

State Income Taxation

Bus 225F

Summer 2011

Instructor:	Annette Nellen
Telephone:	(408) 924-3508
Email:	annette.nellen@sjsu.edu
Course website:	http://www.cob.sjsu.edu/nellen_a/bus225F_reading.html + Desire2Learn website
Office Hours:	15 minutes before and after class and by appointment
Class Days/Time:	Thursdays 6:00 – 10:00 pm June 23 – August 11, 2011 Saturday 9 am – 1 pm July 23 One session is online.
Classroom:	Techmart, 5201 Great America Parkway, Santa Clara
Prerequisites:	Bus 223A

Course Description

Topics include: application of interstate income allocations; multi-state tax compact; separate versus apportionment concepts; foreign country source rules; unitary tax.

Course Goals and Student Learning Objectives

Students will gain a strong understanding and working knowledge of key concepts, rules and constitutional restrictions of state income taxation. Students will be able to explain:

- Key state income taxation terms and concepts such as nexus, sourcing, apportionment, allocation, separate, combined, and unitary.
- Key guidance relevant to state income taxation including PL 86-272, UDITPA, and key judicial decisions.
- How to calculate state taxable income of a multistate corporation.
- Basic tax planning considerations for multistate businesses, including consideration of tax incentives.
- Basic considerations in state income tax compliance and audits.
- Issues surrounding sourcing, apportionment, measuring income, taxing multistate operations, taxing mobile employees, tax incentives, tax mix and whether states should tax corporate income.
- Introduction to sales and property taxes

Required Texts/Readings

Textbook

- *CCH Multistate Corporate Tax Course*, 2011 Edition by Healy [buy online used or new or at Spartan Bookstore]
- *CCH 2011 Guidebook to California Taxes* [buy online used or new or at Spartan Bookstore]
- Additional materials will be distributed in class or posted on the Bus 225F website or D2L website

Assignments and Grading

- Be sure to read the materials before class – that is how you will get the most out of this class. You need to be as prepared as you expect your instructor to be.
- You will get more out of this course if you participate in class and group discussions and activities. You should also find ways to engage with the materials outside of class – discuss them with colleagues; form a study group with some classmates.
- Take your time on the research questions. You will not get much out of this work if you rush. The purpose of the assignments is to give you an opportunity to really think about what the rules and concepts mean and to apply them.

Grading:

CA tax rule video	30*
Research Questions	80**
Two quizzes (on D2L site)	40
Group activity	20
Final Exam on 8/4	<u>100***</u>
Total	270

Grades will be assigned based on 90% and above is an A, 80% and above a B and 70% and above is a C, etc. Plus and minus (+/-) will be used as well.

* Instructions to be emailed to you; topics to be selected in class. Every student has a different topic.

** To be distributed in class and posted on D2L.

*** The final exam will be online and you can take it anytime between 8 am and midnight on August 4 (no class at Techmart on 8/4; find a quiet place to take your online final exam). You will have 2 hours to complete the exam once you start it.

University Policies

Academic integrity

Students should know the University's Academic Integrity Policy that is available at http://www.sa.sjsu.edu/download/judicial_affairs/Academic_Integrity_Policy_S07-2.pdf

Your own commitment to learning, as evidenced by your enrollment at San Jose State University and the University's integrity policy, require you to be honest in all your academic course work. Faculty members are required to report all infractions to the office of Student Conduct and Ethical Development. The website for Student Conduct and Ethical Development is available at http://www.sa.sjsu.edu/judicial_affairs/index.html.

Be sure to also see the 225F link to information on academic integrity.

Instances of academic dishonesty will not be tolerated. Cheating on exams or plagiarism (presenting the work of another as your own, or the use of another person's ideas without giving proper credit) will result in a failing grade and sanctions by the University. For this class, all assignments are to be completed by the individual student unless otherwise specified. If you would like to include in your assignment any material you have submitted, or plan to submit for another class, please note that SJSU's Academic Policy F06-1 requires approval of instructors.

