

**COURSE SYLLABUS**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY**  
**CURRENT DEVELOPMENTS IN TAXATION – GSA 538**  
**FALL 2015**  
**Location (03) Room 300A – Tuesday/Thursday 12:10-2:00 p.m.**

**JEFFREY M. TOLIN**

Office Hours  
Tuesdays and Thursdays, 2:30 p.m. to 4:00 p.m. or By Appointment  
(Appointments take priority over drop ins)  
Office: Room 423  
Telephone (805) 756-5522; Email: jtolin@calpoly.edu

**PREREQUISITE – GRADUATE STANDING**

**GENERAL COURSE OBJECTIVES:**

This class will focus on the basic concepts of Subchapter C and form a foundation for advanced corporate tax (see learning objectives for each session for specifics)

1. Understand the tax effects of corporate formation on shareholders and the corporate entity
2. Understand the tax effect of corporate distributions (of cash, property and stock) on shareholders and on corporate taxable income, and earnings and profits
3. Compute earnings and profits
4. Understand the various rules governing the determination of the basis of stock and other property received in certain corporate transactions
5. Explain the tax effect of corporate liquidations
6. Understand the interplay of constructive ownership rules in corporate taxation
7. Understand the tax effect of corporate redemptions
8. Gain a familiarity with the corporate income tax return and various schedules and forms attached to the tax return as well as an overview of the importance of accounting for income taxes with a discussion of some key book/tax differences
9. Understand the tax effect of certain related party transactions
10. Understand the doctrine of substance over form and other common law doctrines
11. Understand basic corporate tax attributes and their survival or reduction after certain transactions
12. Students will be expected to professionally communicate information through oral presentations of problem solutions
13. In addition, students will be expected to analyze and solve those compliance issues that classically arise with respect to Subchapter C transactions through the application of critical thinking skills

<b>Instructor reserves the right to change or amend the syllabus during the quarter</b>
---

## COURSE MATERIALS:

- A) Internal Revenue Code – bring to each class
- B) IRS Regulations – bring specifically assigned regulations to each class
- C) “Corporate Taxation”  
Charlotte Crane and Linda Beal, LEXIS 2012 – ISBN: 978142241991 – bring to each class
- D) Assigned cases, rulings and other materials as referenced in each topic subheading – bring to each class
- E) Supplemental Text: “Corporate and Partnership Taxation” by Stephen Schwartz and Daniel J. Lathrope –Eighth Edition. This publication is part of a series called “Black Letter Outlines” and is published by Thompson-West. It is an excellent summary of topics we will cover and will help you find your way through the material assigned. ISBN:978-0-314-277565. While not required, it is recommended that you obtain a copy to aid in your studies.
- F) Various BNA portfolio’s (Reference as needed).

## COURSE REQUIREMENTS:

### ATTENDANCE, PREPARATION AND PARTICIPATION:

*Attendance and Homework:* Because of the intense nature of the course, class attendance is mandatory. Try and let me know if you are going to be absent or late in advance of class. Homework will be collected on occasion. Homework and attendance will account for 5% of the student’s final grade.

*Preparation & Participation and Random Quizzes:* Throughout the semester, all students are expected to orally discuss assigned problems. Students will be called upon randomly to discuss the materials and assigned problems.

Unannounced short quizzes may be given on a sporadic basis. The student’s level of preparedness when randomly called upon together with voluntary in-class participation during class discussion and these short quizzes account for ten percent (10%) of the student’s final grade.

### EXAMS:

- (A) *Midterm Exam 35%:* There will be one midterm exam during the quarter. The midterm will account for thirty-five percent of the final grade. The midterm exam will be a comprehensive take-home essay exam.
- (B) *Final Exam 50%:* There will be a final exam. The exam will account for 50% of the final grade and may include multiple choice as well as essay questions. The exam will be open book as to code, regs, text and notes. **COMPUTERS WILL NOT BE ALLOWED.** The exam will be on the date assigned by the University administration, which is currently on December 8, 2015.

*Responsibility of students for the exams:* The students are responsible to know all the material covered in the reading assignments as well as the material covered in class.

