

**Accountancy 70601**  
**Taxes & Business Strategy**  
**Fall 2018**

**Professor Jim Seida**

**10:00 – 11:15 (section 02) T Th MCOB 122**  
**11:30 – 12:45 (section 03) T Th MCOB 122**  
**1:00 – 2:15 (section 01) T Th MCOB 122**

**Instructor Information:**

Office location: 390 Mendoza College of Business  
Office hours: Tuesday 3:00-4:00; Wednesday 2:30-4:00 and by appointment.  
Telephone: 631-9496  
E-mail: jseida@nd.edu

**Required Materials:**

ACCT 70601 Course materials (distributed via Sakai and in-class).

**Supplemental Textbook (not required):**

*Taxes and Business Strategy* – Scholes, Wolfson, Erickson, Hanlon, Maydew, and Shevlin. Prentice Hall/Pearson.

**Course Description:**

Taxes and Business Strategy, ACCT 70601 (3.0 credits). Tax rules are pervasive in their effect on the investment and financing decisions of business. Managers must understand how taxes influence the behavior of their customers, their employees, their suppliers and their competitors to avoid operating at a competitive disadvantage. This, in turn, has consequences for how current tax rules affect taxpayers' economic balance sheets. This course uses an economics-based approach to consider how tax and non-tax factors affect business activities. The framework developed is highly integrative: investment strategies and financing policies within firms are linked through taxes. The first part of the course develops the fundamental concepts that represent the building blocks of the framework. The second part applies the framework to specific decision settings such as compensation planning, choice of organizational form, mergers and acquisitions, and multi-jurisdictional tax planning.

**Course Objectives:**

Many business/finance courses analyze business decisions but do not incorporate tax considerations. Tax courses often cover tax rules with limited emphasis on how tax considerations affect decisions. This course builds a framework for understanding how tax rules affect business and investment decisions. This tax planning framework has two distinct advantages over rules-based tax courses. First, the framework and concepts covered apply to the tax regime in place today and to future (and past) tax regimes. Second, the framework is applicable across geographic tax jurisdictions. The course integrates knowledge from financial

accounting, managerial accounting, tax accounting, economics, and finance. Specific objectives of the course include:

- Develop quantitative decision-making skills (critical thinking, problem solving).
- Develop foundation to evaluate effectiveness of a tax/business strategy (critical thinking, ethics/professionalism, global issues, problem solving).
- Understand how non-tax considerations affect tax planning decisions.
- Improve understanding of Accounting for Income Taxes (ASC 740).
- Develop institutional knowledge of U.S. tax rules.
- Exposure to ethical and regulatory considerations in tax planning.

### **Course and Class Layout:**

The course schedule, maintained on Sakai, will summarize readings, activities, assignments and/or cases for each class. This schedule will be updated during the semester and is subject to change. You should frequently check the Sakai course site.

Reading the course materials and attempting the problems prior to class are essential to the learning process. For some material, web-based presentations will be available to aid in your mastery of the subject material. Classroom time should not be your initial exposure to a topic and should not initiate the learning process. Classroom time is best used to clarify, enhance, and extend the course materials and to advance your understanding of the material. Our classroom time will be spent with a mix of short lecture(s), illustrative problems/cases, and student questions.

The course has two distinct segments. The first segment builds the conceptual tax planning framework referred to as the *effective tax planning* framework. An *effective tax planning* strategy is one that maximizes after-tax wealth (e.g., after-tax cash-flow). The framework's key components are:

*All taxes:* Effective tax planning requires one to consider both explicit taxes (i.e., taxes paid directly to the government) and implicit taxes (indirect taxes in the form of lower before-tax rates of return on tax-favored investments).

*All parties:* Effective tax planning requires one to consider the implications (tax and non-tax) of a transaction for all parties to a transaction.

*All costs:* Effective tax planning requires one to consider both tax and non-tax costs associated with a transaction (e.g., contracting, financial reporting, and operating costs).

The second segment of the course builds on this framework and covers different topics organized in distinct learning modules. Subject material covered may include: accounting for income taxes; multinational taxation; compensation planning; mergers, acquisitions, and divestitures.

**Course Grade:**

Grades will be determined on the basis of total points earned. Points for this course are assigned as shown in the table below. Letter grades will be assigned based on relative performance on course materials. Notre Dame's MSA program specifies a mean GPA range for all MSA courses.

