Western Federal Taxation 2013: Comprehensive, 36th Edition, to complete the following activities:

• Review the key terms.
• Take the interactive quiz.

Tax Law

This topic addresses the following competency:

• Competency 302.2.1: Current Tax System
  The student understands the nature, purpose, and scope of the current U.S. tax system.

This topic highlights the following objective:

• Recognize appropriate methodologies and sources for tax research.

Chapter 2

Read the following in South-Western Federal Taxation 2013:

• Chapter 2 ("Working with the Tax Law")

Chapter 2 Concept Review

Use the text website, South-Western Federal Taxation 2013: Comprehensive, 36th Edition, to complete the following activities for the chapter:

• Review the key terms.
• Take the interactive quiz.

Gross Income: Concepts and Inclusions

This topic addresses the following competency:

• Competency 302.2.3: Tax Treatments for Individual Returns
The student determines tax treatments for individual income tax returns.

This topic highlights the following objective:

- Recognize the differences in income tax liability resulting from the uses of accrual basis versus cash basis accounting.
- Identify how an alternative minimum tax affects an individual tax payer.

**Chapter 4**

Read the following in *South-Western Federal Taxation 2013*:

- [Chapter 4 (“Gross Income: Concepts and Inclusions”)]

**Chapter 4 Concept Review**

Use the text website, *South-Western Federal Taxation 2013: Comprehensive, 36th Edition*, to complete the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

**Trusts & Estates**

This topic addresses the following competency:

- **Competency 302.2.2: Tax Treatments for Partnerships, Estates, and Trusts**
  The student determines the tax treatment for partnerships, estates, and trusts.

This topic highlights the following objectives:

- Identify the tax treatment for a trust.
- Identify the tax treatment for an estate.

**Chapter 28**

Read the following in *South-West Federal Taxation 2013*:

- [Chapter 28 ("Income Taxation of Trusts and Estates")]

**Chapter 28 Concept Review**

Use the text website, *South-Western Federal Taxation 2013: Comprehensive, 36th Edition*, to complete the following activities for the chapter:

- Review the key terms.
- Take the interactive quiz.

**Accounting Standards**

Your accounting study expands to a more theoretical approach in intermediate accounting. Some new topics will be studied, and there will be some expansion of topics covered in your
accounting principles course.

As an accounting professional, your accounting skills need to go well beyond the accounting principles with study of why certain transactions are recorded a certain way and even in different but correct ways using different methods.

**Accounting Standards**

This topic addresses the following competency:

- **Competency 302.3.1: Accounting Standards**
  The student understands the scope and purpose of accounting standards.

This topic highlights the following objectives:

- Explain the rule-setting authority of the Financial Accounting Standards Board.
- Explain the rule-setting authority of the Securities and Exchange Commission with regard to accounting regulations and enforcement.
- Identify the role of various accounting standard-setting bodies.
- Explain the purpose of generally accepted accounting principles (GAAP).

**Chapter 1**

Log in to [WileyPlus](https://www.wileyplus.com) and complete the following assignments:

- Chapter 01a Reading
- Chapter 01c Chapter Review

**Supplemental Learning Resources**

Review the additional resources:

- [Power Point Review Ch01](#) (located on the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
- [Read, Study & Practice](#) of WileyPLUS provides additional resources.

**Receivables and Inventory**

Companies that sell their products to other businesses are obligated to offer credit terms. All companies should have good controls in place that allow for checks to ensure the goods ordered are received before payment is made. Upon receipt of goods, inventory must be updated but only after goods have been counted to ensure the amount ordered is received. Inventory valuation methods will be studied with some expansion of the theories you learned in the principles course.

Maximizing sales in a business creates a potential situation of selling to customers who are poor credit risks. This situation can be resolved by not selling on credit, but then sales will decrease.
A decision must be made about the amount of risk to accept, and entries must be made to record this risk assessment.

Inventory must be assigned a value on the balance sheet. This value can be determined in many ways, but once a business makes the determination of the method it will use, there must be consistent application over time.

**Receivables-Valuation Methods**
This topic addresses the following competency:

- **Competency 302.3.2: Valuing Receivables and Inventory**
  The student can use various methods to value receivables and inventories.

This topic highlights the following objectives:

- Calculate the allowance for bad debt.
- Determine the effect of discounts on the value of receivables.

