

# **TAXATION OF CORPORATIONS AND PARTNERSHIPS**

## **(GSA 540 – Fall Quarter, 2015)**

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**Location:** California Polytechnic State University  
Business Building (03) Room 300A

**Course Dates:** September 22, 2015 – December 3, 2015  
December 10, 2015 (Final Exam)

**Course Times:** Tuesdays and Thursdays  
4:00pm – 6:00pm

**Instructor:** Rodney P. Mock  
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Office number: 03-424  
Telephone: 805-756-2730

**Office Hours:** Tuesdays and Thursdays  
1:00 pm – 2:00 pm (and by appointment)



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### **1. Course Description.**

This course will introduce students to numerous federal tax issues associated with C corporations, S Corporations and partnerships. Students will learn the fundamentals of corporate and partnership entity classification, formation, operations, capital structure, distributions and liquidation. After successfully completing the course one should be familiar with, and have the requisite skill set, necessary to, analyze with a degree of sophistication various corporate and partnership tax issues commonly encountered in practice, such as the proper treatment of boot and services upon formation, eligibility and revocation issues associated with the S election, partnership interest and stock basis issues, distinguishing between debt and equity, understanding the concept of pass-through entity treatment, and many other issues.

### **2. AACSB - Assessment Learning Objectives**

Demonstrate competency in tax research and identify potential solutions to tax issues. Analyze and solve tax compliance issues through the application of analytic/critical thinking skills.

### 3. Required Text and Databases.

(a) Thomas R. Pope, Kenneth E. Anderson & John L. Kramer, et al., *Prentice Hall's Federal Taxation 2016* (Corporations, Partnerships, Estates, & Trusts). You can also use the *Prentice Hall's Federal Taxation 2016: Comprehensive* for this class.

**MyAccountingLab is required.** Please note, there is a "E-text" version of both books available, please **do not** purchase such a version, as we will be consistently referring to the printed version of the book in class, and you are required to bring the printed version of your text to each class session.

(b) Online Tax Research Databases (RIA, BNA and LexisNexis). You can access the aforementioned databases at the "research" section of the Robert E. Kennedy Library website at: <http://www.lib.calpoly.edu/research/>

### 4. Class Format.

Classes will consist of lectures on the assigned reading material, a discussion of the various examples in the textbook, and student participation concerning the applicable subject matter of the day.

### 5. Grading Structure.

Your grade will be based on the following:

#### (a) Class Participation and Attendance - Five Percent (5%).

Class participation and attendance will constitute five percent (5%) of your grade. Class participation is based on your active (or inactive) participation in class and regular attendance. You are expected to attend class regularly and not "pass" when called upon. Participation should be substantive nature. **Please be advised you are required to bring your textbook to each class session and the failure to do so will result in a lower participation grade. Late attendance will also reflect poorly on your grade. If you text-message in class your class participation grade will also be reduced accordingly.**

#### (b) Problems - Ten Percent (10%).

**Class assignments shall be completed on MyAccountingLab. Late submissions will not be accepted unless undue hardship condition(s) exist, the determination of which shall be in my sole and absolute discretion.**

#### (c) Tax Returns - Five Percent (5%).

Students will be required to complete a corporate tax return and a partnership tax return based on certain assigned problems within the textbook. Students will be permitted to work in groups of four (4) or five (5) on the tax returns. Each tax return

shall constitute two point five percent (2.5%) of your grade. Please note, when you are completing the returns my goal is for you to simply become familiar with the process and not focus and occupy all of your time on the return being “one hundred percent correct.” We will discuss this in further detail in class when the returns are assigned.

**(d) Midterm Examination - Forty Percent (40%).**

The midterm examination will constitute in forty percent (40%) of your grade. The exam will be open book and will consist of a series of short answer, true or false and/or multiple-choice questions. Please do not rely on the open book aspect of the examination, as you will have little time, if any, to “look up” answers.

**(e) Final Examination - Forty Percent (40%).**

The final examination will constitute forty percent (40%) of your grade. The exam will be open book and will consist of a series of short answer, true or false and/or multiple-choice questions. Please do not rely on the open book aspect of the examination, as you will have little time, if any, to “look up” answers.

**6. Recommended Study Strategy.**

Please make sure you allocate a sufficient amount of time to prepare and review adequately before each class session, this includes, but is not limited to, completing the reading assignments and problems before each class session. Also, go back and review previously discussed material throughout the quarter in order to avoid "cramming" for the midterm and final examination and to harness your general comprehension of the subject matter.

