PAYROLL & BUSINESS TAXATION
ACC 2500

Class Hours: 3.0
Credit Hours: 3.0
Laboratory Hours: 0.0
Revised: Spring 07

This course is not intended for transfer.

Catalog Course Description:
A study of selected accounting topics including payroll tax accounting, partnership and corporate taxation, financial statement analysis and financial statement presentation techniques.

Entry Level Standards:
The student should have an understanding of generally accepted accounting principles, and be able to comprehend at the college level. A working level knowledge of college algebra and business mathematics is also required.

Prerequisite:
ACC 2000

Textbook(s) and Other Course Materials:

ACC 2500 course web site on WebCT.
Calculator
Note: Programmable calculators (TI 83 plus, etc.) may not be used on exams or quizzes in this course. In addition, no sharing of calculators will be allowed during exams or quizzes.

I. Week/Unit/Topic Basis:

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<th>Week</th>
<th>Topic</th>
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<td>Business Organizations</td>
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<td>2</td>
<td>Financial Statement Analysis</td>
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<td>3</td>
<td>Payroll and Personnel Records</td>
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<td>4-5</td>
<td>Computing and Paying Wages and Salaries</td>
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<td>6-7</td>
<td>Social Security Taxes</td>
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<td>Income Tax Withholding</td>
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<td>9-10</td>
<td>Unemployment Compensation Taxes</td>
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<td>11-12</td>
<td>Analyzing and Journalizing Payroll Transactions</td>
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II. Course Objectives*:

A. Demonstrate the ability to perform financial statements analysis. I, II, V

B. Apply generally accepted accounting principles and the appropriate tax laws to payroll accounting. I, II, III, V, VII

C. Develop an understanding of payroll taxes, withholding and remittance to federal depositories. I, II, III, V, VII

D. Develop an understanding of the Federal Income Tax Code as it applies to partnerships and corporations. I, III, V

E. Demonstrate an ability to make business decisions. I, II, III, V

*Roman numerals after course objectives reference goals of the Computer Accounting program.

III. Instructional Processes*:

Students will:

1. Use electronic mail to correspond with the instructor and other students enrolled in the course. (Communication Outcome, Technological Literacy Outcome)

2. Use critical thinking skills to interpret the Internal Revenue Code as it relates to partnerships and corporations and make informed judgments about individual tax laws to facilitate in decision making and problem solving strategies. (Mathematics Outcome, Technological Literacy Outcome, Active Learning Strategies)

3. Use the Internet to conduct research on financial and tax matters. (Communication Outcome, Mathematics Outcome, Technological Literacy Outcome, Active Learning Strategies)

4. Take part in course assignments involving group discussion. (Communication Outcome, Social/Behavioral Sciences Outcome, Mathematics Outcome, Technological Literacy Outcome, Transitional Strategies, Active Learning Strategies)

5. Prepare individual written reports and participate in class discussions. (Communication Outcome, Technological Literacy Outcome, Mathematics Outcome, Active Learning Strategies)

6. Discuss ethical factors and their impact on financial statements and tax matters. (Communication Outcome, Technological Literacy Outcome, Mathematics Outcome, Active Learning Strategies)

7. Use critical thinking skills to interpret and evaluate the financial statements of existing companies and make informed judgments about these statements to facilitate in decision
8. Practice elements of the work ethic such as professionalism, preparedness, punctuality, honesty, cooperation, dependability, contribution, effectiveness, and good manners. *(Social/Behavioral Sciences Outcome, Transitional Strategies, Active Learning Strategies)*

*Strategies and outcomes listed after instructional processes reference TBR’s goals for strengthening general education knowledge and skills, connecting coursework to experiences beyond the classroom, and encouraging students to take active and responsible roles in the educational process.*

### IV. Expectations for Student Performance*

Upon successful completion of this course, the student should be able to:

1. Explain and analyze corporate financial ratios. A, E

2. Identify the strength of a company based on its financial ratios and cash flow. A, E

3. Understand ethical considerations in accounting and business. E

4. Identify different types of business organizations. E

5. Identify the various laws that affect employers in their payroll operations. B

6. Examine the recordkeeping requirements of these laws. B

7. Explain the importance of a thorough recordkeeping system. B

8. Describe the employment procedures generally followed in a Human Resources Department. B

9. Recognize the various personnel records used by businesses and know the type of information shown on each form. B

10. Outline the procedures employed in a typical payroll accounting system. B, C

11. Identify the payroll register and employee’s earnings record. B, C


13. Distinguish between the employees’ principal activities and their preliminary and postliminary activities. B, C

14. Describe the main types of records used to collect payroll data. B, C

15. Calculate regular and overtime pay. B

16. Perform the following computations: B
   (a) Convert weekly wage rates to hourly wage rates.
   (b) Convert monthly and annual salary rates hourly rates.
   (c) Compute regular earnings and overtime earnings to arrive at total gross earnings.
   (d) Compute overtime payments for pieceworkers using two different methods.
   (e) Compute earnings under incentive and commission plans.
17. Identify, for social security purposes, those persons covered under the law and those services that make up employment. B, C

