No. ____________

UNITED INDEPENDENT SCHOOL DISTRICT
AGENDA ACTION ITEM

TOPIC: Request for Approval of Income Tax Accounting Course

SUBMITTED BY: Alicia G. Carrillo **OF:** CTE Director

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: ____________

DATE ASSIGNED FOR BOARD CONSIDERATION: March 25, 2009

RECOMMENDATION:

Administration recommends that the Board approve Income Tax Accounting Course as a new CTE program offering.

RATIONALE:

The proposed innovative course is recommended for students in grades 10-12. The course is designed to guide students through the basics of tax law and tax return preparation. The students will assist taxpayers in filing accurate and complete returns. Student will be prepared to test and become certified as volunteer income tax preparers.

BUDGETARY INFORMATION:

Income Tax Accounting does not require additional budgetary considerations as it would be funded through the existing Career and Technical Education program budget. Additionally, textbooks and student certification are provided free-of-charge to the district through the Internal Revenue Service.

BOARD POLICY REFERENCE AND COMPLIANCE:

TEA

Income Tax Accounting

Number of credits that may be earned: .5 to 1 credit

PEIMS: N1205019*

Brief description of the course (150 words or less):

The proposed innovative course is recommended for students in grades 10-12. The course is designed to guide students through the basics of tax law and tax return preparation. Students will assist taxpayers in filing accurate and complete returns. Students will be prepared to test and become certified as volunteer income tax preparers.

Essential Knowledge and Skills of the course:

1. **Career preparation. The student describes individual tax preparation career opportunities.** The student is expected to:

   (A) identify tax preparation careers;
   (B) apply the role of a tax preparer;
   (C) describe skills and or educational requirements to prepare tax returns;
   (D) discuss the various levels of employment in the tax field; and
   (E) model real world experiences to demonstrate occupational applications of competencies developed in the study of tax preparation.

2. **Introduction and Administrative Guidelines. The student researches, analyzes and practices personal and administrative matters that impacts tax preparer integrity.** The student is expected to:

   (A) utilize resources to assist in preparing accurate and complete returns;
   (B) pursue steps for conducting effective interviews with tax payers;
   (C) identify the importance of screening and probing interviews;
   (D) understand frequent taxpayer inquiries;
   (E) explain the importance of the taxpayer identification number (tin);
   (F) identify the three types of taxpayer identification numbers;
   (G) define the terms personal and dependency exemptions;
   (H) apply the assessment to determine whether an individual can be claimed as a dependent on a taxpayer's tax return; and
   (I) uphold the IRS's privacy policy while serving as a volunteer.

3. **Filing Status and Filing Requirements. The student analyzes and applies the correct filing status to use when completing a tax return.** The student is expected to:

   (A) apply the requirements for each of the five filing statuses. The five filing statuses are: single, married filing jointly, married filing separately, head of the household, and qualifying widow(er) with dependent child;
   (B) determine who must file;
   (C) determine who should file;
   (D) select the appropriate tax form to use; and
   (E) determine whether the taxpayer is eligible to claim certain deductions and credits.

4. **Income. The student distinguishes between taxable and nontaxable income.** The student is expected to:

   (A) determine where to report income on forms 1040, 1040A, 1040EZ;
   (B) identify who can file Schedule C-EZ;
   (C) identify who must file Schedule SE; and
   (D) define various types of taxable and nontaxable income.

5. **Deductions and Tax Computations-Standard Deduction. The student identifies the standard deduction, which expenses are used to itemized deductions, and tax computations.** The student is expected to:

   (A) identify the correct standard deduction;
   (B) calculate and accurately report itemized deductions on Schedule A;
   (C) explain the process to calculate and report tax liability; and
   (D) determine when the taxpayer will use the tax tables and the Qualified Dividends and Capital Gain Tax Worksheet to compute their total tax.

6. **Earned Income Credit (Earned Income Credit). The student disseminates the earned income credit (EIC) or earned income tax credit (EITC) concepts.** The student is expected to:

   (A) determine which taxpayers are eligible for the earned income credit;
   (B) determine when a taxpayer has a qualifying child for the EIC;
   (C) calculate and report the credit using the EIC worksheet;
   (D) explain how to request advance earned income credit (AEIC) payments; and
   (E) report AEIC on the tax return.

7. **Child Tax Credit. The student calculates nonrefundable and refundable tax credit.** The student is expected to:

   (A) calculate the child tax credit using the child tax credit worksheet; and
   (B) calculate the additional child tax credit by using Form 8812, (*Additional Child Tax Credit Publication 972).*

8. **Credit for Child and Dependent Care Expenses. The student applies the credit for child and dependent care expenses.** The student is expected to:

   (A) determine who is eligible for the credit for child and dependent care expenses; and
   (B) calculate the credit, the exclusion and report the expenses on the correct form.