**7. Citing Relevant Authority.**

All problems and the examinations (to the extent time allows) shall cite the relevant governing tax authority, whether it be a code section, regulation, private letter ruling, tax court case, etc.

**8. Disclaimer.**

Please be advised I hereby reserve the right to modify or revoke this syllabus at any time, in whole or in part, for any reason whatsoever, which may include, but shall not be limited to, modifications to the reading assignments and problems. Please check PolyLearn and/or your email for any future modifications to the syllabus.

**9. Electronic Recording Devices Strictly Prohibited.**

You are hereby put on notice that the use of any and all electronic recording devices during class meetings, office hours and other communications with your professor is expressly forbidden. Please be advised appropriate action will be taken for

any violations of the aforementioned. Electronic recording devices include, but are not limited to, cell phones, tape recorders, and video cameras. Under certain limited circumstances, students with documented special needs may request in writing prior permission of the instructor to record classes. Permission granted under these circumstances will be strictly limited and all details shall be set forth in writing.

**10. No Text Messaging in Class.**

Please note, sending and receiving text messages during class is strictly prohibited. If you text-message in class I will mark you down on a list and points will be deducted from your final class participation/attendance grade, as you will not be provided with any credit for that particular class session.

**11. No Legal Advice Provided Inside or Outside of Classroom.**

Please be advised although your professor is also an attorney he will not provide you with legal advice under any circumstances. All conversations that take place inside and outside of the classroom are for educational purposes only. Furthermore, please do not pose “hypothetical” personal legal questions for me to answer inside or outside of the classroom. You are hereby put on notice that you are my student and not a client. If you have any personal legal questions, or personal legal situations, it my recommendation that you immediately contact the California Bar Association attorney referral service at: 1-866-442-2529 and obtain a licensed attorney to represent you in your legal matter.

**12. Academic Integrity.**

The College of Business expects all its students to learn, respect, and practice integrity. All acts of dishonesty are unacceptable, including cheating, plagiarism, forgery, misrepresentation, falsification, prohibited collaboration, and prohibited use of files. The college’s policy on academic integrity will be adhered to the Campus Administrative Manual (CAM) (Section 684). Violations may result in a failing grade for the assignment and/or for the class or other appropriate action.

**13. Disability Accommodations.**

For students with physical and/or learning disabilities who require accommodations, please contact the Disability Resource Center (Student Services Bldg 124, phone 756-1395). Please make sure you inform me the first week of class as to whether or not you have a disability and thereby need accommodation.

**14. Computers Prohibited in Class**

Please be advised computers are not permitted in the classroom. Also please note, calculators only are permitted during examinations. Cell phone calculators or other such devices with a “communication function” are not allowed during examinations.

## 15. Reading Assignments.

If you are using the “comprehensive” version of the textbook all of the reading assignments are located in the “corporations” part of the textbook (this particular part also discusses partnerships). The reading assignments for each class session are:

CLASS SESSIONS	READING ASSIGNMENTS	PROBLEMS
1. Tuesday, September 22, 2015	Ch. 2 Corporate Formations (pp. 1 – 15)  IRC §§ 351, 1001	See MyAccountingLab for assigned homework.
2. Thursday, September 24, 2015	Ch. 2 Corporate Formations – Cont’d (pp. 15 – 22)  IRC §§ 358, 1032, 362, 1223(2)	See MyAccountingLab for assigned homework.
3. Tuesday, September 29, 2015	Ch. 2 Corporate Formations – Cont’d (pp. 22 – 36)  IRC §§ 357, 165(g), 1244	See MyAccountingLab for assigned homework.
4. Thursday, October 1, 2015	Ch. 3 Corporate Income Tax (pp. 1 - 15)  IRC §§ 63, 170(a)(2), 170(b)(2), 172(d), 199, 243(a), 248	See MyAccountingLab for assigned homework.
5. Tuesday, October 6, 2015	Ch. 3 Corporate Income Tax – Cont’d (pp. 15 - 22)  IRC §§ 11, 267	See MyAccountingLab for assigned homework.
6. Thursday, October 8, 2015	Ch. 3 Corporate Income Tax – Cont’d (pp. 22 - 47)  IRC §§ 1561(a), 1563(a), 1504	See MyAccountingLab for assigned homework.  <b>C3-66 Corporate Return Assigned (please use 2014 forms and the long form Schedule M-3 is not required)</b>
7. Tuesday, October 13, 2015	Ch. 4 Nonliquidating Distributions (pp. 1-13)  IRC §§ 301, 311, 312(a)-(b)	See MyAccountingLab for assigned homework.
8. Thursday, October 15, 2015	Ch. 4 Nonliquidating Distributions – Cont’d (pp. 13- 23)  IRC §§ 302, 305, 307	See MyAccountingLab for assigned homework.
9. Tuesday, October 20, 2015	Ch. 4 Nonliquidating Distributions – Cont’d (pp. 23 – 37)  IRC §§ 302(e), 303(a)-(b)	See MyAccountingLab for assigned homework.