Mid-term exam (date and time TBA)	140	30.0%
Final exam (date and time TBA)	180	36.0%
Other assignments (cases, problem sets, quizzes and professionalism)	180	36.0%
Total points	500	100.0%

**Exams:**

Exams will consist of multiple choice, essay, and/or computational problems. There will be a formula sheet provided with the exam. A portion of the exam points could include exam questions completed outside of class.

**Other assignments:**

Cases and other problems will be used to facilitate learning of the course material and evaluation of such learning. The cases will be evaluated based on either or both (1) in-class discussions/presentations and (2) written responses. Problems from within the course material or additional problem sets could be assigned throughout the semester. Such problem sets could also be completed using Sakai as directed by the instructor.

Assignments will be noted on the course schedule with the due date and points for the assignment.

A portion of the 'other assignments' grade component will be based on your in-class participation and professionalism. I expect students to be actively engaged in the learning process during class time. This includes asking and answering questions from class exercises, readings, homework problems, cases, and other in-class problems. Professionalism includes both your participation in the learning process and the manner in which this is exhibited.

Course scores will be maintained on the Sakai gradebook tool. Work turned in past the required due date is subject to a ten percent penalty for each day the assignment is past due.

**Mendoza College of Business Graduate Academic Code of Honor:**

You are responsible to uphold The Mendoza College of Business Graduate Academic Code of Honor (see [Academic and Honor Codes](#)). The Code of Honor will be followed as described in the material. The Academic Code of Honor includes an understanding that all submitted work must be a student's own work. Any kind of academic dishonesty is a violation of the Code. If a student becomes aware of an Honor Code violation, he or she must take responsible action by notifying either the instructor or the Associate Dean (see section 4.4).

The following is the Honor Code Expectation Summary as posted on the College of Business website (see [http://gbpstudentservices.nd.edu/assets/160514/2016\\_17\\_academic\\_policy.pdf](http://gbpstudentservices.nd.edu/assets/160514/2016_17_academic_policy.pdf)):

*The community expects all students to continually conform to standards of conduct and, by signing this document shall, at a minimum, demonstrate:*

- *Academic honesty and integrity;*
- *Compliance with faculty requirements regarding course work;*
- *Respect for the program and its community of people; and,*
- *Respect for academic and administrative professionals.*

Any questions regarding academic honesty and integrity should be directed to the instructor. Notre Dame encourages collaborative learning and recognizes that it has great educational value. The Honor Code does not discourage such work, but it does indicate that the instructor's explicit guidelines take precedence in determining whether certain actions are permissible (see section 4.3) Specific guidelines for this course are detailed below.

In preparing for class and in reviewing after class, you are encouraged to discuss course material with classmates currently enrolled in this course, subject to certain limitations. You may not simply copy answers prepared by another person or group. To facilitate learning it is necessary to complete the process of solving course problems. Utilizing cases, problem sets, exams, quizzes from students previously enrolled in the course is *academic dishonesty* and will be considered a violation of the Honor Code. If the instructor states that an assignment is to be done independently, then discussions with classmates regarding the assignment should be avoided. If there are any questions regarding permissible collaboration, please ask for clarification.

The Honor code stipulates that each faculty member will strive to establish an environment in order to evaluate students in a fair and reasonable manner (5.3 (a)) The Honor code stipulates that anyone with the responsibility to teach a course will not tolerate dishonesty and the Honor Code stipulates procedures that are to be followed in cases where a Honor Code violation has occurred (see section 5.4).

#### **From Honor Code Section 1 – Introduction**

The Mendoza College of Business provides an environment of teaching and learning that fosters the development of its students with those disciplined habits of mind, body, and spirit, which characterize and educate skilled and free human beings (from the Mission Statement of the University of Notre Dame). Part of the mission of the College is also to nurture in each student a sense of moral responsibility. In turn, the Graduate Academic Code of Honor (hereinafter referred to as the Honor Code) represents a valuable educational tool for guiding both faculty and students in their efforts to create a sense of community and for expressing the values that are at the core of a Catholic university. As members of an academic and spiritual community, we work together to answer difficult questions, often collaborating to answer these questions, to solve problems, and to communicate effectively the knowledge we acquire through inquiry. This document calls attention to the responsibilities we have in being faithful in our attempts to represent the views of others, and it helps us to understand the responsibilities we have toward one another, students and faculty alike, as we try to uphold the moral standards of our community.