

SJSU Lucas Graduate School of Business
Masters of Science in Taxation Program
BUS 227B – Ethics for Tax Practitioners

Spring 2017

Instructor:	Professor Annette Nellen
Email:	annette.nellen@sjsu.edu
Phone:	(408) 924-3508 (don't leave message; send email instead)
Office Hours:	By appointment
Dates:	January 3 to January 23, 2017
Classroom:	None – this is an online class. Canvas is the classroom tool - https://sjsu.instructure.com/
Course website:	http://www.sjsu.edu/people/annette.nellen/website/ethics.html + Canvas website for 227B

Course Description

Review of rules of conduct, tax penalties and professional ethical behavior relevant to tax compliance and planning. Key rules applicable to a CPA are covered in the context of their application in the day-to-day work of a tax practitioner.

Course Goals and Student Learning Objectives

- To know the various rules of conduct including key penalty provisions that apply to CPAs engaged in tax practice.
- To understand challenges in meeting ethical conduct expectations and requirements.
- To learn strategies for ensuring compliance with rules of conduct on a day-to-day basis (using a 7-part checklist designed by Professor Nellen).
- To become aware of situations that require action based on established rules of conduct and how to respond.

Required Texts/Readings

Required and optional readings are posted on the Canvas website for the course at <https://sjsu.instructure.com/>. At the Canvas site you will see the outline for proceeding through the course. You'll also find two pdf documents you should download and/or print: (1) the course reader and (2) the entire set of Powerpoint files. The videos will

proceed through the Powerpoint slides. Note that there are some Powerpoint slides that are not in the video; be sure to also read those slides.

Assignments and Grading Policy

Grades will follow the pattern of 90% or higher for an A, 80% or higher for a B, 70% or higher for a C, etc. Plus and minus grades will be used for scores within two percentage points of the grade breakpoint.

▪ Quizzes	60 (8 quizzes available on Canvas)
▪ Research questions	50 (included at end of syllabus)
▪ Online discussion	10 *
▪ Final exam	<u>80</u> (see date in "topics sequence" below)
Total	200

* On the "discussion" tab on Canvas, you will see questions posted. You must post 2 responses to the instructor's original question or another student's reply. Be sure you are clear and mention any relevant rules of conduct. Responses should be about 4 – 6 sentences long. Be sure to check these discussions for updates. The goal is not just to type something, but to engage in this online discussion in a meaningful manner.

University Policies

Academic Integrity

Caution: You are not to share any of your notes, work or quiz or exam questions or answers with classmates now or in the future. Nor should you use notes or any course materials of students who have taken this class in the past.

Students should know the University's Academic Integrity Policy that is available at <http://www.sjsu.edu/senate/docs/F15-7.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.sjsu.edu/studentconduct/>.

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 on your own unless otherwise specified.

University Policies (Required)

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate

and Undergraduate Programs' [Syllabus Information web page at http://www.sjsu.edu/gup/syllabusinfo/](http://www.sjsu.edu/gup/syllabusinfo/)

Topics Sequence

Throughout the course, examples of ethical conflicts and application of rules of conduct will be used. Practice exercises will enable students to learn how to find, interpret and apply the various rules of conduct and consider practices for effective compliance and professional behavior. The readings, videos, and other materials are on Canvas - <https://sjsu.instructure.com/>.

After your initial review of the syllabus and Canvas course website, be sure to create a plan for how you will complete this course in the required time period. Create a calendar that includes time to watch videos, do the reading and homework, study, and take the 8 quizzes and final exam.

Topics
<p>Introduction to course and expectations</p> <ul style="list-style-type: none"> ▪ Understanding "ethics" ▪ Professionals and ethics ▪ Challenges to ethical behavior. ▪ Introduction to 7-part tax practice ethics checklist and its purpose in understanding and applying rules of conduct
<ul style="list-style-type: none"> ▪ Ethics Checklist Area 1 – "Toolbox" <ul style="list-style-type: none"> ○ Overview to rules of professional conduct and penalties applicable to tax practitioners ○ Also watch the IRS webinar on Circular 230 with Karen Hawkins (link on Canvas); this also pertains to most other areas of the 7-part checklist as well.
<ul style="list-style-type: none"> ▪ Ethics Checklist Area 2 – Registrations <ul style="list-style-type: none"> ○ Licensing boards ○ Professional organizations ○ IRS initiative on paid preparer registration
<ul style="list-style-type: none"> ▪ Ethics Checklist Area 3 – Practice development <ul style="list-style-type: none"> ○ Forms and names of practice ○ Considerations in seeking and retaining clients ○ Fee schedules and commissions
<ul style="list-style-type: none"> ▪ Ethics Checklist Area 4 – Client relationships <ul style="list-style-type: none"> A. Principles of honesty, integrity and objectivity in place

