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Cool! I'am really happy

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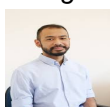
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My friends are so mad that they do not know how I have all the high quality ebook which they do not!

#Diego Butler



so many fake sites. this is the first one which worked! Many thanks

28 2016 Corporate Income Taxation Study Operating Rules 2-

36. (LO 1, 2)
- The S corporation is not a taxable entity. Its profits (loss) and separately stated items flow through to the shareholders. Tange Corporation's Form 1120S reports ordinary business income of \$420,000 and separately stated long-term capital gain of \$30,000. Tange receives a Schedule K-1 reporting ordinary business income of \$420,000 and separately stated long-term capital gain of \$30,000. Tange will report ordinary business income of \$420,000 and long-term capital gain of \$30,000 on his individual income tax return (Form 1040), regardless of how much of the income was withdrawn from Tange. Tange's income tax liability with respect to the income from Tange is $\$172,320 [\$420,000 \text{ ordinary business income} \times 39.6\% \text{ marginal tax rate} + (\$30,000 \text{ LTCG}) \times 20\% \text{ preferential tax rate}]$.
 - A C corporation is a taxable entity, and Tange Corporation's Form 1120 reports taxable income of \$450,000 [(\$420,000 ordinary business income + \$30,000 LTCG) and income tax of \$153,000 [(\$450,000 \times 34% (see Exhibit 2.1)]. C corporations do not receive any preferential tax rate with respect to long-term capital gains. The taxable income of a C corporation has no effect on the shareholders until such time a dividend is paid. Therefore, Tange has no tax consequences in 2015 with respect to Tange Corporation.
37. (LO 1) If Purple Company is a proprietorship, Katica must report net income of \$200,000, regardless of the amount she withdraws. If the company is a C corporation, it must pay corporate tax on its taxable income and Katica must report any dividends she receives from the company as income.
- Katica's after-tax income is computed below:

Income from proprietorship	\$200,000
Less: deductions (\$6,300 standard deduction + \$4,000 exemption)	(10,300)
Taxable income	\$189,700
Tax at \$189,700 (see Appendix A for Tax Rate Schedules)	\$8,492
After-tax income (\$200,000 - \$8,492)	\$191,508
 - Tax on corporation's net income of \$200,000:

Tax on \$200,000 (see Exhibit 2.1)	\$ 61,250
Corporation's after-tax income (\$200,000 - \$61,250)	\$138,750
Katica's taxable income (\$138,750 dividend - \$6,300 standard deduction - \$4,000 exemption)	\$128,450
Katica's tax on \$128,450 (at rates applicable to dividends) $[\$128,450 \times 9\%] + [(\$128,450 - \$37,450)]$	\$ 13,650
Katica's after-tax income (\$128,450 - \$13,650)	\$114,800
 - The corporation will have taxable income of \$61,250 (\$200,000 net income before corporation deduction - \$138,750 salary). Katica will have taxable income of \$128,450 [(\$138,750 - \$6,300 standard deduction - \$4,000 exemption)]. Her tax will be \$20,000, and her after-tax income will be \$108,750 [(\$138,750 - \$20,000)].
38. (LO 2)
- Wilson can claim a limited deduction of \$17,000 [90%(\$90,000 - \$50,000) (insurer's recovery) - \$100 (loss on personal casualty losses) - \$22,800 (10% of \$225,000 AGI)].
 - Wilson can deduct \$40,000 [90%(\$90,000 - \$50,000) (insurer's recovery)]. Corporations are not subject to the 30% floor on the 90% of AGI limitation.

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