**Chapter 7**

Log in to [WileyPLUS](https://www.wileyplus.com) and complete the following assignments:

- Chapter 07a Reading
- Chapter 07b Assignment
- Chapter 07c Chapter Review

**Supplemental Learning Resources**

Review the additional resources:

- [Power Point Review Ch07](https://www.wileyplus.com) (located at the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
- [Read, Study & Practice](https://www.wileyplus.com) of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

**Inventory-Valuation Method**
This topic addresses the following competency:

- **Competency 302.3.2: Valuing Receivables and Inventories**
  The student can use various methods to value receivables and inventories.

This topic highlights the following objectives:

- Calculate the effect of the Dollar-Value LIFO method on income and assets.
- Determine inventory valuation after considering F.O.B. terms.

**Chapters 8 and 9**
Log in to WileyPLUS and complete the following assignments:

- Chapter 08a Reading
- Chapter 08b Assignment
- Chapter 08c Chapter Review
- Chapter 09a Reading
- Chapter 09b Assignment
- Chapter 09c Chapter Review

**Supplemental Learning Resources**

Review the additional resources:

- **Power Point Review Ch08 and Power Point Review Ch09** (located on the bottom half of the page) provides a summary of the key points of the chapters.
- Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
- **Read, Study & Practice** of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

**Long-Term Assets**

Long-term assets all provide economic benefit to a firm over a number of accounting periods. Accrual accounting requirements stipulate that the amount of expense allocated to an accounting period must be matched against the revenue of the period.

Different methods are used for the three types of assets, and there are special rules for some items.

**Acquisition and Disposition**

This topic addresses the following competency:

- **Competency 302.3.3: Long-Term Assets**
  The student can perform accounting for long-term assets.

This topic highlights the following objectives:

- Identify journal entries for interest costs incurred in a construction project.
- Calculate total cost for land, buildings, equipment, and self-constructed assets for a given scenario.
- Identify the accounting entries required for costs subsequent to acquisition for a given scenario.

**Chapter 10**

Log in to WileyPLUS and complete the following assignments:
Chapter 10a Reading
Chapter 10b Assignment
Chapter 10c Chapter Review

Supplemental Learning Resources

Review the additional resources:

- [Power Point Review Ch10](#) (located on the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the “Course Tips” section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
- [Read, Study & Practice](#) of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

### Chapter 6

The time value of money concepts covered in Chapter 6 are used when valuing assets, liabilities, pensions, and leases. The chapter is added here to ensure you have a chance to practice the methods before having to apply them in this and coming chapters.

Log in to [WileyPLUS](#) and complete the following assignments:

- Chapter 06a Reading
- Chapter 06b Assignment
- Chapter 06c Chapter Review

Supplemental Learning Resources

Review the additional resources:

- [Power Point Review Ch06](#) (located on the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the “Course Tips” section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
- [Read, Study & Practice](#) of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

### Depreciation and Depletion

This topic addresses the following competency:

- **Competency 302.3.3: Long-Term Assets**
  The student can perform accounting for long-term assets.

This topic highlights the following objective:

- Calculate depletion of an asset.
Chapter 11

Log in to WileyPLUS and complete the following assignments:

- Chapter 11a Reading
- Chapter 11b Assignment
- Chapter 11c Chapter Review

Supplemental Learning Resources

Review the additional resources:

- Power Point Review Ch11 (located on the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
- Read, Study & Practice of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

Intangible Assets

This topic addresses the following competency:

- Competency 302.3.3: Long-Term Assets
  The student can perform accounting for long-term assets.

This topic highlights the following objectives:

- Apply generally accepted accounting principles (GAAP) procedures for accounting for research and development for a given scenario.
- Identify the impairment rules related to goodwill.

Chapter 12

Log in to WileyPLUS and complete the following assignments:

- Chapter 12a Reading
- Chapter 12b Assignment
- Chapter 12c Chapter Review

Supplemental Learning Resources

Review the additional resources:

- Power Point Review Ch12 (located on the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
Short- and Long-Term Liabilities

There are some liabilities that require special adjusting entries. Payroll and warranties both have some liability issues when an accounting period ends.

Large corporations raise capital from two primary sources: investments by shareholders for stock in the firm and debt-using bonds. There is a market for trading both types of investments. In this subject you will discover how debt is used and recorded.

Liabilities are a fact of life for all business entities. Short-term payables are a regular occurrence as goods are purchased on credit for use in the business. A good internal control system will discourage the use of cash purchases. There are other liabilities that have some special rules. You will even find there is a class of liability that is recorded because it is anticipated even though it hasn't happened yet.

Current Liabilities

This topic addresses the following competencies:

- Competency 302.3.6: Liabilities
  The student can value liabilities.