**** You are not to share course materials (online or in-class assignments) with current or future students.****

Campus Policy in Compliance with the American Disabilities Act

If you need course adaptations or accommodations because of a disability, or if you need to make special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. Presidential Directive 97-03 requires that students with disabilities requesting accommodations must register with the DRC (Disability Resource Center) to establish a record of their disability.

Course Topics and Reading Assignments

Session	Date	Topics, Readings, Assignments, Deadlines
1	6/23	<p>Introduction to Course and Topic</p> <ul style="list-style-type: none"> • Academic Integrity and Avoiding Plagiarism • Introduction to state income tax history, concepts, nexus and framework and basic formulas • Introduction to basics and issues for different types of taxpayers • Planning perspectives • Enforcement • Basics of California income and franchise taxes • Current issues and trends in state income taxation <p><i>Read:</i></p> <ul style="list-style-type: none"> ❖ CCH Multistate Book, Chapter 1 ❖ CCH California Book – pages 489-507 ❖ Syllabus of Container Corp v FTB case [http://caselaw.lp.findlaw.com/scripts/getcase.pl?court=US&vol=463&invol=159] ❖ Data on state tax collections (skim) - http://www.taxadmin.org/fta/rate/10taxdis.html ❖ Business Week article on states desire for revenues (2009, but still true today) - http://www.businessweek.com/magazine/content/09_22/b4133028564343.htm ❖ Reminders on academic integrity - http://www.cob.sjsu.edu/nellen_a/ClassInfo.html#Integrity
2	6/30	<p>Corporate Income Tax - Part 1</p> <ul style="list-style-type: none"> • State Income Tax Terminology and Key Concepts - Part I (constitutional right for a state to tax multistate companies, nexus, sourcing, throwback and throwout, accounting concepts for calculating state taxable income for a multistate entity, business v non-business income, Joyce vs. Finnigan, apportionment and factors, allocation). <p><i>Read:</i></p> <ul style="list-style-type: none"> ❖ CCH Multistate Book – Chapters 2 and 4

		❖ See links on 225F Website
3	7/7	<p>Corporate Income Tax - Part 2</p> <ul style="list-style-type: none"> • State Income Tax Terminology, Concepts and Laws - Part II (PL 86-272, UDITPA, MTC, interpretations/guidelines/state laws, more on apportionment and factors, typical federal-state differences) • California basics <p><i>Read:</i></p> <ul style="list-style-type: none"> ❖ CCH California Book – pages 32 - 46 ❖ See links on 225F Website
4	7/14	<p>Nexus: Digging Deeper</p> <ul style="list-style-type: none"> ▪ Key cases ▪ Attempts to update PL 86-272 <p><i>Read:</i></p> <ul style="list-style-type: none"> ❖ CCH Multistate Book – Chapter 7 ❖ See links on 225F Website
5	online	<p>Introduction to Sales, Use and Property Taxes</p> <p><i>Read:</i></p> <ul style="list-style-type: none"> ❖ CCH Multistate – Chapter 6 ❖ See links on 225F Website
6	7/21	<p>Other Entities</p> <p><i>Read:</i></p> <ul style="list-style-type: none"> ❖ CCH California Book – pages 502 - 513 ❖ See links on 225F Website
7	7/23	<p>More on California</p> <p><i>Read:</i></p> <ul style="list-style-type: none"> ❖ See links on 225F Website

8	7/28	<p>Economic Development and Other Tax Incentives + State Comparisons</p> <ul style="list-style-type: none"> ▪ Types of incentives and their issues and opportunities ▪ Differences among states <p><i>Read:</i></p> <ul style="list-style-type: none"> ❖ "Calls for Accountability - Will It Help the Overall Incentives Process?" by Nellen, <i>Multistate Taxation and Incentives</i> (on Desire2Learn) ❖ See links on 225F Website
9	8/4	<p>Final Exam – online - ** No class at Techmart tonight!</p>
10	8/11	<p>State Income Tax Reality:</p> <p>(1) Practitioner Perspective</p> <ul style="list-style-type: none"> ▪ Guest speaker – State income tax practice reality <p>(2) Current Issues & Possible Solutions</p> <ul style="list-style-type: none"> ▪ Group activity <p><i>Read:</i></p> <ul style="list-style-type: none"> ❖ See links on 225F Website