

School of Administrative Studies
Faculty of Liberal and Professional Studies

AN OVERVIEW OF CANADIAN INCOME TAXATION
AP/ADMS 3520

COURSE OUTLINE FOR ALL SECTIONS
Winter 2020

Prepared by Professor Thaddeus Hwong, Course Coordinator [thwong@yorku.ca]

For us, there is only the trying. The rest is not our business.

T.S. ELIOT

I Course Overview

Tax is the price we pay for civilization, Justice Oliver W. Holmes of the U.S. Supreme Court once said. At the end of the course you could ask yourself how true it is and flowing from that what you will do about it as an informed and responsible citizen.

The course offers an overview of the taxation of personal and corporate incomes of Canadian taxpayers for accounting students and provides the necessary foundation as the prerequisite for them to achieve the learning outcomes in AP/ADMS 4561 and 4562. To advance to take 4561 and/or 4562, honours students and non-degree students are required to pass 3520, while all other students are required to receive a course grade of at least C+. Students won't receive any credits for 3520 if they take 3520 after completing 4561 or 4562. The course cannot be taken concurrently with 4561 or 4562.

In Winter 2020, Mr. Joseph Frankovic [jfrank@yorku.ca] teaches the sections on Keele and at Markham [Section N, Friday 11:30 am-2:30 pm at HNE 031; Section O, Tuesday 7-10 pm at DB 1005; Section Z, Monday 9-11 am at LMP C101 (Markham)]. Ms. Priya Shah [p_shah@yorku.ca] teaches the internet section [Section M]. Mr. Frankovic is a leading tax commentator in Canada, while Ms. Shah is an experienced tax practitioner. We are very fortunate to have the opportunities for both of them to share their insights with us. Ms. Danielle Cook, a seasoned tax practitioner, grades all exams. In addition, thanks to the efforts by Ms. Angela Montano, who has decades of administrative experience at York, for making sure that the logistics of the course runs smoothly. Without their very generous contributions, the course will not work so we owe a great deal of your learning experience to them.

I design and grade all of the research projects myself every term to gain a sense of the academic demographics of the students in the course. Students are expected to be able to answer all their course administration questions or research project questions on their own as this course outline

along with materials on Moodle plus research project instructions are self-explanatory. The following is the course email protocol:

- Before you ask us any question, please note that one of the many joys in getting an education is that it provides you with ample opportunities to develop your skills in looking for answers. So please look for answers in the course outline and lecture notes on Moodle, course emails, university web site and the textbook first.
- If you have to email us, please kindly read “Re: Your Recent Email to Your Professor” on the course Moodle site first before you do so because SAS aspires to graduate students as informed and responsible lifelong learners.
- Please make your personal York University email account the email account on record at Moodle and use your personal York University email account for all course-related correspondence. If you don’t do that, there will be no way to track down missing emails and trace email history.
- Please check your York University email account regularly. Missing course emails because you don’t use York email account, because you don’t check the account regularly or because you don’t check the spam folder are not grounds for any accommodation.
- Please use your York University email account to send any course-related emails. If you don’t use your York University email account to send course-related emails, your emails will very likely be deleted due to security concerns. Replies to email questions concerning the course may be circulated among all students in the course.
- All course-related emails must have “3520 (relevant section): (your question/concern/comment)” as the subject and the student name as well as student ID. When you communicate with us please state clearly your name, your course and section as well as your student number. Any email without the above information will likely be ignored. If any of the above information is not provided and your concern is not addressed please note that it will be your responsibility.
- Questions that students can find answers by reading the outline will be filed as records of student performance in the course but will unlikely be answered as the information is accessible by students who take their responsibilities as students seriously.

2 Learning Outcomes

The course focuses on personal income tax topics including the purposes of the income tax system; the structure of the Income Tax Act; employment income and fringe benefits; business income, capital cost allowance and cumulative eligible capital; property income; capital gains; other incomes; deductions and tax credits; non-arm’s length transactions and attribution rules. The course also provides an introduction to taxation of corporations, partnerships and trusts.

