

TAXATION I

SPRING 2018

Professor Jeffrey Kahn  
Email: [jkahn@law.fsu.edu](mailto:jkahn@law.fsu.edu)  
Course Website: [www.jeffreykahn.com](http://www.jeffreykahn.com)

**REQUIRED MATERIALS**

The required texts for the course are: Kahn and Kahn, *Federal Income Tax* (Foundation Press, 7th Ed.) and *Selected Federal Taxation Statutes and Regulations* (West, 2018 ed.) (note that you may also use an older edition of the statutes and regulations). Although not required, many students find the following supplementary books helpful: Bankman, Griffith, Pratt, *Federal Income Tax Examples and Explanations*, Chirelstein and Zelenak, *Federal Income Taxation* and Alscott, *Taxation in Six Concepts*.

**ATTENDANCE & PARTICIPATION**

The class meets Monday, Wednesday and Thursday from 11:00 to 12:15 in Room A221. 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 Any student missing more than 20% of the classes will be administratively withdrawn from the course.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**

Students may not use laptops or cellphones during class.

## **GRADING**

The student's final grade will be primarily, if not exclusively, based on the final exam. In some cases, class discussion and attendance can increase or decrease a student's grade. The final exam will be open book.

## **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). My office is in the advocacy center in the business law suite which is on the second floor.

## **LEARNING OUTCOMES**

At the end of this course, students should have a greater understanding of the substantive law in the federal tax area. They should also develop and improve skills (such as statutory interpretation) necessary to practice in any area of law involving a regulatory regime.

## **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

References to "K" are to sections or chapters of Kahn and Kahn, *Federal Income Tax*. References to "Supp" are to the supplement materials (available for download on the course website at [www.jeffreykahn.com](http://www.jeffreykahn.com)). The problem sets referred to on the syllabus are also available for download on the website. References to "IRC" numbers are to sections of the Internal Revenue Code of 1986, as amended. When a Code section is assigned, the student should also read the regulations that apply to that section unless there is a large number of regulations under that section (as is the case, for example, in IRC § 61). 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 provision is not included in the volume of the Selected Statutes and Regulations that you are using, you can locate that provision through Lexis, Westlaw or in the library.

Note that the assignments are grouped by subject matter, and the student should not assume that each grouping represents a one-day assignment. I will do my best to give you a sense of what I think we will cover each class period. Assignments to "note" material ask the student to look at the material but not to study it in depth; noted material typically will not be discussed in class.

**1. Introduction**

K, 1.0000 to 1.5000

*Mayo Foundation* (Supp)

*Minzer* (Supp)

**2. Fringe Benefits and Barters**

K, 1.6400 to 1.7130, 1.8000 to 1.9300, Chapter Two, 3.0000 to 3.1630

IRC §§ 61, 119 (omit 119(c) and (d)), and 132

Treas. Reg. §§ 1.61-2(a)(1), 1.61-2(d)(1) and (2), 1.61-14(a), 1.61-21(a)(1)-(4), (b)(1) and (2)

*Problems*

Problem Set #1 [In answering these questions, ignore IRC § 4977(c)]

**3. Realization**

K, 1.6000 to 1.6230, 1.7200 to 1.7336-2, 24.1000 to 24.1110, 24.2300 to 24.2331

Treas. Reg. § 1.61-6(a)

*Eisner v. Macomber* (Supp)

Rev. Rul. 79-24 (Supp)

Rev. Rul. 80-52 (Supp)

*Problems*

Problem Set #1.5

**4. Damages**

K, Chapter Four, 9.3800  
*Glenshaw Glass* (Supp)  
PLR 200041022 (Supp)  
PLR 200121031 (Supp)  
IRC § 104(a) [Note: IRC § 130]  
*Problems*  
Problem Set #2

