

TAX 660 Milestone Two Guidelines and Rubric

Overview: In addition to the tax consequences of the form in which an entity chooses to do business, the tax consequences of how the entity chooses to manage business operations on a day-to-basis and record them for accounting purposes can also have significant implications for the success of a business. Organizers must make key decisions on how they will operate the entity when the business is formed. Key decisions include the inventory cost-flow assumption, the accounting method to be used, the fiscal year end, and the method for calculating and claiming depreciation of assets. Businesses must also consider how they will structure multijurisdictional operations, and the choice of where to do business can result in tax savings or a substantial increase in tax cost. In Milestone Two, which is due in Module Six, you will make recommendations to the clients in the final project scenario regarding these key operational decisions.

Prompt: Read the Milestone Two scenario excerpt below—you can also access the [full final project scenario](#)—and then create a professional memorandum that provides recommendations for key operating decisions. For each recommendation, be sure to give a detailed explanation of the associated tax consequences.

Specifically, the following **critical elements** must be addressed:

- Create a **memorandum to stakeholders** with an executive summary using logical reasoning based on your tax research to explain why the client should adopt your recommendations for structuring business operations.
- Make a recommendation for the appropriate **inventory cost flow** assumption for a merchandising business.
- Make a recommendation for the appropriate overall **business accounting method** (cash, accrual, hybrid).
- Make a recommendation for the appropriate **depreciation method and asset lives**, including consideration of Section 179.
- Make a recommendation for the appropriate **fiscal year end** for your recommended business entity.
- Explain the tax implications related to **multijurisdictional operations** of a business, including interstate and international considerations.

Scenario

The second meeting is about two weeks after the first meeting. The Tai-Ga owners have completed all the legal steps necessary to set up the new business using the entity form that you recommended during the first meeting. In the second meeting, you will explain the tax elections and other accounting matters that must be considered prior to commencing operations. You will discuss the options available to the Organizers and make specific recommendations.

Rubric

Guidelines for Submission: Your paper should be a 3- to 5-page Microsoft Word document (excluding the cover page and reference pages), with double spacing, 12-point Times New Roman font, one-inch margins, and at least three sources cited in APA format.

Critical Elements	Proficient (100%)	Needs Improvement (75%)	Not Evident (0%)	Value
Memorandum to Stakeholders	Composes a memorandum to stakeholders, including an executive summary of your recommendation and a detailed support section	Composes a memorandum to stakeholders, but memo is cursory, contains inaccuracies, or is missing key elements	Does not compose a memorandum to stakeholders	15

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Inventory Cost Flow	Determines appropriate inventory cost flow assumption for a merchandising business	Determines appropriate inventory cost flow assumption for a merchandising business, but assumption contains inaccuracies or is missing key elements	Does not determine appropriate inventory cost flow assumption for a merchandising business	16
Business Accounting Method	Determines appropriate overall business accounting method	Determines appropriate overall business accounting method, but explanation contains inaccuracies or is missing key elements	Does not determine appropriate overall business accounting method	16
Depreciation Method and Asset Lives	Determines appropriate depreciation method and asset lives, including consideration of Section 179	Determines appropriate depreciation method and asset lives, but explanation contains inaccuracies or is missing key elements	Does not determine appropriate depreciation method and asset lives	16
Fiscal Year End	Determines appropriate fiscal year end for recommended business entity	Determines appropriate fiscal year end for recommended business entity, but explanation contains inaccuracies	Does not determine appropriate fiscal year end for recommended business entity	16
Multijurisdictional Operations	Explains the tax implications related to multijurisdictional operations of a business, including interstate and international	Explains the tax implications related to multijurisdictional operations of a business, but explanation contains inaccuracies or is missing key elements	Does not explain the tax implications related to multijurisdictional operations of a business, including interstate and international	16
Articulation of Response	Submission has no major errors related to citations, grammar, spelling, syntax, or organization	Submission has major errors related to citations, grammar, spelling, syntax, or organization that negatively impact readability and articulation of main ideas	Submission has critical errors related to citations, grammar, spelling, syntax, or organization that prevent understanding of ideas	5
Total				100%