*No changes in grade:* Grades for the essays are determined by a careful process designed to ensure fairness. Therefore, grades will not be changed unless there has been a clerical or computational error.

There are no special projects nor any extra credit type assignments or opportunities.

## **OTHER ADMINISTRATIVE MATTERS:**

- 1) Code and Applicable Regs, textbook and assigned cases – You must bring these to class and be versed in the assigned reading. Tax practice involves the interpretation, analysis and application of complex statutes and regulations. Treatises and commentaries (including the assigned text) can help you understand the concepts but you must be able to understand the underlying rules themselves. Topics are cumulative. For example, statutes covered in one topic will most likely be applicable to subsequent topics and needed in analyzing the assigned problems. For many of you this will be the first time you will be reading codified rules of law, Treasury Regulations (Regs) and pronouncements, and court cases that have not been summarized for you. I cannot overstate the need for you to study these materials carefully.

Ultimately, tax law is self taught; I can guide and explain but the real understanding and comprehension will come through self study.

- 2) Students are encouraged to come by my office during my office hours to discuss concepts or problems relative to materials covered in class. You can drop by any time but appointments take priority over drop-ins. If office hours are not convenient for you we can schedule a more convenient time during normal business hours.
- 3) There will occasionally be guest speakers and schedules may change to accommodate them.
- 4) Texting, emailing, general computer use other than to access the Code and Regs, and phone use will not be allowed in class.
- 5) I am reluctant to even have to say this but I expect professional and courteous behavior at all times. This includes coming to class on time and not interrupting other students when they have the floor.
- 6) Students with special needs should seek reasonable accommodations. To do so, please contact the Student Affairs Disabled Resource Center ( DRC) at (805) 756-1395 or [drc@calpoly.edu](mailto:drc@calpoly.edu) and they will arrange for reasonable accommodations as required by

<b>Instructor reserves the right to change or amend the syllabus during the quarter</b>
---

law. Please do so as soon as possible, because I will need to coordinate with the DRC on providing reasonable accommodations ( and do feel free to discuss your needs with me as well, but please contact DRC as soon as possible) .

## **COURSE SYLLABUS**

### **CALIFORNIA POLYTECHNIC STATE UNIVERSITY CURRENT DEVELOPMENTS IN TAXATION – GSA 538 FALL 2015**

**JEFFREY M. TOLIN**

**Specific topics and assignments (Note: you need not write long answers to the Discussion Problems – notes that will enable you to discuss the issues will be sufficient.)**

**Assignments will be sporadically collected.**

#### **Class #, Topic #, Description**

**(1)Topic 1:** September 22. Introduction and Basic Concepts

#### **Learning Objectives**

1. Discuss framework of course, syllabus, learning objectives etc.
2. Discuss the corporation as a taxable entity and basic concepts of corporate taxable income.

#### **Assignment**

Text: Chapter 1

Code and Regs:

§ 63  
§ 1(h) (11) (A) and (B)  
§ 11 (a) and (b)  
§ 385  
§ 170 (b) (2) (A) and (C)  
§ 1211 (a)  
§ 1212 (a) (1) (A) and (B)  
Reg: § 301.7701 – 2(c) (2) and -3(a) (skim only)

Practice Problems:

1 through 7

Discussion Problems: None

<b>Instructor reserves the right to change or amend the syllabus during the quarter</b>
---

**(2 ) and (3)Topic 2: September 24 and September 29. Corporate Formation**

Learning Objectives

1. Understand the tax effects of corporate formation on shareholders and on the corporate entity
2. Understand the concept of deferral, carryover basis and substituted basis in the context of Subchapter C and specifically those concepts as related to corporate formation

Assignment

Text: Chapter 3

Code and Regs:

§ 1001 (a) (b) and (c)  
§ 1011 (a)  
§ 1012 (a)  
§ 118 (a)  
§ 351 all but re 351 (e)(1) flush language only (ie before (A) and (B) and 351 (e)(2)  
§ 358 (omit (b)(2) and (c))  
§ 362 all but (e)(1)  
§ 368 (c)  
§ 1032