**5. Recovery of Loss**

*Clark* (Supp)  
PLR 9743035 (Supp)  
Review K, 4.2500 to 4.2520

**6. Tax Benefit Rule**

K, Chapter Five  
IRC § 111(a) and (c)  
*Hillsboro Nat. Bank* (Supp)  
*Problems*  
Problem Set #3

**7. Gifts**

K, 6.0000 to 6.1120, 6.6000 to 6.8430  
IRC §§ 102, 267(a)(1), (b)(1), (c)(4), 1014(a), 1015(a), (e), 1041(a), (b)  
[Note: IRC §§ 84(a), and 1015(d)]  
Treas. Regs. §§ 1.1001-1(e), 1.1015-4  
*Taft* (Supp)  
*Problems*  
Problem Set #4 [Answer these questions without regard to IRC § 1015(d)]

**8. Standard for Determining Gifts and Bequests**

K, 6.2000 to 6.5000, 6.8500, 6.9000A, 9.3600 to 9.3620  
IRC § 102, 1041(a), (b) [Note: §§ 85, 86(a)-(c), 274(b)]  
Prop. Reg. § 1.102-1(f)(2)  
*Duberstein* (Supp)  
*Olk* (Supp)  
*Problems*  
Problem Set # 5

**9. Cancellation of Debt**

K, 7.2000 to 7.2340, 7.2500 to 7.9400  
IRC §§ 108(a), (b)(1), (2)(E), (3)(A), (5), (d)(1), (3), (5), (e)(1), (2), (5), and (6)  
and 1017  
Treas. Reg. § 1.61-12(a)  
*Kirby Lumber* (Supp)  
*Zarin* (Supp)  
*Preslar* (Supp)  
*Problems*  
Problem Set # 7

**10. Claim of Right and Illegal Income**

K, Chapter Eight  
IRC § 1341  
*Lewis* (Supp)  
*Problems*  
Problem Set # 8

**11. Annuities, Life Insurance and Time Value of Money**

K, 3.1100 to 3.1110, 9.1000 to 9.1200, 9.2000 to 9.2500

**12. Nonrecognition and Encumbrances**

K, 24.6000 to 24.7130, 24.7160 to 24.8410 [Note: K, 24.9000 to 24.9200]  
IRC §§ 1031 and 1033 [Omit §§ 1031(e)-(h), 1033((c)-(f), (g)(3), and (i)]  
[Note: IRC § 121(a) and (b)]  
Treas. Reg. § 1.1001-2  
*Crane* (Supp)  
*Tufts* (Supp)  
*Problems*  
Problem Set # 9

**13. Medical**

K, Chapter 19  
*Ochs* (Supp)  
*Problems*  
Problem Set #10

**14. Deduction for Losses & Limits on Losses**

K, 18.0000 to 18.6000  
IRC §§ 165(a)-(c), (e), (h), 280B, 1016(a)(1) [Note: IRC §§ 123, 465, and 469]  
Treas. Reg. § 1.161-1  
*Problems*  
Problem Set # 12

**15. Business Expense 1**

K, 18.7000, 21.0000 to 21.1182, 21.1200 to 21.1390A, 21.1470 to 21.1475, 21.1490 to 21.1492  
IRC §§ 21, 62, 67, 68, 162(a), 183, 212, 262  
[Note: IRC §§ 165, 274(b) and (d), 280A, and 1016(a)(2)]  
*Pevsner* (Supp)  
*Gilmore* (Supp)  
*Hunter* (Supp)  
Rev. Rul. 75-120 (Supp)  
*Problems*  
Problem Set # 13

**16. Business Expense 2**

K, 21.3000 to 21.4300

IRC §§ 62, 67, 68, 82, 162(a), 183, 212, 217, 262, 263A(a), (b), (c)(1), (h), 274(a), (e), (k), (m), and (n) [Note: IRC §§ 165, 274(b) and (d), 280A]

*Smith* (Supp)

*Flowers* (Supp)

*Hantzis* (Supp)

