

## **REVIEWER'S COMMENTS ON PROPOSAL: IUPUI MASTER OF SCIENCE IN TAXATION**

The IUPUI proposal for a Master of Science in Taxation offers a strong array of tax classes that will be valuable for accounting undergrads looking for 150 credit hours as well as for professionals seeking CPE hours and/or CFA certification. In my opinion, the faculty resources are available for the program.

**RESPONSE:** Please note that the designation is Certified Public Accountant (not CFA).

What is not clear to me is why it was necessary to create the MST instead of using the current MSA program but altering it for a tax emphasis. The proposal states that there are 21 required credit hours of tax and 9 elective hours. Given the list of courses, it seems that all of the electives are only tax classes. There is no defense or explanation of why the program does not offer some accounting, business law, or other business related courses.

**RESPONSE.** Individuals who are interested in tax generally desire a graduate degree in tax rather than accounting. While many may believe that accounting and tax are the same, such is not the case. Beyond the basic tax course for all accountants, tax is a separate discipline. As the degree program suggests, there are many courses in advanced taxation in which students might have an interest but they are all tax courses. For example, there are courses in the taxation of C corporations, S corporations, partnerships and limited liability companies, trusts and estates, estate and gift taxation, tax-exempt organizations, state and local income taxation, compensation, international taxation. Moreover, there could be basic and advanced courses in each of these. Much like English is a basic course for all, a course in Literature for Adolescents or a seminar on Joyce's *Ulysses* normally would be reserved only for those truly interested in literature (and there are hundreds of topics in literature around which courses could be designed. For the MST, we have identified what most believe are the most critical areas of taxation and which would be the most appealing. Students could take 30 hours of taxation but we provided a degree of flexibility if they wanted to take a course that was not strictly tax but was related (e.g., a business course on corporate restructuring courses in the law school on wills and trusts, divorce, security transactions).

As noted in the proposal, the MST is the credential of choice. It represents a graduate degree devoted *solely* to taxation. Consequently, the elective courses enable students to select among various courses in tax and only tax. These students are interested only in tax and not general business courses such as those in finance, marketing, operations, supply chain, human resources, or other business courses. The MSA represents a general accounting degree and for many represents the minimum threshold that must be achieved to practice. A parallel can be drawn with law. Students can obtain a general law degree and then obtaining an LLM in tax. In addition, in the market place, accounting and tax are not the same. For example, public accounting firms provide services in two distinct areas: tax and auditing.

To the extent this program offers lots of tax course options, it could attract some students from the IU Bloomington campus to the IUPUI campus. That does not necessarily have to harm or compete with the Bloomington problem. The ramifications are unclear. Alternatively, it could be beneficial to Bloomington students who would like to take a tax elective which is not offered on the Bloomington campus.

**Response.** We agree. In the past, Bloomington students have attended tax courses that were not available in Bloomington.

The course offerings are not completely clear in the proposal. The list of coursework is not identical with the course descriptions at the end of the document. For example, in one spot A539 is labeled as an entity class but as a corporate tax class is another place. A559 is not listed in the coursework table. Is it a required or elective class? Why is A557 for International tax not listed in the course work table (similarly for A544 and A554)?

**Response.** A539 covers C corporations which is one of the entities subject to taxation. As shown in the Course Descriptions, there are numerous tax courses (BUS and BUPA) that already exist that could be used as electives. This provides flexibility. The courses shown in the MST Coursework table contains those electives that we believe will have the most attractive. The electives that we actually offer in any particular year or semester may vary, depending on the current emphasis in the law and the interest of the market. For example, if the estate and gift tax is repealed as is scheduled to happen or the threshold for taxation raised substantially, the course would be eliminated and another course substituted in its place. Similarly, as international transactions and global business become more and more important in Indiana, the international tax course could be offered instead of another. Here is another presentation of the required and elective courses.

