

**State Taxation Fundamentals**  
**Bus 225F**  
**Summer 2013**

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<b>Course website:</b>	<a href="http://www.cob.sjsu.edu/nellen_a/bus225F_reading.html">http://www.cob.sjsu.edu/nellen_a/bus225F_reading.html</a> + Canvas - <a href="http://www.sjsu.edu/at/ec/canvas/">http://www.sjsu.edu/at/ec/canvas/</a>
<b>Office Hours:</b>	15 minutes before and after class and by appointment
<b>Class Days/Time:</b>	Wednesdays 6:00 – 10:00 pm June 19 – August 7 Saturday 9 am – 5 pm July 13 One session is online.
<b>Classroom:</b>	Lucas School Silicon Valley Site 2933 Bunker Hill Suite 120 Santa Clara CA 95054
<b>Prerequisites:</b>	Bus 223A

**Course Description**

Introduction to the legal foundation, nature and operation of key state and local taxes. Constitutional constraints regarding nexus, sourcing and apportionment are covered. Additional topics include research techniques, compliance and planning considerations, current issues and state tax reform. Pre/Corequisite: BUS 223A

**Course Goals and Student Learning Objectives**

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

- Key types of state taxes and purpose.
- U.S. constitutional constraints on state and local taxation.
- Key state sales and use taxation terms and concepts such as nexus, sourcing, tangible personal property, and exemptions.
- Key state income taxation terms and concepts such as nexus, sourcing, apportionment, allocation, separate, combined, and unitary.
- Important guidance relevant to state taxation including PL 86-272, UDITPA, and major judicial decisions.

- Basic tax planning considerations for multistate businesses, including consideration of tax incentives.
- Basic considerations in state tax compliance and audits.
- Introduction to property taxes and common local taxes.
- Current state tax policy issues.

## Required Texts/Readings

### Textbooks

- *CCH Multistate Corporate Tax Course*, 2013 Available for free from CCH - <http://www.cchgroup.com/opencms/opencms/web/TAA/LP/all/Books/printcpe/pdfs/Top-Multistate-13-book-ebook.pdf>.
- *CCH 2013 Guidebook to California Taxes* ISBN - 9780808031629
- CalTax's *California Tax Facts*, 2013, ISBN: 9780615744230
- California Budget Project, *Principles and Policies – A Guide to California Taxes* - [http://www.cbp.org/pdfs/2013/130411\\_California%27s\\_Tax\\_System.pdf](http://www.cbp.org/pdfs/2013/130411_California%27s_Tax_System.pdf)
- 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:

Presentation	30*
Research Questions	80**
Three quizzes	30
Group activities in class	20
Final Exam on 8/7	<u>100</u>
Total	260

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.

\* Topic to be selected in class. Must do with a classmate.

\*\* To be distributed in class and posted online.

## 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](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](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	6/19	<p><b>Introduction to Course and Topic</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Academic Integrity and Avoiding Plagiarism</a></li> <li>• Introduction to types of state taxes and purpose</li> <li>• State tax research tools</li> <li>• Introduction to state tax issues – focus on sales tax</li> <li>• Introduction to nexus, <i>Quill</i> case and why nexus issues exist and challenges in resolving them for taxpayers</li> </ul> <p><i>Read:</i></p> <ul style="list-style-type: none"> <li>❖ R&amp;T Sections 6051, 6051.1 and 6405</li> <li>❖ <i>Quill</i>, 504 U.S. 298 (1992)</li> <li>❖ Scholastic Books case (if last names starts with A through M, read CT case, otherwise read the TN case)</li> <li>❖ Watch BOE 11 minute video on CA sales tax basics</li> <li>❖ Reminders on academic integrity - <a href="http://www.cob.sjsu.edu/nellen_a/ClassInfo.html#Integrity">http://www.cob.sjsu.edu/nellen_a/ClassInfo.html#Integrity</a></li> </ul>
2	6/26	<p><b>Sales and Use Tax – Part I</b></p> <ul style="list-style-type: none"> <li>• Nexus, nature of the tax, terminology, concepts, exemptions, special rules, compliance considerations, differences among states, policy considerations</li> </ul> <p><i>Read:</i></p> <ul style="list-style-type: none"> <li>❖ CalTax book – pages 19-28</li> <li>❖ CCH California Taxes - pages 683 to 685 and 718 – 744</li> <li>❖ CCH Multistate book – Chapter 8</li> <li>❖ Pages 1 - 10 of California Budget Project, Principles and Policies – A Guide to California Taxes - <a href="http://www.cbp.org/pdfs/2013/130411_California%27s_Tax_System.pdf">http://www.cbp.org/pdfs/2013/130411_California%27s_Tax_System.pdf</a></li> <li>❖ See links on 225F Website</li> </ul>
3	Online	<p>Note: These online lessons can be viewed throughout the next few weeks (does not necessarily have to be done over the 4<sup>th</sup> of July).</p>

		<ul style="list-style-type: none"> <li>• Property tax basics</li> <li>• California local government considerations</li> <li>• California tax reform considerations</li> </ul>
4	7/10	<p><b>Sales and Use Tax – Part II</b></p> <ul style="list-style-type: none"> <li>❖ Continuation from Part I</li> <li>❖ Current sales tax issues</li> </ul> <p><i>Read:</i></p> <ul style="list-style-type: none"> <li>❖ CCH Multistate book – Chapters 9 and 11</li> <li>❖ See links on 225F Website</li> </ul>
5 & 6	7/13	<p><b>State Income Taxation – Parts I and II</b></p> <ul style="list-style-type: none"> <li>▪ Constitutional considerations, nexus and PL 86-272, nature of the tax, rules and concepts of taxing multistate income, theories, apportionment, sourcing, UDITPA, compliance, current issues</li> </ul> <p><i>Read:</i></p> <ul style="list-style-type: none"> <li>❖ CCH Multistate Book – Chapters 1 – 3</li> <li>❖ CalTax book – pages 9 - 16</li> <li>❖ See links on 225F Website</li> </ul>
7	7/17	<p><b>State Income Taxation – Part III</b></p> <ul style="list-style-type: none"> <li>❖ Continuation of Parts I and II</li> <li>❖ Unitary and reporting and filing rules and concepts</li> <li>❖ Entity considerations</li> <li>❖ Personal income tax basics</li> </ul> <p><i>Read:</i></p> <ul style="list-style-type: none"> <li>❖ CCH Multistate Book – Chapters 4 – 6</li> <li>❖ CCH California Taxes – pages 111 – 114, 118 – 119, 129 – 131, 134 – 141</li> <li>❖ See links on 225F Website</li> </ul>
8	7/24	<p><b>Tax Incentives + Compliance Considerations</b></p> <ul style="list-style-type: none"> <li>▪ Types of incentives and their issues and opportunities</li> </ul>

		<ul style="list-style-type: none"><li>▪ Differences among states</li><li>▪ Compliance considerations<ul style="list-style-type: none"><li>❖ Presentation by Avalara rep</li></ul></li></ul> <p><i>Read:</i></p> <ul style="list-style-type: none"><li>▪ See links on 225F Website</li></ul>
9	7/31	<b>Student Presentations + Review</b>
10	8/7	<b>Final Exam</b>