18. Identify the types of compensation that are defined as wages. B

19. Apply the current tax rates and wage base for FICA and SECA purposes. B, C

20. Explain the importance of obtaining and correctly using the Employer’s Identification Number and the Employee’s Social Security Number. B, C

21. Describe the different requirements and procedures for depositing FICA taxes and income taxes withheld from employees’ wages. C

22. Complete Form 941, Employer’s Quarterly Federal Tax Return, and Form 8109, Federal Tax Deposit Coupon. C

23. Recognize that, as collection agents for the government, employers may be subject to civil and criminal penalties if they fail to carry out their duties. B, C

24. Explain coverage under the federal income tax withholding law by determining: (a) the employer-employee relationship, (b) the kinds of payments defined as wages, and (c) the kinds of employment excluded under the law. B, C

25. Explain the types of withholding allowances that may be claimed by employees for income tax withholding purposes. B, C

26. Explain the purpose of Form W-4 and list the proper procedures for using the information contained on the form. B, C

27. Compute the amount of federal income tax to be withheld using: (a) the percentage method and (b) the wage-bracket method. B, C

28. Compute the amount of federal income tax to be withheld using alternative methods such as quarterly averaging and annualizing of wages. B, C

29. Compute the withholding of federal income taxes on supplementary wage payments. B, C

30. Explain how employees may receive Advance Earned Income Credit and how the employer computes the amount of the advance. B

31. Complete Form W-2 and become familiar with other wage and tax statements. B

32. Review completion of Form 941, Employer’s Quarterly Federal Tax Return. B, C

33. Describe the major types of information returns. B

34. Explain the impact of state and local income taxes on the payroll accounting process. B

35. Describe the basic requirements for an individual to be classified as an employer or an employee under the Federal Unemployment Tax Act. B

36. Describe the factors considered in determining the coverage of interstate employees. B

37. Identify generally what is defined as taxable wages by the Federal Unemployment Tax Act. B

38. Compute the federal unemployment tax and the credit against this tax. B
39. Describe how an experience-rating system is used in determining employers’ contributions to state unemployment compensation funds. B

40. Complete the reports required by the Federal Unemployment Tax Act. B

41. Describe the types of information reports under the various state unemployment compensation laws. B

42. Describe the factors that determine eligibility for unemployment compensation benefits. B

43. Record payrolls in payroll registers and post to employees’ earnings records. B

44. Journalize the entries to record the payroll, payroll taxes, and payment of payroll-related liabilities. B, C

45. Post to the various general ledger accounts that are used to accumulate information from the payroll entries. B, C

46. Explain the payment and the recording of the payroll tax deposits. B, C

47. Understand the need for end-of-period adjustments. B

48. Identify the general ledger accounts used to record payroll transactions. B

49. Explain the basics of partnership taxation. D

50. Prepare a Form 1065 and related schedule K-1’s. D

51. Explain the basics of corporate taxation. D

52. Prepare a Form 1120-S and related schedule K-1’s. D

*Letters after performance expectations reference the course objectives listed above.

V. Evaluation:

A. Testing Procedures:

The instructor's policies on exams, quizzes, homework and grades will be provided on a supplement to the course syllabus. A minimum of 3 major exams is recommended.

B. Laboratory Expectations:

N/A

C. Field Work:

N/A

D. Other Evaluation Methods:

This information, if applicable, will be provided by the instructor in full detail during the first week of class via syllabus supplement.

E. Grading Scale:

92 - 100   A
VI. Policies:

A. Attendance Policy:

Pellissippi State Technical Community College expects students to attend all scheduled instructional activities. As a minimum, students in all courses must be present for at least 75 percent of their scheduled class and laboratory meetings in order to receive credit for the course. Under the above policy, the maximum number of absences is twelve for a MWF class, eight for a TR class, and four for an evening class.

B. Academic Dishonesty:

Plagiarism, cheating, and other forms of academic dishonesty are prohibited. Students guilty of academic misconduct, either directly or indirectly through participation or assistance, are immediately responsible to the instructor of the class. In addition to other possible disciplinary sanctions that may be imposed through the regular Pellissippi State procedures as a result of academic misconduct, the instructor has the authority to assign an F or a zero for the exercise or examination or to assign an F in the course.

C. Accommodations for disabilities:

If you need accommodations because of a disability, if you have emergency medical information to share, or if you need special arrangements in case the building must be evacuated, please inform the instructor immediately. Please see the instructor privately after class or in his/her office. Students must present a current accommodation plan from a staff member in Services for Students with Disabilities (SSWD) in order to receive accommodations in this course. Services for Students with Disabilities may be contacted by going to Goins 127 or 131 or by phone: 694-6751(Voice/TTY) or 539-7153.

D. Computer Usage Guidelines:

College-owned or –operated computing resources are provided for use by students of Pellissippi State. All students are responsible for the usage of Pellissippi State’s computing resources in an effective, efficient, ethical and lawful manner.