- B. Expectations and competencies stated
- C. When does someone become a client? (procedures in place to know)
- D. "Point person" assigned for each client.
- E. Conflicts of interest avoided
- F. Clear and appropriate communications
- G. Confidentiality and privacy of all client information
- H. Client records properly maintained
- I. Do not practice law
- J. Know when to terminate client
- K. Proper use of engagement letters

- Ethics Checklist Area 5 – Tax preparation and planning

- A. Competence
- B. Due diligence
- C. Client reminders
- D. Handling errors
- E. Review process
- F. Record retention and security system
- G. Tax return positions and avoiding penalties for client and practitioner
- H. Point person
- I. Continuing education
- J. Keeping up to date

- Ethics Checklist Area 6 – Infrastructure

- A. Firm purpose and strategy
- B. Management hierarchy
- C. Firm culture
- D. Personnel practices
- E. Oversight of continuing education
- F. Whistleblower/Ombudsmen system
- G. Communications and social media
- H. Client records
- I. Technology operations and oversight / Data management
- J. System for legal compliance
- K. Facilities security

L. Internal audit and review

M. Risk management

- Ethics Checklist Area 7 – Duties to your profession

Review

Strategies for success

Final exam

Take the final anytime between 5 pm and 10 pm on **Monday January 23**. Once you start it, you'll need to finish it (60 minutes long). Be sure to log in at least 60 minutes before the end time.

Research Questions and Due Dates

1. [DUE 1/9; 8 points] Use the five ethical standards/approaches summarized in the reading from the Santa Clara University Markkula Center (in the Introduction module on Canvas) to answer the following questions:
 - a. Which approach best identifies your personal ethical underpinning?
 - b. Why?
 - c. Does that approach make it easier to meet the ethical requirements of a tax CPA or harder?
 - d. Why?

2. [DUE 1/9; 12 points] For each of the items below,
 - a. Identify which part of the 7 part ethics checklist the topic falls into.
 - b. Write a specific paragraph for the checklist that notes what the practitioner should or should not do with respect to this action and why, with appropriate references noted (SSTS, Circular 230, CA CPA Rules of Professional Conduct, etc.).
 - i. Answering a tax question you find posted on a LinkedIn group for your neighborhood.
 - ii. Listing various skills on your LinkedIn page, such as accounting and tax law, and encouraging people to “endorse” you for those skills.
 - iii. Charge a contingent fee for preparing an amended return. Be sure to read and address the [Ridgely](#), No. 1:12-cv-00565 (DC DC, 7/16/14)) case in answering this question. Also consider the rules on contingent fees under the CA Board of Accountancy and AICPA Rules of Professional Conduct.

3. [DUE 1/20; 18 points] – The Fall 2016 copy of *Update* magazine published quarterly by the California Board of Accountancy is posted on Canvas (in the same section as the syllabus). Nine red letters have been added to the publication (1-9). For 7 of the 9 items, figure out what it is about, and complete the chart (shown below expanding it to fit your 7 items). For any two of the items, also note the relevant Circular 230 rule AND the relevant CA Board of Accountancy regulation (see links in Toolbox module on Canvas).

Your answer must be in this format (copy, paste and expand the table into your homework):

Update Item	Most relevant part of the Checklist and <u>how</u> it relates (1-2 sentence explanation of how it relates)	Circular 230 rule most relevant (provide citation and title of the rule)	CA CBA regulation most relevant (provide citation and title of the rule)
1			
2			

4. [DUE 1/20; 6 points] P.L. 114-113 (12/18/15) expanded the due diligence penalty of §6695(g) to include the child credit and American Opportunity Tax Credit (AOTC). Read §6695(g) and the Form 8867 and instructions, and answer the following:

- a. A new client comes to you saying she is single and has a 5-year old child. Based on her 2016 W-2 forms and a review of her 2015 return, you find her income is within the range to qualify for the child credit. List two important questions you should ask her to be sure she qualifies for the child credit.
- b. Tom has been your client for the past 20 years. He is 48 years old. He tells you that for 2016, he attended college, taking 9 units each semester at San Jose State. He says he has heard of the AOTC and is glad he can claim it. What should you do for your due diligence to determine if Tom qualifies for the AOTC?

5. [DUE 1/20; 6 points]

- a. List and explain three (3) things you will do differently or start doing based on what you learned in this class about ethics for tax practitioners. Also note why you will do each.
- b. Considering what you have learned from this course, provide one sentence that you will use to help guide you when faced with an ethical dilemma. (You likely have more than one sentence, but provide the one that would be your key starting advice to yourself.)