A basic introduction to Canadian income tax law, the course provides students an overview of the technical rules in the Income Tax Act that defines the tax system – the tax base, the accounting period, the rate structure, the tax filing unit and the administrative apparatus – and tax expenditures, essentially indirect spending programs. Whenever it's appropriate the course also highlights the importance of examining the determinants of policy making and different perspectives on tax law and policy including class, gender and race. Moreover, students learn basic tax law and policy research so they can keep pace with changes in the law.

This course is designed to facilitate students to achieve the following learning outcomes:

- To learn how to learn tax (i.e. keep pace with the evolving body of tax law) independently without supervision
- To understand the policy objectives and legislative intent of the technical rules in the Income Tax Act as they apply to individuals and corporations
- To apply Canadian income tax laws and related concepts

3 Course Materials

The required textbook is Canadian Tax Principles (CTP), by Byrd & Chen, 2019-2020. As the book is updated every year, using a prior edition of the book may lead to a failing grade so if students decide to do that please note that they are forewarned here. All references to the textbook are made in regard to the hard copy of the textbook. If needed for the access of MyLab please see the document provided by the publisher in the Course outline and more folder on course Moodle. Please note that it's the individual student's responsibility to buy the textbook before the start of the course.

For students who would like to have a supplementary textbook, they could take a look at the latest edition of Buckwold's Canadian Income Taxation. This is entirely at the students' discretion. The book is not the required textbook for the course.

For those who are interested in tax law textbooks please feel free to take a look at any of the following textbooks in the York library system:

- <https://www.library.yorku.ca/find/Record/3735965>
- <https://www.library.yorku.ca/find/Record/3498191>
- <https://www.library.yorku.ca/find/Record/2424345>

For an edited volume on the history of income tax law, see <https://www.library.yorku.ca/find/Record/3823911>. For an edited volume on tax reform, see <https://www.library.yorku.ca/find/Record/3234420>. For an edited volume on tax expenditures, see <https://www.library.yorku.ca/find/Record/2524391>.

All sections use the same 3520 Moodle site for lecture notes and other course information. The lecture notes as they are now are a cumulation of literally years of collaborative work since Professor Joanne Magee first founded the tax program at SAS. The Fall version of the lecture notes

was updated by Ms. Shah based on most recent updates by Professor Jason Fleming and Mr. Vasiliy Vorobiev.

The 4561 and 4562 instructors recommend that you keep your 3520 text, notes and problem materials for review purposes when you advance to the upper-level courses.

4 Teaching Approach

The course is taught in a problem-solving approach with references to the underlying ideas of tax law and policy. Lecture notes listing “designated problems” on their front page are available on the course Moodle site. The purpose of working through the designated problems is to familiarize students with important concepts and to offer students problem-solving practice. It is critical that you work through all designated problems on your own. Challenging yourself by asking yourself why a rule is what it is and making extensive use of all the course materials to look for answers can dramatically enhance your learning experience.

- The lectures and the lecture notes only provide highlights of the course content. The lectures do not cover everything you need to know for the course. Please use CTP wisely according to the lectures and lecture notes as there are some topics in CTP that are not covered in lectures or lecture notes that you need to know. One best practice for you is to find the content referred to the designated problems in the lecture notes in CTP on your own each week.
 - As all information including formulas and rates you need for calculation in exams from the front part of your textbook plus CCA rates and amounts will be provided in exams, please focus on the ideas behind the law. If you understand the ideas, you will know how to do the arithmetic. As this is a course about tax law and policy, focusing solely on the mechanics of the arithmetic will not help you achieve the learning outcomes.
 - On-campus students: please note that there is no substitute for your on-campus classroom learning. Please bring your textbook and its study guide to class so you can note up your textbook in the learning process. You are expected to be able to answer questions in class. Please do not come to class late, and please do not double-book yourself. Please don't ask for internet section materials; if you want to use the internet section materials please enroll in the internet section.
 - Internet students: please note that you will receive internet section course materials in your York University email accounts. Please pace yourself in studying by making use of course emails with urls to recorded lectures and PDF copies of narrated problem-solving examples, both are only available to the internet section. There were too many internet students who failed the course because they lost sight of the fact that it takes a lot of time to achieve the required learning outcomes.
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5 Evaluation