*Problems*

Problem Set # 14

**17. Ordinary and Necessary**

K, 21.1400 to 21.1462, 21.1490A to 21.1600

IRC §§ 162(a), (f), 195, 263(a), 263A(a)-(c), (f), 280A

*Popov* (Supp)

*Welch* (Supp)

Rev. Rul. 99-23 (Supp)

Rev. Rul 2000-7 (Supp)

*Problems*

Problem Set # 15

**18. Depreciation**

K, 21.1480 to 21.1483, Chapter Twenty-Two

IRC §§ 167(a)-(c), 168(a)-(e), (f)(1), (g)(1)-(3), (7), (i), (k), 183, 197, 263(a)(1)(G), 280A and 1016(a)(2) [Note: § 280F]

*Simon* (Supp)

Depreciation Tables Taken From Rev. Proc. 87-57 (Supp)

*Problems*

Problem Set # 16

**19. Recapture of Depreciation**

K, 26.0000 to 26.1100, 26.3000 to 26.3240

IRC §§ 1017(d), 1245 (Omit IRC § 1245(a)(4) and (b)(5)-(8))

[Note: IRC §§ 1041, 1223(9)]

Treas. Reg. 1.179-1(e)(1), (3)

Prop. Reg. § 1.168-5(b), (f)(3), (4), 1.1016-3(a)(3)

*Problems*

Problem Set # 17

**20. Realization Revisited**

K, 24.1000 to 24.1720

IRC §§ 1001, 1011, 1015(e), 1041, 7701(g)

Treas. Reg. § 1.1001-2

*Problems*

Problem Set # 18

**21. Capital Assets**

*General*

K, 25.0000 to 25.3230, 25.5000 to 25.7123

IRC §§ 1(h), 1221(a), 1222, 1223(1), (2) and (9), 1211, 1212(b), and 165(f)

Treas. Reg. § 1.1012-1(c)

**22. Statutory Exclusion from Capital Asset**

K, 25.3300 to 25.3350

IRC § 1221(a)

*Bielfeldt* (Supp)

*Malat* (Supp)

**23. Judicially Created Exceptions to Capital Gain Treatment**

K, 25.4200 to 25.4440

*Corn Products* (Supp)

*Arkansas Best* (Supp)

*Merchants National Bank* (Supp)

*Arrowsmith* (Supp)

Note: § 1221(a)(7)

**24. Sale of a Business**

K, 26.4000 to 26.4121

*McGowan* (Supp)

**25. Quasi-Capital Assets**

K, 26.0000 to 26.2237-3

IRC §§ 1231, 165(h), 1(h) [Note: § 64]

*International Shoe* (Supp)

*Problems*

Problem Set # 19

**26. Anticipatory Assignment of Income**

K, 14.0000 to 14.2610

Treas. Reg. § 1.61-2(c)

*Lucas v. Earl* (Supp)

*Poe v. Seaborn* (Supp)

*Blair* (Supp)

*Horst* (Supp)

*Eubank* (Supp)

*Heim* (Supp)

Note: IRC §§ 1(g), 269, 482, 446(b), and 61

**27. Anticipation of Income**

K, Chapter Twenty-Seven, 24.1400 to 24.1450

IRC §§ 1241, 273, 1001(e) [Note: § 167(e)]

Treas. Reg. § 1.1001-1(f)

*Hort* (Supp)

*McAllister* (Supp)

*P.G. Lake* (Supp)

*Lattera* (Supp)

*Banks* (Supp)

*Problems*

Problem Set # 20

**28. Wash Sales & Stock Options/Restricted Property**

K, 24A.1000 to 24A.1343

IRC §§ 267(a)(1), (b), (c)(4), (d), (g) and 1091

*Problems*

Problem Set # 21

**29. Installment Method**

K, Chapter 12

**30. State and Local Taxes**

K, Chapter 17

**31. Interest Expense**

K, Chapter 18

**32. Introduction to Business Entity Tax**