## Per the MST Coursework Table and Course Descriptions

### **Required courses 21.0 hours (see course descriptions below)**

A515 Introduction to Taxation (Prerequisite for all other tax courses) (3.0)  
A539 (Corporate Tax I) (3.0)  
A551 (Tax Research) (3.0)  
A552 (Corporate Taxation II) **P-A539** (3.0)  
A556 (Accounting Periods & Methods) (3.0)  
A522 (Partnerships) (3.0)  
A555 (S Corps) (3.0)-

### **Possible Electives--9.0 hours. (see course descriptions below)**

**All of these courses are currently approved; electives actually offered will depend on current emphasis in the law and the market**

A528 (State and Local Taxation) (3.0)  
A516 (Estate and Gift Taxation) (3.0)  
A558 (Taxation of Tax Exempt Organizations) (3.0)  
A580 (Selected Tax Topics) (3.0)  
A544 (Federal Taxation of Corporations Filing Consolidated Returns) (3.0)  
A554 (Income Taxation of Estates and Trusts) (3.0)  
A557 (International Taxation) (3.0)  
A559 (Federal Taxation of Current and Deferred Compensation) (3.0)  
Approved Kelley MSA, MBA Courses  
Courses in the IU School of Law Indianapolis

**REQUIRED COURSE. A515 Federal Income Taxes (3 cr.).** Introduction to federal income taxation. Focus is on the income taxation of individuals and tax planning for individuals. The goal of this course is to introduce students to the federal income tax law of the U.S. The course provides an overview of the following elements of the tax computation: gross income, deductions, credits, property transactions, alternative minimum tax, employment taxes, and an overview of the estate and gift tax. While the course primarily focuses on the income taxation of individuals, the basic treatment of other entities is considered, including the taxation of corporations, partnerships, limited liability companies, trusts and estates. Moreover, it should be emphasized that many of the basic tax rules examined apply to all entities. In addition, a portion of the course is devoted to tax research, enabling students to appreciate the sources of tax law such as the Internal Revenue Code, Regulations, administrative pronouncements and case law.

**REQUIRED COURSE. A539 Advanced Taxation I: Entity Issues (3 cr.) P: A515 or equivalent.** This course provides an introduction to the taxation of regular corporations, partnerships, limited liability companies, and S corporations. *Note this course emphasizes the taxation of C corporations and is the introductory course to corporate taxation.*

**REQUIRED COURSE. A551. Tax Research (1.5-3.0) P: A515 or concurrent.** Covers how to access the primary and secondary sources of tax law, including the Internal Revenue Code, regulations and other administrative pronouncements and judicial decisions. Explains the research process and the use of research tools to locate sources of tax law. Utilizes both paper products and electronic (internet) resources. Emphasizes how to read and interpret source materials. Tax research assignments stress writing skills and the need for effective communication of research findings.

**REQUIRED COURSE. A552 Federal Taxation of Corporations and Shareholders (3 cr.) P: A515 or equivalent, A539 or equivalent.** Federal tax aspects of various corporate transactions including corporate formations, operations, distributions, redemptions, liquidations, mergers, acquisitions and divisions and the impact of these transactions on corporate shareholders.

**REQUIRED COURSE. A556 Timing Issues in Taxation: Accounting Periods and Methods (1.5 - 3 cr.) P: A515 or equivalent.** Examines timing issues related to the Federal income tax including adoption of and changes in accounting periods, cash and accrual methods of accounting, tax consequences of changing from one method of accounting to another, installment methods of accounting; time value of money issues (original issue discount); inventory accounting (LIFO), the Uniform Capitalization Rules, and accounting for long-term contracts.

**REQUIRED COURSE. A522 Federal Taxation of Partnerships and Partners (3 cr.) P: A515 or equivalent.** Tax aspects of the definition, formation, operation, liquidation, and termination of partnerships and limited liability companies.

**REQUIRED COURSE. A555 Taxation of S Corporations (1.5 - 3 cr.) P: A515 or equivalent** Examines tax treatment, tax problems and tax planning techniques involving S corporations; eligibility rules; election, revocation, termination; treatment of income, deductions and credits; determining the shareholder's taxable income; pass-through of corporate net operating loss; distributions of previously taxed income; special taxes applicable to S corporations.