Category	% of Course Grade	Tentative Date
Midterm exam [lectures 1-5]	40%	11 am to 1 pm, Sunday February 23, venue TBA
Final exam [lectures 1-10]	50%	In the final exam period of the term, time and venue TBA
Research project	10%	Instructions to be posted on Moodle by the end of the first month of the term
Total	100%	

In general, students who fail the midterm will unlikely pass the course. Students who do well in the midterm may still perform very poorly in the cumulative final as the final exam calls for integration of everything learnt in the course.

The tentative marks of the midterm exam for all sections will be posted on the course Moodle site by the drop date.

- On-campus students: graded midterm exams will be returned in class, likely after the drop date. Student who miss the in-class return but still want to obtain the graded midterm is required to submit documentation to taxlaw@yorku.ca to vouch for the legitimacy of their absence. Each case will be evaluated on a case-by-case basis. If the absence is deemed legitimate, special arrangement may be made for a student to pick up the graded midterm at the front desk of SAS but only within a specific time slot.
- Internet students will receive notification on the retrieval of their graded exam on Moodle.

The marks of the final exam along with the marks for the research project plus a brutally honest critique would be available directly from me upon request but only after the official course grades appear on students' official records.

Students who are not ready to write any exam and make excuses to defer an exam will unlikely get the course grades they would like to have. The course is offered in multiple sections each term so students are strongly advised to only take the course when they have the time to do the work.

Out of respect for the integrity of the requirements of the professional accounting body and the integrity of the accounting profession, grade negotiations are unacceptable.

5.1 Exams

The exams will contain problems similar to the level of difficulty of the designated problems, especially the longer Self-study Problems in the textbook. Therefore, it is important for all students to work through designated problems specified in the lecture notes with the aid of course materials on their own. The key is to understand why each step of the answer to each designated

problem is what it is by using your course materials, especially your textbook, as your research database with contributions to Professor Joanne Magee.

- Most of the exam questions ask for some kind of calculations. They will contain fact patterns and students will be asked to calculate certain aspects of the tax consequences related to the given facts. You will need to provide the calculation with the appropriate steps in an organized format on your own. Essays are not acceptable. The format for the exam answers will be like the answers provided for many textbook Self-study Problems in the Study Guide – in a form analogous to a financial statement. The exams may or may not contain some fill-in-the-blank questions where the steps in the calculations will be provided and you will only need to fill in the right numbers in the appropriate place.
- As indicated earlier, all tax rates, tax credit rates and formulas like what you will find at the front of your textbook plus CCA rates and amounts will be provided in the exams.
- In addition to questions that require calculations, the exams will contain conceptual questions that require you to explain the ideas behind some tax rules in a sentence or two. Recently we have started correlating the performance of students on conceptual questions and calculation questions and we learn that students who understand the concepts tend to perform better on calculation questions. In short, thinking about the ideas behind the law helps you learn.
- Sample exams: please consider the designated problems as sample calculation questions in your exams. You should compile on your own key concepts that you need to learn in working through the designated problems, and that would be your own sample conceptual exam questions.

The examinations take place in a different room and at a different time from the regularly scheduled on-campus class. Please note that the university has no policy mandating exams to be held at a time that is most convenient for all students.

