

BUSINESS ENTITY TAX

SPRING 2018

This is a preliminary syllabus which includes only the corporate tax assignments (roughly half the course). I will finalize the full syllabus with the partnership tax assignments soon.

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MATERIALS

The materials required for the course:

Kahn, Kahn and Perris, Principles of Corporate Taxation (West, 2010)

Cunningham and Cunningham, The Logic of Subchapter K (West, Fifth Edition)

Selected Federal Taxation Statutes and Regulations (West, 2018 Edition)

Supplemental Materials and Problems to be downloaded from course website

ATTENDANCE & PARTICIPATION

The class meets Monday, Tuesday and Thursday from 1:45 to 3:00. This course will be taught by use of the problem-method approach. The focus of the classroom discussion will be on problems that raise specific questions related to an assigned topic. Students should arrive in class prepared to discuss the day's assignment, particularly the problems that we will review. I make a practice of randomly calling on students as well as encouraging volunteers. I consider class participation an integral part of the learning experience. There may, of course, be occasions when the press of other matters prevents adequate preparation of the day's material. Should that occasion arise you should notify me that you are unprepared before the day's class begins. No penalty will be assessed as long as such notifications are not too frequent.

Attendance at all class sessions is expected. Even excused absences can affect a student's grade if the total number is excessive. However, if extreme circumstances arise, please notify me, and we will discuss whether an accommodation is appropriate. Any student missing more than 20% of the classes will be administratively withdrawn from the course.

LAPTOPS AND CELLPHONES

Cellphones and laptops are not allowed to be used during class.

GRADING

The student's final grade will be primarily, if not exclusively, based on the mid-term and final exam. In some cases, class discussion and attendance can increase or decrease a student's grade. The mid-term and final exam will be open book. The mid-term will be a take-home exam and will cover the corporate tax material. The final exam will cover the partnership tax material.

OFFICE HOURS

Students are welcome to stop by with questions at any time (to be sure I will be there, you can always email me with a day/time request).

ACADEMIC HONOR POLICY

The Florida State University Academic Honor Policy outlines the University's expectations for the integrity of students' academic work, the procedures for resolving alleged violations of those expectations, and the rights and responsibilities of students and faculty members throughout the process. Students are responsible for reading the Academic Honor Policy and for living up to their pledge to "...be honest and truthful and...[to] strive for personal and institutional integrity at Florida State University." (Florida State University Academic Honor Policy, found at <http://fda.fsu.edu/academic-resources/academic-integrity-and-grievances/academic-honor-policy>.)

AMERICANS WITH DISABILITIES ACT

Students with disabilities needing academic accommodations should: (1) register with and provide documentation to the Student Disability Resource Center; and (2) bring a letter to Nancy Benavides, Associate Dean for Student Affairs, indicating the need for accommodations and what type. This should be done during the first week of class. This syllabus and other class materials are available in alternative format upon request. For more information about services available to FSU students with disabilities, contact Dean Benavides.

ASSIGNMENTS

Reference to “KKP” refer to the pages of Kahn, Kahn and Perris, *Principles of Corporate Taxation* (West, 2010). References to “CC” refer to Cunningham and Cunningham, *The Logic of Subchapter K* (West, Fifth Edition). References to cases and rulings can be found at the course website and can be downloaded from there. References to sections of the IRC refer to the Internal Revenue Code of 1986 as amended to date. When a Code section is assigned, the student should read the regulations that apply to that section unless there are a large number of regulations under that section. Regulations will be listed in the assignments below only if selected regulations under a Code provision are to be read or if the listed regulation is promulgated under a Code provision that is not assigned in that unit. If an assigned regulation is not included in the volume of the Selected Statutes and Regulations that you are using, you can locate that regulation through Westlaw or Lexis or in the Library. In answering the assigned problems, you will find it helpful to scan the appropriate regulations to see if relevant provisions are there.

Corporate tax problems are designated by a Roman numeral for the general category followed by an Arabic numeral for the specific problem in that category. For example, “Problem I-3” refers to the question number 3 in Problem Set #1 (Nonliquidating Corporate Distributions). For the partnership tax section, the problems (and Code and Regulation reading assignments) are in the partnership supplemental material. All Problems and Supplemental materials can be downloaded from the course website: www.jeffreykahn.com.

Any reference in the problems to a corporation’s “stock” is to common stock unless the problem states otherwise. Any preferred stock in the problems will not be “nonqualified preferred stock” (as defined in §351(g)) unless the facts of the problem indicate otherwise.

Assignments are grouped by subject matter without regard to the amount of class time that will be devoted to that subject. In some cases, an assignment will be discussed for several days; and in some cases, an assignment will take up less than one class hour. I will provide my best estimate on what we will cover each week.

A direction to “Note” material means that the material either will not be discussed in class or will be discussed only briefly.