This topic highlights the following objectives:

- Determine the imputed interest rate for a given situation.
- Determine the proper accounting treatment of dividends payable.
- Determine the proper accounting treatment of unearned (or deferred) revenues.
- Determine the proper accounting treatment of short-term payables.
- Identify off-balance-sheet financing.
- Identify the entries for payroll.
- Identify disclosure requirements for contingencies.

Chapter 13

Log in to WileyPLUS and complete the following assignments:

- Chapter 13a Reading
- Chapter 13b Assignment
- Chapter 13c Chapter Review

Supplemental Learning Resources

Review the additional resources:

- Power Point Review Ch13 (located on the bottom half of the page) provides a summary of the key points of the chapter.
• Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
• Read, Study & Practice of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

Long-Term Liabilities
This topic addresses the following competencies:

• Competency 302.3.5: Bonds
  The student can account for the issuance of bonds.
• Competency 302.3.6: Liabilities
  The student can value liabilities.

This topic highlights the following objectives:

• Differentiate between straight-line and effective-interest amortization tables for bonds.
• Recognize examples of different types of bonds issued by industrial corporations.
• Perform entries for a bond issued between interest dates.
• Identify the reasons why bonds are issued at a price different from face value.
• Use time value of money principles to determine the value of long-term notes payable.

Chapter 14
Log in to WileyPLUS and complete the following assignments:

• Chapter 14a Reading
• Chapter 14b Assignment
• Chapter 14c Chapter Review

Supplemental Learning Resources

Review the additional resources:

• Power Point Review Ch14 (located on the bottom half of the page) provides a summary of the key points of the chapter.
• Recorded lectures in the “Course Tips” section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
• Read, Study & Practice of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

Corporate Equity

This subject is all about invested capital in a corporation, such as how it is accounted for, the types of stock offered, and the return expected by the owners.

Corporate equity reporting must be different from the sole proprietorship and partnership accounting since a corporation can have infinite life. The contributed capital and earned capital
are accounted for and reported separately.

**Capital Acquisition from Investors**

This topic addresses the following competency:

- **Competency 302.3.7: Stock and Retained Earnings**
  The student accounts for the effects of stock and retained earnings on stockholder’s equity.

This topic highlights the following objectives:

- Identify journal entries for a stock issuance.
- Identify journal entries for a cash dividend from date of declaration through date of issuance.
- Calculate retained earnings for a given situation.
- Differentiate between common and preferred stock.
- Identify proper accounting for stock splits.
- Identify proper accounting for stock dividends.
- Identify proper accounting for the sale of treasury stock.
- Discern the effects of stock options on the balance sheet.

**Chapter 15**

Log in to WileyPLUS and complete the following assignments:

- Chapter 15a Reading
- Chapter 15b Assignment
- Chapter 15c Chapter Review

**Supplemental Learning Resources**

Review the additional resources:

- **Power Point Review Ch15** (located on the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
- **Read, Study & Practice** of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

**Dilutive Securities and Earnings Per Share**

This topic addresses the following competency:

- **Competency 302.3.7: Stock and Retained Earnings**
  The student accounts for the effects of stock and retained earnings on stockholder’s equity.

This topic highlights the following objectives:
• Calculate retained earnings for a given situation.
• Discern the effects of stock options on the balance sheet.

Chapter 16

Log in to WileyPLUS and complete the following assignments:

• Chapter 16a Reading
• Chapter 16b Assignment
• Chapter 16c Chapter Review

Supplemental Learning Resources

Review the additional resources:

• Power Point Review Ch16 (located on the bottom half of the page) provides a summary of the key points of the chapter.
• Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
• Read, Study & Practice of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

Investments and Income

In this subject, you will study investments and how they are recorded in the accounting records depending on the ownership percentage and the intent of management.

Revenue is generally recognized and earned when a sale is made. However, there are many special circumstances when a business delays the recognition. You will study eight different methods. There are some dramatic changes to the income statement discussed in Chapter 4 of Intermediate Accounting. Be sure to review the content for discontinued operations, the rules for extraordinary items, and how accounting principle changes are accounted for.

Investments

This topic addresses the following competencies:

• Competency 302.3.8: Recording for Investments
  The student understands recording for investments.

This topic highlights the following objectives:

• Differentiate between accounting for securities at cost and at equity.
• Differentiate between types of securities.
• Differentiate between methods for valuation of assets of a lump-sum purchase.
• Identify the major provisions of the Securities Exchange Act of 1934.
• Identify the major provisions of the Securities Act of 1933.