- You are expected to make yourself available to write the exams in the designated time and venue. The university states: “It is your responsibility as a student to ensure that you are available to sit for examinations during the entire exam period for the term corresponding to your course. We strongly recommend that you do not make any travel arrangements prior to the end of the term's examination schedule.”
 - Please bring a YU-card with photo on it. If you don't have one, please get one right away. See <http://www.yorku.ca/yucard/getyourcard.html>. A non-programmable calculator can be used in the exams. Smart phones and smart watches are not allowed to be used and should be kept away from the desktop. As the exams for this course are closed-book exams, no dictionaries or other aids are allowed. In particular, cell phones, smart watches or devices deemed similar of technological capabilities are not allowed to be used. Other instructions may be emailed to you before the exams.
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- Bring a blue pen. All exams must be written in pen, preferably blue pen. A record of students who write in pencil will be kept, and those exams will not be eligible for any review, including on the ground of potential error in adding up the marks. Students are cautioned that they risk losing marks if their answers are not readable, especially those written in pencil. Students' answers may be photocopied before the midterm exams are returned.

Missing exams is not a way to gain an advantage of any sort. Please note that traveling, attending someone's wedding, needing to drive someone somewhere or working are not reasons for accommodation. As you have the exam dates now you are expected to make the appropriate arrangement to write the exams. If you are working full time including the weekends and taking the course as an internet student, one option for you will be to use your vacation time to write the exams with your classmates. It's your responsibility as a student to take the course when you can write the exams on preset dates with your classmates. The course is offered every term.

- Students who miss the midterm due to illness can submit supporting documents including APS to taxlaw@yorku.ca within 48 hours of the midterm. Each case will be evaluated on a case-by-case basis in light of the academic interests of the student and the academic integrity of the course. If warranted, a makeup midterm may be arranged. Otherwise, a special three-hour cumulative final may be arranged in place of the regular midterm and regular final. No arrangement of either a makeup or special final is guaranteed. Many students allegedly claim to be ill to buy time but in most cases the students not only end up failing the course but also delaying their academic progression in their degree programs.
- On deferred exams for students who miss any final exam on claims of illness, see the SAS version of university regulations at the back of the course outline. Students who are yet to complete 3520 will not be allowed to enroll 4561 or 4562, and if they are enrolled in either of the two course they will likely be dropped, maybe even after the end of the refund period.
- Not to belabor the point, based on past experience most if not all students who missed exams because they were not ready to write the exams but claimed, for example, they were ill, failed the course.

5.2 Research Project

In line with the purposes of undergraduate education, the learning objectives of the research project are to encourage students to think about a tax policy issue critically, conduct some research and learn to write precisely and concisely. Please refer to the research project instructions posted on the course Moodle site as indicated under Evaluation above. Any submission that does not meet specific submission requirements like submission sent a few minutes after the deadline or submission sent with a file attachment or submission sent to the wrong email address will not be graded.

5.3 What Your Course Grade Means

At university you learn to become not only a productive employee but also an informed and responsible lifelong learner. If you learn to think about tax law and policy in a way to appreciate its important role in society, you will have achieved something. Your course grade is a reflection of your performance in the course compared to your peers, but you are the only one who really knows whether you make any progress in developing your sense of critical thinking, information literacy and effective communication as well as responsibility in your path to learn to become an informed and responsible lifelong learner. One way to think about this is that the exams meet the requirements as student in your professional studies, while the research project give you a sense of who you are as a lifelong learner. One way to start thinking about this is to read “Secrets of the Most Successful College Students” on your course Moodle site.

A grade is just a grade. In five years no one will care what grade you get as a student in 3520. But people do care what kind of character you have as a human being – whether you care not only about your own self-interests but also about others’ wellbeing.

If students do the work required for the course, students will likely earn the grades they want. Students are expected to take full responsibilities for studying and keeping up with the fast pace of the course. No special consideration will be given to students who do not get the grades they want due to reasons that are not required to be considered by university rules. Students should not negotiate for marks they did not earn, and all academic queries on marks if warranted should be made on an academic basis. For example, claiming that you have worked very hard or you have never received such a low grade will not be suffice. By the same token, claiming that you need such a grade to advance to the next level, keep your scholarship, to graduate as planned or get a job will not be acceptable.