Thursday, October 22, 2015	<b>GRADUATE TAX GUEST SPEAKER SERIES</b>  Crowe Horwath Marty Skrip - Tax Partner	<b>GRADUATE TAX GUEST SPEAKER SERIES</b>  Crowe Horwath Marty Skrip - Tax Partner
Tuesday, October 27, 2015	<b>MIDTERM EXAMINATION (In regularly assigned class room at scheduled time)</b>  <i>Proctored Examination</i>	<b>MIDTERM EXAMINATION (In regularly assigned class room at scheduled time)</b>  <i>Proctored Examination</i>
10. Thursday, October 29, 2015	<b>ELECTRONIC CLASS (Please check Polylearn for Recorded Class Session)</b>  Ch. 6 Liquidating Distributions (pp. 1 – 15)  IRC §§ 331, 336, 332, 337	<b>ELECTRONIC CLASS (Please check Polylearn for Recorded Class Session)</b>  See MyAccountingLab for assigned homework.
11. Tuesday, November 3, 2015	Ch. 6 Liquidating Distributions – Cont'd (pp. 15 - 21)	See MyAccountingLab for assigned homework.  <b>*Corporate Tax Return Due</b>
12. Thursday, November 5, 2015	Ch. 9 Partnership Formation and Operations (pp. 1 – 12)  IRC §§ 709, 721-724	See MyAccountingLab for assigned homework.  <b>*C9-57 Partnership Return Assigned (please use the 2014 form)</b>
13. Tuesday, November 10, 2015	Ch. 9 Partnership Formation and Operations – Cont'd (pp. 12 – 21)  IRC §§ 702-704, 706, 752, 707, 704(e)	See MyAccountingLab for assigned homework.
14. Thursday, November 12, 2015	Ch. 9 Partnership Formation and Operations – Cont'd (pp. 21 – 34)  IRC §§ 702-704, 706, 752, 707, 704(e)	See MyAccountingLab for assigned homework.
15. Tuesday, November 17, 2015	Ch. 10 Specific Partnership Tax Issues (pp. 1 – 11)  IRC §§ 731-733 & 751	See MyAccountingLab for assigned homework.
16. Thursday, November 19, 2015	Ch. 11 S Corporations (pp. 1 – 13)	See MyAccountingLab for assigned homework.

	IRC §§ 1361, 1362	
17. Tuesday, November 24, 2015	Ch. 11 S Corporations – Cont’d (pp. 13 – 28)  IRC §§ 1368, 1374, 1375, 1377, 1378, 1366, 1367 (Stop at “Corporations Having Accumulated Earnings and Profits”)	See MyAccountingLab for assigned homework.
<b>THANKSGIVING HOLIDAY</b> Wednesday, November 25, 2015 – Sunday, November 29, 2015	<b>THANKSGIVING HOLIDAY</b> Wednesday, November 25, 2015 – Sunday, November 29, 2015	<b>THANKSGIVING HOLIDAY</b> Wednesday, November 25, 2015 – Sunday, November 29, 2015
Tuesday, December 1, 2015	<b>GRADUATE TAX GUEST SPEAKER SERIES</b> BDO – Tax Partner Jeffrey Baron Rachel Harding	<b>GRADUATE TAX GUEST SPEAKER SERIES</b> BDO – Tax Partner Jeffrey Baron Rachel Harding
Thursday, December 3, 2015	<b>GRADUATE TAX GUEST SPEAKER SERIES</b>  <b>GRADUATE TAX GUEST SPEAKER SERIES</b> David P. Hering Partner – KPMG Topic: Consolidated Returns	<b>GRADUATE TAX GUEST SPEAKER SERIES</b>  <b>*Partnership Return Due</b>
Thursday, December 10, 2015	<b>FINAL EXAMINATION</b> <b>7:10pm - 10:00pm</b> <b>(In regularly assigned room, unless otherwise specified)</b>	<b>FINAL EXAMINATION</b> <b>7:10pm - 10:00pm</b> <b>(In regularly assigned room, unless otherwise specified)</b>