Reg. § 1.351 – 1  
Prop Reg § 1.351 – 1 (a)(iii)(A)  
Reg. § 1.362 – 1(a) first sentence only  
Prop Reg § 1.362 – 4(as needed)  
Reg. § 1.351 – 3(b)

Cases and Rulings (See P. 49 for cites)

Intermountain Lumber v. Commissioner  
Rev. Rul. 2003 – 51  
Rev. Rul. 59 – 259  
Rev Proc. 77 – 37 (sec. 3.07 only)

Practice Problems: ALL

Discussion Problems: 1 and 2, (a and b only). (If you can do these you have an excellent understanding of the subject matter – your answers to these questions need only be notes that enable you to participate in a discussion.)

**(4)Topic 3: October 1. Liability Assumption in Corporate Formation**

Learning Objectives

1. Understand the tax ramifications of liability assumptions in a Section 351 transaction
2. Understand the effect on basis calculations when liabilities are assumed in a Section 351 transaction

Assignment

Text: Chapter 4

Code and Regs:

§ 357 (a) (b) and (c)

§ 358 (h)

Cases and Rulings: (See P. 71 for cites unless otherwise noted)

Peracchi

Rev. Rule 68-55, 1968 – 1 C.B. 140

Optional Practice Problems: ALL

Practice Problems: ALL

Discussion Problems: 1

**(5) and (6)Topic 4: October 6 and October 8 Corporate Distributions**

Learning Objectives

1. Understand the tax effect of corporate distributions (of cash and property) to the distributing corporation and its shareholders
2. Understand the respective basis rules attributable to corporate distributions of property
3. Understand the basic rules of determining earnings and profits

Assignment

Text: Chapter 2

Code and Regs:

1) All statutes and regs referred to on top of P. 23

<b>Instructor reserves the right to change or amend the syllabus during the quarter</b>
---

2) § 311 (a) and (b)

Cases and Rulings: (See page 23 for cite)

General Utilities

Practice Problems: ALL

Discussion Problems: None

**(7)Topic 5:** October 13. Corporate Liquidations – Part I of Corporate Liquidations

Learning Objectives

1. Understand the tax effect of corporate liquidations

Assignment:

Text: Chapter 5

Code and Regs:

All as listed on top of page 85

Cases and Rulings:

None

Practice Problems: ALL

Discussion Problems: 1.

**(8)Topic 6:** October 15. Corporate Recipient Shareholder – Part II of Corporate Liquidations

Learning Objectives

1. Understand the special rules attributable to corporate recipient shareholders of corporate distributions

Assignment

Text: Chapter 6.1

Code and Regs:

All on top of Page 97

Cases and Rulings:  
Rev. Rul. 82-11, 1982-1 C.B.51

Practice Problems: ALL

Discussion Problems: None

**(9)Topic 7:** October 20. Subsidiary Liquidations – Part III of Corporate Liquidations

Learning Objectives

1. Understand the tax consequences of the liquidation of a controlled subsidiary

Assignment

Text: Chapter 6.2

Code and Regs:  
All on top of page 105

Cases and Rulings: (See P. 105 for cite.)  
George Riggs

Practice Problems: ALL

Discussion Problems: 1

**(10)Topic 8:** October 22. Accounting for Income Taxes/Form 1120 (Guest Speaker)

Learning Objectives

1. Walk through Form 1120
2. High Level overview of accounting for income taxes

Assignment

Guest Speaker to Provide

**(11)** Review for Midterm: October 27

<b>Instructor reserves the right to change or amend the syllabus during the quarter</b>
---



**(12) Midterm Exam: October 29**

The exam will be handed out in class and the **TYPED** answers are due to me no later than Noon (12:00) on Monday, November 2. No Exceptions.

