DEPARTMENT OF ACCOUNTING
COLLEGE OF BUSINESS
ILLINOIS STATE UNIVERSITY
Fall 2026

ACC 233-Federal Income Taxation
Dr. Yi Ren, CPA
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COURSE INFORMATION

Instructor: Dr. Yi Ren, CPA
Course Number & Title: ACC 233-Federal Income Taxes
Prerequisites: ACC 131—Financial Accounting
Credit Hours: 3

INSTRUCTOR INFORMATION

Phone/e-mail: (309)-438-7505 / yren3@ilstu.edu
Office Location: Online
Office Hours: Virtual, 10:30am – 12:00pm Tuesday and Thursday or by appointment.
Zoom: **https://illinoisstate.zoom.us/j/82995544042**

RESOURCES/MATERIALS

Textbook: No textbook required.

Resources: I will provide a study guide for each chapter. In addition, all students may use the IRS website as a resource for any topics covered in the course.
IRS Homepage: https://www.irs.gov/ — This free website provides access to tax-related information, including tax forms, instructions, and updates on changes to tax laws.

Optional textbook:
A textbook is not required for this course. However, if you would like an additional reference, the following text is recommended and closely aligned with the course content:
South-Western Federal Taxation 2026: Individual Income Taxes, 49th Edition
Authors: Young, Nellen, Persellin, Lassa, Cuccia, Cripe
ISBN: 979-8-214-04390-6
https://www.cengage.com/c/south-western-federal-taxation-2026-individual-income-taxes-49e-young-nellen-persellin-lassar-cuccia-cripe/9798214043906/

COURSE DESCRIPTION:

Acc233 provides an introduction to taxation in the United States, introduces the components of the Federal income tax models, and presents the tax treatment of sales, exchanges, and other disposition of property.

The course covers background, principles, and procedures for the determination of taxable income as a basis for federal income tax. Particular attention is given to those aspects including income recognition and deductions, property transactions, organizational formation decisions, and book-tax differences. The course includes practice in the methodology of tax solutions. The students are exposed to major provisions contained in the Internal Revenue Code of 1986, As Amended.

The students are also required to complete a variety of individual and corporate tax returns to develop a fundamental understanding of components involved in determining taxable income across different taxable entities and how tax laws influence business, individual, and financial decisions.

Current accounting practice is placing increased emphasis on the use of teamwork in business decision making, problem solving, and meeting deadlines. Other analytic and communication skills are also emphasized. Many of these skills are highlighted as necessary for newly graduated accounting professionals in the AICPA's Core Competencies. This course is designed to increase student experience in developing these skills and enhancing these competencies.

COURSE REQUIREMENTS

Goals: Upon completion of this course, the students should be able to:

- Determine the taxable income for individual and corporate taxpayers
- Apply the federal income tax models to individuals and corporations
- Incorporate tax consequence into decision making
- Prepare federal income tax returns for individuals and corporations
- Understand non-taxable transactions and book-tax differences

Homework: Homework assignments will be posted on Canvas Assignments and require <u>online submission</u>. Students can complete homework by hand or type, and then upload it as PDF, Word or image file.

Tax Returns: Tax return preparation is an integral part of this course. Final drafts of IRS-ready tax returns must be submitted by the assigned due dates. Consider yourself to be the paid preparer on tax return projects. All related tax forms and schedules are available in the "**Tax Forms**" folder. After downloading the forms, you can fill out the forms (they are fillable forms) and save your work. Alternatively, you may print the forms, complete them by hand, and submit scanned PDF copies. ***To earn credit, all tax return assignments must be fully completed on the required tax forms. Alternative formats—including excel, or standalone calculation pages—will not be accepted or graded.**

Late assignment policy: Homework and Tax returns should be submitted no later than the due date unless prior arrangements are made with the instructor and the instructor agrees to an extension. There will be a flat 40% penalty per 24-hour period:

- Up to 24 hours late: 40% penalty
- 24-48 hours late: 80% penalty
- More than 48 hours late: zero credit

Quizzes: quizzes are accessible online via Canvas Quizzes according to the course schedule. You will have 20-25 minutes to complete a quiz. **<u>No makeup quizzes will be given</u>**.

Exams: This course includes two exams (a Midterm and a Final). All exams are accessible on Canvas Quizzes according to the course schedule. You will have 90 minutes for each exam. The final exam is non-cumulative and focuses on material covered after the first exam. However, many tax concepts build upon one another, applying foundational knowledge from the first half of the semester will be necessary.

Make-up exams will be offered only in the instances where a student cannot take the exam for a valid reason. The students should give the instructor prior notice of an inability to take an exam and ask the instructor a permission to take a make-up exam.