Students who do not receive the grades they want from 3520 can attempt the course for a second time as the course is offered in summer, fall and winter each academic year. Past experience confirms that working hard according to course instructions will often get students the desired results.

6 Lecture schedule for on-campus students: internet students can plan their studies accordingly

Note: Tentative schedule only; if the schedule needs to be changed notifications will be sent to the affected students' York University email accounts.

Lecture	Section/Venue/ Date	Topic
1	N: Jan. 10 O: Jan. 14 Z: Jan. 13	Overview of course; introduction to taxation including sources of tax law and policy especially the structure of the Income Tax Act, characteristics of income tax system, types of taxes and taxable entities (individuals, corporations, trusts); tax expenditures; procedures and compliance including dispute resolution mechanism
2	N: Jan. 17 O: Jan. 21 Z: Jan. 20	Residency; income from employment including loans to employees, employee stock options and commission income
3	N: Jan. 24 O: Jan. 28 Z: Jan. 27	Depreciable capital property and eligible capital property
4	N: Jan. 31 O: Feb. 4 Z: Feb. 3	Income from property and capital gains and losses; integration and eligible as well as non-eligible dividends
5	N: Feb. 7 O: Feb. 11 Z: Feb. 10	Other income and deductions; income splitting; tax-preferred savings accounts including a comparison of RRSP and TFSA
6	N: Feb. 14 O: Feb. 25 Z: Feb. 24	Non-arm's length transactions including transfer of property to spouse and children and income attribution rules as well as kiddie tax; departures from Canada and death of a taxpayer
7	N: Feb. 28 O: Mar. 3 Z: Mar. 2	Taxable income and tax payable for individuals
8	N: Mar 6 O: Mar. 10 Z: Mar. 9	Income or loss from a business and introduction to GST
9	N: Mar 13 O: Mar. 17 Z: Mar. 16	Basic rules for computing taxable income and tax for corporations; incorporation of a small business
10	N: Mar 20 O: Mar. 24 Z: Mar. 23	Investment income and private corporations; personal services business; basic rules for partners and partnerships

RELEVANT UNIVERSITY/LA&PS/SCHOOL REGULATIONS

Applicable to all ADMS and DEMS courses

Deferred Final Exams: Deferred standing may be granted to students who are unable to write their final examination at the scheduled time or to submit their outstanding course work on the last day of classes. Details can be found at <http://myacademicrecord.students.yorku.ca/deferred-standing>

Any request for deferred standing on medical grounds must include an Attending Physician's Statement form; a "Doctor's Note" will not be accepted.

DSA Form: http://www.registrar.yorku.ca/pdf/deferred_standing_agreement.pdf

Attending Physician's Statement form: <http://registrar.yorku.ca/pdf/attending-physicians-statement.pdf>

In order to apply for deferred standing, students must register at

<http://sas-app.laps.yorku.ca>

Followed by handing in a completed original Deferred Standing Agreement (DSA) form and supporting documentation directly to the main office of the School of Administrative Studies (282 Atkinson) and add your ticket number to the DSA form. The DSA and supporting documentation must be submitted no later than five (5) business days from the date of the exam. These requests will be considered on their merit and decisions will be made available by logging into the above-mentioned link. No individualized communication will be sent by the School to the students (no letter or e-mails).

Students with approved DSA will be able to write their deferred examination during the School's deferred examination period. **Deferred exams might take place during the regular exams period or in subsequent weeks depending on the course;** precise dates are known when the Office of the Registrar publishes the final exam schedule of the term. No further extensions of deferred exams shall be granted. The format and covered content of the deferred examination may be different from that of the originally scheduled examination. The deferred exam may be closed book, cumulative and comprehensive and may include all subjects/topics of the textbook whether they have been covered in class or not.

