

Inspiring Students for Taxes

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Abstract

Taxes are considered dry Materia. Teaching them is quite a challenge for any professor. The vast material of the tax law and the constant changes are difficult to be assimilated by the students for one or two semesters on a bachelor level, cause most of the time these are the two courses that are offered on that level. The textbooks and exercises, the cases and the problems are not close to the practice at all. Students are lost once they are left alone with any tax form to fill.

This article is showing the necessity of practical experience for the tax students at bachelor and also on master level. The way to link the knowledge with the practice, and to inspire students to choose taxation as their future career.

Key words: taxation, tax practice, VITA, volunteer tax preparation

Ever since I remember my educator career I have been teaching taxes. I am inspiring students in two countries to grasp taxation as their chosen career. Teaching taxes is challenging experience. All the changes that we face every year in the rates and base, in the compliance made this task even harder. Most of the courses offered in the Universities are general accenting on the economic and legal issues of the material. The link with the practice is mostly done by case teaching, using problems, exercises. All of them are considered artificial by the students and not close to the real world. I have taught every single one of the existing tax course on different level for accounting students but there is nothing compared to the course that puts the students in the real life experience. The Tax Practice course is closely linked with the IRS Volunteer Income Tax Assistance/Tax Counseling for Elderly program (VITA/TCE).

1. Course Description:

1.1 Major areas

This course covers the elements of tax practice. We examine the ethical, professional, and legal limitations that are imposed on tax practitioners in giving tax advice and in preparing tax returns. We learn how the Internal Revenue Service regulates tax practitioners and its power to sanction disreputable conduct. We examine the tax penalty provisions of the Internal Revenue Code. We study the AICPA Code of Conduct and the Statements on Standards for Tax Services. We use resources provided by the AICPA and the IRS and develop a "tax practice". We learn how to interview clients, how to use checklists to assure quality of service, and how to identify and research issues. The lessons on tax research include discussion of primary and secondary sources of authority and lessons on how to access such authority in electronic databases provided by library subscription (i.e. RIA Checkpoint and CCH Intelicconnect).

1.2 Practice area

And of course the most important of all we learn how to prepare and file electronic tax returns. This is the most exciting part for the students. They are given the chance to help the community to see results from their studies before even go to work. Each student is required to dedicate 28 academic service hours per student to the Volunteer Income Tax Assistance Program (VITA).

The Volunteer Income Tax Assistance Program is an IRS initiative designed to promote and support free tax preparation service for the underserved, in both urban and non-urban locations. Service is targeted to low-to-moderate income individuals, persons with disabilities, the elderly and limited English speaking.

IRS awards matching grants each year to organizations that offer free tax preparation services during the tax filing season at locations in all 50 states and the District of Columbia.

The program initially created for low-income people is now covering more and more taxpayers. In 2003 the VITA/TCE program covers people with income up to \$31,000, while in 2015 - \$60,000.

1.3 Course preparation

The course is offered only in the spring during the tax season, because its major part is the practice itself. The preparation for it starts in the Fall semester. One of the prerequisite of the course is successful completion of TAX 4001 Federal Tax 1 with C or higher. So teaching that course in the fall in the last weeks when we deal with the individual income tax, I prepare them for the coming tax season – giving cases with tax filing, quizzes and homework's with questions from VITA/TCE and final exam based on questions from Glaim Enrolled agent questioner.

1.4 Software

Some of the text books in the tax field often are sold to the students with software for tax filing – Turbo Tax, Tax Act or any other of those kind. These softwares are not for the student level. Mostly these are just basic version for very simple returns and the mere fact that they are based on dialogue regime doesn't help at all students to understand the complexity of taxation. Using commercial software prevents students to see the real magic of the tax filing. He/she is not accepted into the kitchen, they just see the ready product – forms filled with numbers. I always insist that students should prepare at least 100 returns from scratch and by hand before they can claim that they know taxes and tax returns. They have to use the on line Internal Revenue code and Rules and Regulations to justify the positions they are taking. One thing is to read the chapter in the book about depreciation and totally different is to fill in form 4562.

The Practice lab, based on Tax Wise software is really good tool for learning in the tax practice field. The existing double features – interview and tax forms are helping the filer and showing the real tax compliance process. One can see and track the income that is entered on the interview popping up on the proper form and line of the return.

1.5 Non-resident aliens

The course includes the requirement for passing the certificate on non-resident aliens and foreign students. The amount of these tax payers in the region of South Florida is enormous and the knowledge about them scarce resource even among the CPA's. Teaching the treaties for avoiding double taxation and the treatment of income for the NRA has become an asset to my students and some of them in fact has found job based on that knowledge.