GRADING POLICIES: It is the student's responsibility to be aware of their grades in the course and the appropriate level of work required. Your final grade in this course will depend on the following:

Grading Basis	Points
Exams (2)	200 points
Quizzes (2)	20 points
Homework (4)	20 points
Tax Returns (3)	40 points
Total Points	***280 points***

STUDENT ACCESS AND ACCOMMODATION SERVICES

Any student in need of a special accommodation should contact the staff in the Office of Disability Concerns at 438-5853 (voice) or 438-8620 (TDD).

WEEK	TOPICS	ASSIGNMENTS *all assignments are posted on Canvas Assignments
1 Starting Aug. 17	Chapter 1 —Introduction to tax	
2 Aug. 24	Chapter 2—Gross Income	
3 Aug. 31	Chapter 3—Individuals as the taxpayers	Homework 1 due (Fri. Sep. 4)
4 Sep. 7	Chapter 4—Individuals Income, Deductions, and Credits	
5 Sep. 14	Individual income tax return—W-2 employee Form 1040, Schedule 1, and Schedule A	Tax return 1 due (Fri. Sep. 18)
6 Sep. 21	Chapter 5—Business deductions	
7 Sep. 28	Chapter 6—Individual as employees and proprietors Self-employed individual income tax return (James Gordon return)	Homework 2 due (Fri. Oct. 2) Quiz 1 due (Fri. Oct. 2)
8 Oct. 5	Midterm Exam (Thursday Oct. 8)	
9 Oct. 12	Chapter 7—Loss and Loss Limitations	
10 Oct. 19	Chapter 8—Capital Gains and Losses	
11 Oct. 26	Chapter 9—Property transactions: Property basis and non-taxable exchange	Homework 3 due (Fri. Oct. 30)
12 Nov. 2	Tax return	Tax return 2 due (Fri. Nov. 6)
13 Nov. 9	Chapter 10—Corporations: organizations, capital structure, and corporate rules	Homework 4 due (Fri. Nov. 13)
14 Nov. 16	Corporate income tax return: Form 1120 and Schedule M-1	Tax Return 3 due (Fri. 20)

15 Nov. 23	Thanksgiving Break-No class	
16 Nov. 30	Final review	Quiz 2 due (Fri. Dec. 4)
17 Dec. 7	Final exam (Monday, Dec. 7)	

Main Objectives of Each Chapter:

Chapter 1 Introduction to tax:
Key objectives
1. The components of a tax
2. Different types of taxes: Sales/Use tax, Social Security tax and Medicare tax, Gift and Estate taxes
3. Calculate taxes for taxpayers in different filing status
4. Different tax rate system: Proportional, Progressive, Regressive
5. Tax burden measurement: Effective tax rate vs. average tax rate

Chapter 2 Gross income
Key objectives:
1. Determine the gross income
2. Exclusions: income items excluded from gross income according to Internal Revenue Code
3. Determine the characters of income (ordinary income, capital gains, tax exempt income)
4. A Variety of deductions allowed by Internal Revenue Code

Chapter 3 Individual as the taxpayer
Key objectives:
1. Use tax formula to calculate taxable income
2. Deductions for AGI vs deduction from AGI
3. How to determine standard deductions (including additional standard deductions)
4. Determine qualifying dependents (qualifying child vs qualifying relative)
5. Determine filing status

Chapter 4 Individuals income deductions and credits
Key objectives:
1. Specific exclusion applicable to individuals
2. Determine itemized deductions (Sch. A)
3. Determine child credits, education tax credits/dependent credit, credit for child and dependent care expenses, education tax credit, and earned income credit

Chapter 5 Business deductions
Key objectives
1. Deductible business expenses vs non-deductible business expenses
2. Special business deductions specially permitted under the tax laws
3. Cost Recovery allowances

Chapter 6 individuals as employees and proprietors
Key objectives
1. Employee versus self-employed taxpayer
2. Exclusions to employee and specific deductions to self-employed taxpayer
3. Prepare schedule C of Form 1040

Chapter 7 Loss and loss limitations
Key objectives:

1. Business bad debt versus non-business bad debt
2. Business casualty and theft losses
3. Related-person losses

Chapter 8: Capital gains and losses
Key objective:

1. Tax treatment of capital gains and losses
2. Worthless securities and small business stock losses

Chapter 9 Property transaction
Key objectives:

1. Determine gift property basis
2. Determine the basis of property acquired from a decedent
3. Like-kind exchange

Chapter 10 Corporations organization, capital structure and operating rules
Key objectives:

1. Federal income tax of pass-through entities and C corporations (refer to chapter 14 and 15)
2. Use corporate tax formula to calculate taxable income tax and tax
3. Identify book-tax differences, distinguish between permanent and temporary difference
4. Specific deductions—NOL deductions, DRD, and charitable contributions