**POTENTIAL ELECTIVE. A516 Federal Estate and Gift Taxation (3 cr.) P: A515 or equivalent.** Tax treatment of wealth transfers at death (the estate tax) and during lifetime (the gift tax), with emphasis on estate planning. Also includes an examination of the income taxation of estates and trusts.

**POTENTIAL ELECTIVE. A528 State and Local Taxation (1.5 - 3 cr.) P: A515 or equivalent.** Examines the basic principles of state and local taxation. Taxes studied are income taxes, sales taxes, use taxes, inheritance taxes, estate taxes, personal property taxes, real property taxes, and excise taxes.

**POTENTIAL ELECTIVE. A544 Federal Taxation of Corporations Filing Consolidated Returns (1.5 - 3 cr.) P: A515 or equivalent.** The principal focus of this course is on the consolidation return regulations, including concepts and history; eligibility to file; computation of consolidated and separate taxable income; intercompany transactions; SRLY rules; consolidated basis adjustments, loss disallowance rules and procedures. Other tax issues raised by affiliated corporations include the multiple corporation limitations of Section 1561.

**POTENTIAL ELECTIVE. A554 Income Taxation of Trusts and Estates (1.5 cr) P: A515 or equivalent.** Analyzes the income taxation of trusts and estates and their creators, beneficiaries and fiduciaries, including computation of fiduciary accounting income, distributable net income and taxable income, taxation of simple and complex trusts, computation of income in respect of a decedent, preparation of the decedent's final income tax return and the returns of trusts and estates from inception through termination.

**POTENTIAL ELECTIVE. A557 International Taxation P: A515 or equivalent (1.5 - 3 cr).** Examines federal tax issues related to foreign transactions, including issues affecting U.S. citizens and residents working, investing in or doing business overseas, and foreigners working, investing in or doing business in the U.S.

**POTENTIAL ELECTIVE. A558 Taxation of Tax Exempt Organizations (1.5 - 3 cr.)** Examines the tax treatment of public and private charities exempt under I.R.C. Sec. 501(c)(3), as well as business leagues, social clubs, and other types of tax-exempt organizations. Includes discussion of the requirements for exemption from federal income tax and the tax treatment of the unrelated business income tax and private foundation status and its repercussions.

**POTENTIAL ELECTIVE. A559 Federal Taxation of Current and Deferred Compensation (1.5 - 3 cr.) P: A515 or equivalent.** Introduces the taxation of current and deferred compensation. Current compensation coverage includes receipt of property, stock options, golden parachutes, etc. Deferred compensation topics addressed are qualified and nonqualified retirement plans including pension and profit-sharing plans, stock bonus plans, self-employed retirement plans and individual retirement; examines basic concepts of plans and trust, participation and vesting requirements, hours of service and break-in service rules, discrimination in benefits or contributions, deduction for employer contributions, limitations on benefits and contributions, taxability of distributions, fiduciary responsibility and reporting and disclosure requirements.:

**POTENTIAL ELECTIVE. A580 - Selected Topics in Taxation (1.5-3 cr.)** Addresses special tax topics that receive little or no coverage in the other tax courses. Topics have included: the passive loss rules, at-risk provisions, net operating losses, use of C corporation losses acquired in a merger or acquisition, alternative minimum tax,

advanced like-kind exchanges, purchase price allocations, amortization of intangibles, consolidated returns and similar topics.

Will all of these courses be offered on the IUPUI campus? Or, will on line courses be substituted for the on campus offerings?

**Response:** We expect that more and more courses in all programs and disciplines and at all levels will be offered on-line. We are currently offering A516 Estate and Gift Taxation, A551 Tax Research and A580 Selected Tax Topics as an online course with success. As the trend continues, we expect that there will be a mix of on-site and on-line courses.