9. **Educational Credits. The student applies the nine different tax benefits for higher education.** The student is expected to:

   (A) calculate the Hope credit on Form 8863; and
   (B) calculate the Lifetime Learning credit on Form 8863.

10. **Miscellaneous Tax Credits. The student analyzes the four "miscellaneous credits"; the elderly or disabled tax credit, the mortgage interest tax credit, the foreign tax credit, and the qualified retirement savings tax credit.** The student is expected to:

    (A) determine who is a qualified individual for the credit for the elderly or disabled and apply the income limits.
    (B) calculate the credit for the elderly or the disabled;

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(C) calculate the credit for qualified retirement savings contributions using Form 8880;
(D) accurately report the foreign tax credit if Form 1116 is not required; and
(E) research the mortgage interest credit.

11. **Adjustments to Income. The student analyzes the seven adjustments to income.** The student is expected to:

    (A) calculate and accurately report adjustments to income (educator expenses, traditional IRA deductions, student loan interest deduction, tuition and fees deduction, penalty on early withdrawal of savings, alimony payments, and jury duty);
    (B) identify which IRA contributions are within the scope of the Volunteer Return Preparation Program; and
    (C) identify contribution limits for IRAs.

12. **Pensions and Other Retirement Income. The student determines pensions, annuities, social security benefits, railroad retirement benefits, and individual retirement arrangements.** The student is expected to:

    (A) determine the taxable portion of different types of retirement income;
    (B) determine how to report retirement income on the tax return;
    (C) explain when a minimum distribution is required; and
    (D) determine when an adjustment to withholding should be made.

13. **Sale of Stock. The student defines gains and losses on the sale (or redemption) of stock or other investment property.** The student is expected to:

    (A) compute the adjusted basis of stock or other investment property;
    (B) determine if an asset's holding period is long-term or short-term;
    (C) calculate the taxable gain or deductible loss using Schedule D; and
    (D) calculate the correct tax liability.

14. **Sale of Home. The student describes the simplified rules that apply to homeowners who sell their principal residence or "main home" during the tax year.** The student is expected to:

    (A) determine whether a home is the taxpayer's main home;
    (B) determine whether a taxpayer meets the ownership and use test;
    (C) determine the amount of gain an eligible tax-payer may exclude if a primary residence is sold; and
    (D) determine when the five-year ownership/use test period is suspended.

15. **Finishing the Return. The student applies steps to complete federal income tax payments and figure the overpayment or balance due.** The student is expected to

    (A) calculate and report federal income tax withheld from all sources;
    (B) calculate and report estimated tax payments;
    (C) calculate the refund or amount due;
    (D) determine if estimated taxes should be paid;
    (E) determine who qualifies for an extension of time to file;
    (F) determine if changes to the taxpayer's W-4 or W-4P should be suggested;
    (G) determine where and when to file a federal tax return; and
    (H) determine who qualifies for a tax extension of deadline.

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Description of the specific student needs this course is designed to meet:

Every year thousands of volunteers assist millions of people with their federal returns and have certain protections under the Federal Volunteer Protection Act of 1997, Public Law 105-19 (42U.S. Code section 14501 et seq.). The Act applies to volunteers who perform services for nonprofit organizations and receive no compensation other than reasonable expenses. This innovative course is a part of business pathway and finance cluster that allows schools to facilitate a tax class to meet the needs of the taxpayers in the community.

The ultimate goal of this course is to allow students to service the community by preparing taxes and accumulating community service hours. The curriculum content is not covered under any existing TEA course. The course work, complimented in a hands-on-training environment will develop job-related skills and prepare students for a rewarding experience in the tax preparer's profession. The completion of this course will allow the student to develop challenging academic, technical proficiency skills and earn extra income as a tax professional. There is a strong demand for skilled individual tax professionals with industry-recognized credentials. Students will have the opportunity to advance to continue with a post secondary institution and pursue careers with the federal government and or local tax offices.

Major resources and materials to be used in the course:

The local IRS is a valuable resource allowing the students to play a critical part of the Volunteer Return Preparation Program. The student will not be able to calculate moving expenses; self-employed health insurance deduction; and self-employed SEP, SIMPLE, and qualified plans. These tax computations are not covered in the traditional Volunteer Return Preparation Program training.

The course includes the following textbooks and resources:

- Volunteer Student Guide Textbook
- Volunteer Resource Guide
- Comprehensive Problems and Exercises Workbook
- Standardized Trainee's Course Evaluation Comments
- Classroom Trainee's Course Evaluation
- Test Bank
- Facilitator's Guide
- PowerPoint Lesson

Required activities and sample optional activities to be used:

Classroom instructions will provide students with skills through lectures, practice, field trips, event participation, internet and current related event research.

Methods for evaluating student outcomes:

Students will be required to take the income tax preparer's exam at the end of the income tax course.

Required qualifications of teachers:

The teacher must hold a Business Education certificate

Additional information (optional):