**(13)Topic 9:** November 3. Corporate Redemptions

Learning Objectives

3. Understand the constructive ownership rules of corporate taxation
4. Understand the tax effects of corporate redemptions

Assignment

Text: Chapter 7

Code and Regs:

- 1) As set forth on top of page 117
- 2) § 1059 (e) (1)
- 3) § 162 (k) (1)

Cases and Rulings:

Rev. Rul. 75-447 1975-2 C.B. 113  
Cerone v. Comm 87 T.C. 1 (1986)

Practice Problems: ALL

Discussion Problems: 1 and 2

**(14) and (15)Topic 10:** November 5 and November 10. Stock Sales as Corporate Redemptions

Learning Objectives

1. Understand the treatment of stock sales to related corporations
2. Distinguish between brother/sister redemptions and parent/subsidiary redemptions

Assignment

Text: Chapter 8

Code and Regs:

As set forth on top of page 143

Cases and Rulings:  
None

Practice Problems: ALL

Discussion Problems: None

**(16)Topic 11:** November 12. Stock Distributions

Learning Objective

1. Understand the tax ramifications of stock distributions and related transactions

Assignment

Text: Chapter 9.1

Code and Regs:  
1) As set forth on top of page 155

Cases and Rulings: None

Practice Problems: ALL

Discussion Problems: 1

**(17)Topic 12:** November 17. Choice of Entity Revisited

Learning Objectives

1. Revisit choice of entity and capital structure decisions

Assignment

Text: Chapter 11

Code and Regs: As set forth on top of page 205

Cases and Rulings: None

Practice Problems: ALL

Discussion Problems: 1 (This is a complex planning problem – just list points to be considered, you need not write long essay-type answers. We will cover this as a group.)

<b>Instructor reserves the right to change or amend the syllabus during the quarter</b>
---

**(18 and 19)Topic 13: November 19 and November 24. Key Common Law Doctrines**

Learning Objectives

1. Review some key common law doctrines including some of which have been codified including:
  - a. Substance Over Form
  - b. Step transactions
  - c. Assignment of income
  - d. Tax Avoidance
  - e. Tax Shelters
  - f. Other Issues

Assignment

Code and Regs:

§ 7701 (o)

§ 6662 (b)

Reference/Skim BNA Portfolio 508-1

Section III A – G

Other sections as needed

Cases and Rulings:

1. Gregory v. Helvering 293US465 (1935) – 6F.2d 809. (1934) 2nd Cir Ct of App.
2. American Bantam 11 TC 397 (1948)
3. Zenz v. Quinlivan 213 F2d 914 (1954)
4. Comm v. Danielson 19 AFTR 2nd 1356 (1967) 378 F2nd771 (1967)
5. Durkin (Estate of) v. Comm. 99TC. 561 (1992)
6. Frank Lyon 435 US 561 (1978) 98 SCT 1291
7. Coltec 454 FRD. 1340 (2006)

November 28 - **HOLIDAY**

**(19 and 20)Topic 14:** November 24 and December 2. Problems.

Learning Objectives

Students will be assigned a set of facts and will need to address the issues raised using all of the course matter covered to date.

**(21)** December 3 Review for Final

**Final Exam – date as determined by the University Administration,  
Currently December 8, 2015 *but subject to change***

## SUMMARY SCHEDULE

<u>Class #</u>	<u>Day</u>	<u>Date</u>	<u>Topic #</u>
1	Tu	9/22/2015	1
2	Th	9/24/2015	2
3	Tu	9/29/2015	2
4	Th	10/1/2015	3
5	Tu	10/6/2015	4
6	Th	10/8/2015	4
7	Tu	10/13/2015	5
8	Th	10/15/2015	6
9	Tu	10/20/2015	7
10	Th	10/22/2015	8
11	Tu	10/27/2015	Review for Midterm
12	Th	10/29/2015	<b>Midterm</b>
13	Tu	11/3/2015	9
14	Th	11/5/2015	10
15	Tu	11/10/2015	10
16	Th	11/12/2015	11
17	Tu	11/17/2015	12
18	Th	11/19/2015	13
19	Tu	11/24/2015	13 and 14
	<b>Holiday</b>	<b>11/26/2015</b>	
20	Tu	12/1/2015	14
21	Th	12/3/2015	Review for Final

***FINAL EXAM - DECEMBER 8, 2015***

<b>Instructor reserves the right to change or amend the syllabus during the quarter</b>
---