Academic Honesty: The Faculty of Liberal Arts and Professional Studies considers breaches of the Senate Policy on Academic Honesty to be serious matters. The Senate Policy on Academic Honesty is an affirmation and clarification for members of the University of the general obligation to maintain the highest standards of academic honesty. As a clear sense of academic honesty and responsibility is fundamental to good scholarship, the policy recognizes the general responsibility of all faculty members to foster acceptable standards of academic conduct and of the student to be mindful of and abide by such standards. Suspected breaches of academic honesty will be investigated and charges shall be laid if reasonable and probable grounds exist.

Students should review the York Academic Honesty policy for themselves at:

<http://www.yorku.ca/secretariat/policies/document.php?document=69>

Students might also wish to review the interactive on-line Tutorial for students on academic integrity, at:

<https://spark.library.yorku.ca/academic-integrity-what-is-academic-integrity/>

Grading Scheme and Feedback Policy: The grading scheme (i.e. kinds and weights of assignments, essays, exams, etc.) shall be announced, and be available in writing, within the first two weeks of class, and, under normal circumstances, graded feedback worth at least 15% of the final grade for Fall, Winter or Summer Term, and 30% for 'full year' courses offered in the Fall/Winter Term be received by students in all courses prior to the final withdrawal date from a course without receiving a grade, with the following exceptions:

Note: Under unusual and/or unforeseeable circumstances which disrupt the academic norm, instructors are expected to provide grading schemes and academic feedback in the spirit of these regulations, as soon as possible. For more information on the Grading Scheme and Feedback Policy, please

visit: <http://www.yorku.ca/univsec/policies/document.php?document=86>

In-Class Tests and Exams - the 20% Rule: For all Undergraduate courses, except those which regularly meet on Friday evening or on a weekend, tests or exams worth more than 20% will not be held in the two weeks prior to the beginning of the official examination period. For further information on the 20% Rule, please

visit: <http://secretariat-policies.info.yorku.ca/policies/limits-on-the-worth-of-examinations-in-the-final-classes-of-a-term-policy/>

Reappraisals: Students may, with sufficient academic grounds, request that a final grade in a course be reappraised (which may mean the review of specific pieces of tangible work). Non-academic grounds are not relevant for grade reappraisals; in such cases, students are advised to petition to their home Faculty. Students are normally expected to first contact the course director to discuss the grade received and to request that their tangible work be reviewed. Tangible work may include written, graphic, digitized, modeled, video recording or audio recording formats, but not oral work. Students need to be aware that a request for a grade reappraisal may result in the original grade being raised, lowered or confirmed. For reappraisal procedures and information, please visit the Office of the Registrar site at: <http://myacademicrecord.students.yorku.ca/grade-reappraisal-policy>

Accommodation Procedures: LA&PS students who have experienced a misfortune or who are too ill to attend the final examination in an ADMS course should not attempt to do so; they must pursue deferred standing. Other students should contact their home Faculty for information. For further information, please visit: <http://ds.info.yorku.ca/academic-support-accomodations/>

Religious Accommodation: York University is committed to respecting the religious beliefs and practices of all members of the community, and making accommodations for observances of special significance to adherents. For more information on religious accommodation, please visit: <https://w2prod.sis.yorku.ca/Apps/WebObjects/cdm.woa/wa/regobs>

Academic Accommodation for Students with Disabilities (Senate Policy)

The nature and extent of accommodations shall be consistent with and supportive of the integrity of the curriculum and of the academic standards of programs or courses. Provided that students have given sufficient notice about their accommodation needs, instructors shall take reasonable steps to accommodate these needs in a manner consistent with the guidelines established hereunder. For more information, please visit the Student Accessibility Services (formerly known as Counselling and Disability Services) website at <https://accessibility.students.yorku.ca>

York's disabilities offices and the Registrar's Office work in partnership to support alternate exam and test accommodation services for students with disabilities at the Keele campus. For more information on alternate exams and tests please visit <http://www.yorku.ca/altexams/>

Please alert the Course Director as soon as possible should you require special accommodations.