CORPORATE TAX

1. Introduction
KKP 1-5
IRC §§ 11, 55
2. Definition of a Corporation
KKP 5-7

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3. Dividend-Received Deduction
KKP 16-17.
IRC §§ 243(a), (c), 246(b). Note: §§ 246(c) and 246A
Problem #I, Problem I-1
4. Amount Distributed
KKP 11-12 IRC § 301(a)-(d)
Problem #I , Problems I-2 and I-3
5. Dividends [Definition, Role and Determination of “Earnings and Profits,” Determination of Dividend, § 301 Distributions, Basis to Distributee]
KKP 12-33, 35. Note: KKP 33-35
Problem #I, Problems I-4, I-5, I-6
IRC §§ 301, 312(a), (b), (c), (f), (k), (l) and (n); 316(a); 317(a). Note § 1059.
Prop. Reg. § 1.301-2(a)
6. Disguised and Constructive Dividends
KKP 37-38
Exacto Spring Corp. v. Commissioner
Rev. Proc. 67-14
7. Distributing Corporation's Recognition of Gain or Loss
KKP 35-37
General Utilities v. Helvering
Honigman v. Commissioner
IRC §§ 267(a)(1), (b), (d); 291(a)(1); 311; 1245; 1250
8. Dividends and Bargain Sales to Shareholders
Problem #I, Problems I-7 through I-14
9. Stock Redemptions (Generally) and Attribution of Stock Ownership
KKP 39-45
IRC §§ 162(k); 301–303; 311, 312(n)(7); 318; §1059(e)(1)(A).
Problem #I, Problems I-15 through I-19
10. Tax Treatment of Stock Redemptions
KKP 45-50, 68
IRC § 302(a), (d). Prop. Reg. §§ 1.301-2, 1.302-5

11. Purchase versus § 301 Distribution
 - (a) Not Essentially Equivalent Test
KKP 50-56
United States v. Davis
IRC §§ 302(b)(1); 318
 - (b) Safe Harbors
KKP 56-63
Problem #I, Problems I-20 through I-24
IRC §§ 302(a)-(d); 312(a), (n)(7); 318; 1059(e)(1)(A)
 - (c) Partial Liquidations
KKP 63-68
IRC §§ 302(a), (b)(4), (e); 346(a); §1059(e)(1)(A)
12. Stock Redemption's Effect on E & P and Creation of Extraordinary Dividend
KKP 70-74
Problem #1, Problems I-25 and I-26
IRC §§ 311(b); 312(a), (b), (f)(1), (n)(7); 1059(e)(1)(A)
13. Redemption of Stock Included in Decedent's Gross Estate
KKP 68-70
IRC§ 303. Note IRC § 1014.
14. Stock Redemption as Dividend to Another Person
KKP 74
15. Stock Dividends
KKP 119-131
IRC §§ 305; 307; 312(a), (b), (d); 317(a); 1223(4), (5). Omit § 305(e).
Note: §351(g).
Treas. Reg. § 1.1012-1(c)
16. Complete Liquidations
 - (a) Introduction
KKP 83-85
 - (b) Liquidating Corporation's Recognition of Gain or Loss
KKP 85-91
Problem # II, Problems II-1 through II-7
IRC §§ 336(a), (d), 362(e)(2)

- (c) Ordinary Liquidation and Reincorporations
KKP 91-93
IRC §§ 331; 334(a)
 - (d) Controlled Subsidiary
KKP 93-101
Hypo Problems 1-3 (on course website)
Problem #II, Problems II-8 (We will not be covering II-9)
IRC §§ 267(a)(1), (f)(2); 332; 334(b); 336(a), (d)(3); 337
Treas. Reg. § 1.1502-34
17. Sale of Liquidating Corporation's Assets
KKP 103-105
Commissioner v. Court Holding Co.
United States v. Cumberland Public Service Co.
Note: IRC § 1060, and Treas. Reg. § 1.453-11
18. Note: Sale of Stock
Note: IRC §§ 338 and 336(e)
[This material is discussed in KKP at pp. 105-117, but that is not required reading.]
19. Transfers to Controlled Corporation
- (a) Nonrecognition and Basis
KKP 142—156, 175-177
Problem #IV, Problems IV-1 through IV-9
Sec. 3.07 of Rev. Proc. 77-37; Rev. Rul. 2006-2
IRC §§ 291(a)(1); 351; 358(a), (b); 362(a); 368(c); 1032; 1245(b);
1250(d). Note: §§ 248, 1239.
 - (b) Boot and Liabilities
KKP 156-174. Note: 174-175
Peracchi v. Commissioner
Rev. Rul. 95-74, Rev. Rul. 2007-8
Problem #IV, Problems -IV-10 through IV-14
IRC §§ 267; 351; 357; 358; 362(a), (d), (e)(2). Prop. Reg. §§ 1.351-2(b);
1.358-2(g), (i), Exs. (16) and (17).
 - (c) Characterization of Income
KKP 175-177
Problem #IV, Problems IV-15 through IV-18
IRC § 1239
 - (d) Note: Anti-Abuse Rules
Note: KKP 177-181
Note: Rev. Rul. 84-71

- (e) Problems
Problem #IV, Problems IV-19 through IV-31

PARTNERSHIP TAX

- 20. Choice of Entity
CC, Chapter One
Problems 1 and 2 (Supp Materials – page 2)
- 21. Partnership Formation
CC, Chapter Two and skim pages 39-47
Problems 1 and 2 (Supp Materials – pages 3-5)
- 22. Partnership Operations
 - (a) Taxable Years and Methods of Accounting
CC, Pages 25-31
Problem 1 (Supp Materials – page 6)
 - (b) Basics of Taxing Partnership Operations
CC, Pages 31-38
Problems 1-4 (Supp Materials – pages 7-8)
- 23. Capital Accounts
CC, Chapter Four
Problems 1 and 2 (Supp Materials – pages 9-11)
- 24. Substantial Economic Effect
CC, Chapter Five
Preliminary Question and Problems 1-3 (Supp Materials – pages 13–15)
- 25. Allocation of Nonrecourse Deductions
CC, Chapter Six
Problems and Questions (Supp Materials – pages 17-18)
- 26. Contributions of Property
CC, Chapter Seven
Problems (Supp Materials – pages 19-21)
- 27. Partnership Liabilities
CC, Chapter Eight
Problems 1–4 (Supp Materials – pages 22–24)

28. Distributions: The Basics
CC, Chapter Eleven
Problem (Supp Materials – pages 33–34)

S CORPORATIONS

29. S Corporations
Note: KKP, Pages 333-351