

AE 210

Farm Taxation and Succession Planning

3 Credits

Instructor: Nadine Farkash
Phone: 780 853 8493
Original Developer: Robert McFadzean
Current Developer: Nadine Farkash
Reviewer: Peter Walsh
Created: 01/03/1990
Revised: 31/07/2017
Approval: 31/07/2017

The Implementation Date for this Outline is 01/09/2017

Copyright©LAKELAND COLLEGE. Email: admissions@lakelandcollege.ca
2602 - 59 Avenue, Lloydminster, Alberta, Canada T9V 3N7. Ph: 780 871 5700
5707 College Drive, Vermilion, Alberta, Canada T9X 1K5. Ph: 780 853 8400
Toll-free in Canada: 1 800 661 6490



AE 210 Version: 14



Farm Taxation and Succession Planning

Calendar Description

The main features of income taxation for farm businesses. Also covers business organizations and estate planning including tax implications.

Rationale

This is a required course for the Ag-Finance Concentration of the Agribusiness program. The taxation of farm income and related topics are explored such that, with the aid of tax consultants, management strategies can be chosen for tax planning, estate planning, and organizing the farm business to maximize after-tax income.

Prerequisites

AC 118 and AE 202

Co-Requisites

None

Course Learning Outcomes

Upon successful completion of this course, students will be able to

1. do the basic calculations of taxable income and tax liability.
2. understand the implications of a number of tax minimizing strategies.
3. understand how to organize your business and personal affairs to facilitate the achievement of management objectives including tax planning.
4. start the process of estate planning and understand some of the tools of estate planning.

Resource Materials

General tax guide (for the current year). Canada Customs and Revenue Agency.

Farming income tax guide (for the current year). Canada Customs and Revenue Agency.

Conduct of Course

This course consists of approximately 42 hours of lecture periods. The standard procedure for each topic in the course is as follows: A hand out giving the basic concepts is made available for individual study, a lecture to explain the concepts in class, an example using the concepts will be worked through in class, an assignment for individual practice with some class time available.

Evaluation Procedures

A. Assignments 25%

In order to successfully complete this course, all assignments must be completed and handed in. These assignments are evaluated on three criteria in addition to content as follows:

1. Assignments must be handed in on time.
2. Assignments must be complete.
3. Assignments must be neat.

B. Tests 75%

Test 1 - 25%

Test 2 - 25%

Test 3 - 25%

Grade Equivalents and Course Pass Requirements

A minimum grade of D (50%) (1.00) is required to pass this course.

Letter	F	D	D+	C-	C	C+	B-	B	B+	A-	A	A+
Percent Range	0-49	50-52	53-56	57-59	60-64	65-69	70-74	75-79	80-84	85-89	90-94	95-100
Points	0.00	1.00	1.30	1.70	2.00	2.30	2.70	3.00	3.30	3.70	4.00	4.00

Students must maintain a cumulative grade of C (GPA - Grade Point Average of 2.00) in order to qualify to graduate.

Attendance

Classroom and laboratory attendance is considered vital to the learning process and as significant to the students' evaluations as examinations and reports. Therefore, absenteeism is recorded.

1. Students having an inexcusable absence of 10 percent or higher for the scheduled course hours are required to withdraw and automatically receive a "RW" (required to withdraw) grade for the course, regardless of any other evaluation results.

2. Students having a combination of excused and inexcusable absences of 20 percent or higher for the scheduled course hours do not pass the course.
3. An excused absence is one that is verified with your instructor. Verification may be prior to the absence or the next class day following the absence. Verification of the absence may take the form of a note from your doctor/College nurse regarding illness, or a note from another instructor regarding a field trip or other activity, or authorization by your instructor.

NOTE: Any exceptions to the above attendance policy (e.g. conflicts with timetables or work-related issues) must be approved in writing by the Department Chair prior to the beginning of the course.

It is the students' responsibility to know their own absentee records.

Course Units/Topics

A. Farm Income and Expenses for Tax Purposes

- Farm Income
- Farm Expenses
- Inventory
- Capital Cost Allowance

B. Income Tax for Farms

- Total Tax Income
- Net Tax Income
- Taxable Income
- Net Tax Payable

C. Special Topics in Income Tax

- Alternate Minimum Tax (AMT)
- Year End
- Strategies
- Cash versus accrual
- Filing, appeals, etc.

D. Business Organization

- Sole Proprietorships
- Partnerships
- Joint Ventures
- Corporation

E. Capital Budgeting

- Tax deductible expenses
- Capital Cost Allowance (CCA)
- Terminal loss and recaptured CCA

F. Estate Planning

Objectives

Basic steps

Investment Income

Property Transfers

Family Farm Rollover

Trusts

Capital Gains Reserves

Timing

Bank Accounts

Life Insurance and RRSP's

Types of Ownership

Who Must Be Legally Provided For

Wills



Copyright©LAKELAND COLLEGE.
2602 - 59 Avenue, Lloydminster, Alberta, Canada T9V 3N7. Ph: 780 871 5700
5707 College Drive, Vermilion, Alberta, Canada T9X 1K5. Ph: 780 853 8400
Toll-free in Canada: 1 800 661 6490 Email: admissions@lakelandcollege.ca