Chapter 17
Log in to WileyPLUS and complete the following assignments:

- Chapter 17a Reading
- Chapter 17b Assignment
- Chapter 17c Chapter Review

Supplemental Learning Resources

Review the additional resources:

- [Power Point Review Ch17](located on the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
- [Read, Study & Practice](of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

Securities Act

Read about the Securities Acts of 1933 and 1934 on the following U.S. Securities and Exchange Commission web page:

- [The Laws That Govern the Securities Industry](

Revenue Recognition

This topic addresses the following competencies:

- **Competency 302.3.9: Income**
  The student can account for income.

This topic highlights the following objectives:

- Calculate fully diluted earnings per share.
- Identify techniques to recognize revenue.
- Identify accounting treatments for construction projects.
- Recognize examples of extraordinary items.
- Identify the accounting for discontinued operations.
- Recognize the income statement effects of a change in accounting principles.

Chapters 4 and 18

Log in to WileyPLUS and complete the following assignments:

- Chapter 18a Reading
- Chapter 18b Assignment
- Chapter 18c Chapter Review

In Chapter 4, review earnings per share and examples of extraordinary items on page 170.
Supplemental Learning Resources

Review the additional resources:

- **Power Point Review Ch18** (located on the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
- **Read, Study & Practice** of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

**Accounting and Income Tax Rule Differences**

In this subject, you will find that the income statement and the corporate tax return seldom report the same income. Why? The rules are different. The rules for recording income taxes differ between the IRS rules and accounting rules. The content in this section highlights some permanent and temporary differences along with the creation of a tax asset or tax liability, depending on the company's situation.

**Accounting and Income Tax Rule Differences**

This topic addresses the following competency:

- **Competency 302.3.10: Differentiating Accounting and Income Tax Rules**
  The student reconciles the differences between rules for accounting and rules for income tax.

This topic highlights the following objectives:

- Calculate deferred taxes based on multiple rates over a period of tax years.
- Differentiate between temporary and permanent tax differences.
- Differentiate between the effects of tax loss carry backs and carry forwards.

**Chapter 19**

Log in to [WileyPLUS](https://www.wileyplus.com) and complete the following assignments:

- Chapter 19a Reading
- Chapter 19b Assignment
- Chapter 19c Chapter Review

**Supplemental Learning Resources**

Review the additional resources:

- **Power Point Review Ch19** (located on the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master...
the topic and competency.

- **Read, Study & Practice** of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

**Accounting for Pensions and Leases**

Leases have been used by companies as off-balance sheet financing. Rules were put in place to curb this use. Be sure to study the rules as you work.

Pensions have evolved so that most retirement plans include a 401K. The employee is given choices, but the employee incurs the risk that the plan will not grow. During your study, you will find that one of the older style plans provided a guaranteed amount during the retirement years.

Leases come in two forms. In this section, you will find a set of rules that define the type of lease a company is using.

Pensions also come in two forms. You will discover that little accounting is required for one type, but the other is quite complex.

**Pensions**

This topic addresses the following competency:

- **Competency 302.3.11: Lease and Pension Recording**
  - The student can record leases and pensions.

This topic highlights the following objectives:

- Differentiate between defined benefit and defined contribution pensions.
- Identify the journal entry for a lease payment when a residual value is present.
- Recognize accounting entries for pension expense.

**Chapter 20**

Log in to **WileyPLUS** and complete the following assignments:

- Chapter 20a Reading
- Chapter 20b Assignment
- Chapter Review

**Supplemental Learning Resources**

Review the additional resources:

- **Power Point Review Ch20** (located on the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the “Course Tips” section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
- **Read, Study & Practice** of WileyPLUS provides additional resources. Select the
Leases
This topic addresses the following competency:

- **Competency 302.3.11: Lease and Pension Recording**
  The student can record leases and pensions.

This topic highlights the following objectives:

- Differentiate between a capital lease and operating lease based on the four capitalization rules.
- Calculate the minimum lease payment using time value of money tables.

Chapter 21

Log in to WileyPLUS and complete the following assignments:

- Chapter 21a Reading
- Chapter 21b Assignment
- Chapter 21c Chapter Review

Supplemental Learning Resources

Review the additional resources:

- [Power Point Review Ch21](#) (located on the bottom half of the page) provides a summary of the key points of the chapter.
- Recorded lectures in the "Course Tips" section on the right-hand side provide course instructor instructions on complex and difficult subject matters that may help you master the topic and competency.
- [Read, Study & Practice](#) of WileyPLUS provides additional resources. Select the appropriate chapter in the top drop-down menu for practice.

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.