2. Academic Service-Learning:

In the period 2007 – 2010 each spring 45 volunteers were filing tax return and were educating the public at large on the issues of income taxes for individuals. In 2010 the center in Davie and the volunteers start working under Hispanic Unity in Broward county and United Way in Palm Beach county. The number of the volunteers has been increased to 65 since 2011 and the program was integrated in the Academic Service Learning.

Due to the nature of the course content, this course is designated as an “**academic service-learning**” course (A S-L). The assistance you provide to the agency/organization during your service-learning experience is a service to the community and will allow you to apply knowledge from the course to local, national, and/or global social issues. Throughout this course you will be participating in service-learning activities while demonstrating A S-L at campus, local, national, and/or global community levels. You will also reflect on your service-learning experience and the impact on the community as well as your professional development.

To receive academic service-learning notation of hours on student transcript, the hours must be logged electronically through Noblehour <https://www.noblehour.com/>, while completing the academic service-learning project. Also, pre-assessment and post-assessment surveys through Noblehour are required to be taken by academic service-learning students. Great help in registering the hours is provided by Weppner Center for Civic Engagement & Service website, www.fau.edu/volunteer, with instructions on how to log hours through Noblehour and the links for the surveys. Once the hours have been approved and both surveys have been completed, students receive an academic service-learning notation on your transcript.

Each student is required to fill 40 individual returns but some of them do more than that.

3. Results

Statistic Results in Broward County (provided by Hispanic Unity)

2011 VITA Sites	E-file	Paper	Refund Amount
Hispanic Unity of Florida	1068	109	\$1,492,322.00
West Regional Library	355	5	\$ 321,968.00
Mobile Unit	359	28	\$ 444,320.00
Urban League of Broward	200	16	\$ 436,106.00
NW Family Success Center CS	111	5	\$ 182,701.00
Jack and Jill Children's Center	97	2	\$ 159,394.00
Ana G, Mendez University System	131	11	\$ 207,894.00
Family Success Center Pompano	58	0	\$ 64,755.00
Florida Atlantic University	104	10	\$ 148,695.00
Hepburn Center	116	3	\$ 102,082.00
Center for Independence Living	63	10	\$ 57,950.00
MDEI Oakland Park	516	68	\$ 942,308.00
MDEI North Regional Library	223	60	\$ 185,555.00
MDEI Tamarac Community Center	838	66	\$ 718,196.00
TOTAL	4,239	393	\$5,464,246.00

4,632 Clients Served (*4,239 e-filed and 393 paper*) \$5.46 Million in tax refunds

20% of the preparers were School of Accounting students.

2012 VITA Sites	E-file	Paper	Refund Amount
Hispanic Unity of Florida	975	163	\$1,289,594.00
West Regional Library	297	17	\$ 263,570.00
Mobile Resource Center	396	51	\$ 519,305.00
Urban League of Broward County	184	16	\$ 316,890.00
Broward County Housing Authority	103	22	\$ 89,137.00
Jack and Jill Children's Center	91	7	\$ 128,063.00
South Regional Broward College Library	138	22	\$ 172,540.00
Family Success Center Pompano	58	4	\$ 56,325.00
Florida Atlantic University	81	14	\$ 106,171.00
Hepburn Center	103	6	\$ 65,854.00
Center for Independent Living	60	3	\$ 93,805.00
MDEI Main Site	758	32	\$ 744,824.00
MDEI Deerfield Beach Housing Authority	144	3	\$ 135,326.00
MDEI North Regional Library	258	6	\$ 120,992.00
MDEI Tamarac Community Center	756	6	\$ 794,256.00
TOTAL	4,402	372	\$4,896,652.00

4,774 Clients Served \$4.9 Million in tax refunds

30 % of the preparers were School of Accounting students.

2013 VITA Sites	E-file	Paper	Refund Amount
Ana G. Mendez University	47	7	\$48,739
Center for Independent Living	86	3	\$78,775
Family Success Center-pompano	59	5	\$52,631
Florida Atlantic University	92	4	\$99,377
Hepburn Center	137	4	\$102,690
Hispanic Unity of Florida	1065	52	\$1,342,161
Mobile Resource Center	365	17	\$461,557
NOVA University	79	1	\$90,140
South Regional Library	150	0	\$150,522
Urban League of Broward County	159	10	\$270,113
West Regional Library	343	13	\$328,780
Minority Development Empowerment-Main Site	& 498	20	\$780,378
MDEI - Tamarac Community Center	979	16	\$959,410
MDEI - North Regional Library	429	10	\$340,011
MDEI- Sunrise Senior Center	213	4	\$109,604
TOTAL	4,701	166	\$5,213,185

4,701 Clients Served \$5.2 Million in tax return
30 % of the preparers were School of Accounting students.

This is only part of the volunteer work, as the volunteers from United Way and AARP in Palm Beach county and Miami Dade county are not taken into account.

Unfortunately for some academic reasons this course was taken out of the curriculum in 2015. This was a loss for the students, for the University and for the public.

4. Students Feedbacks

Most important in the whole process is the satisfaction of the public and the gain of the students as they described it in their own words.

Claudia, 2012 “I believe my services had a good positive impact in the community. It was quite exciting. It made me feel good that I was helping the community. I have to say that I was not even aware of services like the VITA program being offered to the community. I’ve also learned about the value of community service.”

Johnathan, 2012, “I got such a great feeling of satisfaction from doing a return correctly. Overall my experiences at VITA and tax practice were great. A lot of the classes I have taken during my college career I think when will I ever use this material in my life. I found Tax practice so applicable, even if I don’t work in the tax field in the future; I have to do my own taxes forever. Overall VITA was probably the most rewarding experience I have had at FAU.”

Huma, 2010, “Overall, I think that VITA is a great program. It provides a free tax service and it gives students/volunteers like me to learn about filing taxes. The hours I have spent volunteering have been lessons for me. I have been made aware of many things that I didn’t know before. Hence, I would describe my experience as educational and informative.

Alejandra, 2009. “The Tax Practice class was a course that offered a great insight and experience of working with taxes. In this class we could learn things that we did not study in Tax 1 or Tax 2. We could examine and learn the ethical, professional, and legal limitations that are imposed on tax practitioners in giving tax advice and in preparing tax returns. We learn how the IRS regulates tax practitioners and its power to sanction disreputable conduct.

We learn how to interview clients, how to use checklists to assure quality of service, and how to identify and research issue. We learn how to prepare and file electronic tax returns and we dedicate 28 volunteer hours per student to the VITA program.

4.1 Once a volunteer, always a volunteer. Students keep coming back as volunteers year after year even if they have graduated from the University. Some of them become office coordinators and evaluators in the program.

Wendy, 2010, "The Vita Volunteer program is an excellent program not only for the society, but also for us, the students. This hand on experience lets us show and practice our skills and knowledge. It is not the same to know the theory of all the tax rules than apply them in the real world. I have only one recommendation for this program: advertising. There are so many people who do not know that this service is provided to the community. If the Vita program needs volunteers for next year, I would be more than happy to help them again."

Yanina 2012:" This is my fifth year volunteering for the VITA Program. I would have to say that each filing season is a challenge for me, different people and various situations, but I always learn from them. Not only learning but helping is what keeping me participating in this program. By becoming a VITA volunteer, I have the opportunity to make a difference in the community. Helping the community it is very rewarding. Every time I assist a taxpayer I feel good, not only because I am providing my volunteer service but also to educate them in a way that they understand what they are signing when preparing the income tax return."

4.2 The course formed their future career path. Most of the students that took the course ended up in the tax division of the CPA's firms or even in the IRS.

Edward, 2009, "Wednesday January 7th 2009 was my second meeting with my Tax 4871 class. Usually the day starts and you don't really know for sure what are going to be the outcomes. As an accounting student major that day changed my path for my future occupation. I was interested in working form an audit firm and get the experience and open my own business, but now after listening to a comment that the instructor made on that day, I changed my mind to get my masters in taxation. He said, "During the recession businesses are going out of business, people are losing their jobs, but no matter what every single American who is working in this country has to file their taxes." I sat back and analyzed for a little while what he just said, and I told to myself, but he is right in a sense. And instantly I changed my mind to do my masters in taxation."

Claudia, 2012 "I expected to learn a lot by applying what I learned in class but it superseded my expectations by far. I feel a lot more knowledgeable and confident at work. And, I am entertaining the idea of getting a Master in Taxation."

Yanina, 2012, "This volunteer experience will equip us with skills that last a lifetime and may stand out on resumes, scholarship and job applications! The program also gives the opportunity to know individuals working for the federal government such as the IRS and their partners. Through them students have the opportunity to apply for internships or jobs? Yes, that was my case. Volunteering for VITA I got to know people from the IRS and I applied for an internship and I got approved."

5. Discussion and Conclusions

The practice cannot be achieved in student organizations like BAP and ASA. They have different agenda and different goals. The best way to organize volunteering students is to give them credits, social hours for their transcripts and real practice experience.

1. The course is necessary part of the curriculum. This is the only real practice the student can have in their line of study.
2. The course should be open for bachelor and master level students although some of the masters are already doing tax returns.
3. The students are better prepared than most of the other volunteers in VITA/TCE program, which will lower the erroneous returns.
4. The course is helping the community, the government and enriching the students with new skills, knowledge and passion for taxes.