

Business Tax Seminar
Fall 2010

University of Cincinnati College of Law
Professor Stephanie Hunter M^cMahon

Overview. This seminar will cover the fundamentals of the federal income tax as it applies to businesses. Its focus will be on the tax treatment of the most common business entities: C corporations, partnerships, and S corporations. Other issues will be introduced to the extent there is time.

Methodology. This seminar uses the problem method that, in addition to teaching you the law, will also help you develop lawyering skills. Our exploration also takes a comparative approach which makes it crucial that you attend class prepared and stay up-to-date in the reading.

While this is not a course in accounting, you will have to do some basic math (addition, subtraction, multiplication, and division, as well as some basic fractions). Feel free to bring a calculator. The prerequisites for this course are the federal income tax course and an interest in how the government raises money from those engaged in business.

Materials. The assigned texts are:

1. Fundamentals of Business Enterprise Taxation, Fourth Edition, by Lind, Schwarz, Lathrope, and Rosenberg; and
2. Corporate and Partnership Income Tax Code and Regulations, Selected Sections, 2010-2011 edition, edited by Kirk Stark and Steven Bank.

Bring BOTH to each class session.

In addition, I will post on the class's TWEN website supplemental, mandatory material consisting of draft agreements, treasury documents, and other sample documents. The purpose of this handout material is to provide examples of the practical application of the tax rules we will be studying.

Class Meetings, Contact Information, and Office Hours. The class will meet on Tuesdays and Thursdays from 10:40 to 12:05 in Room 104. My office hours are Tuesdays and Thursdays from 12:30 to 1:30 in Room 430. I will also make myself available to meet with students by appointment. I can be reached by email at Stephanie.McMahon@UC.edu or by phone at 556-4206. Please feel free to contact me as often as you wish to ask me questions or communicate any suggestions or concerns about the course, law school, or the legal profession and your future role in it. I encourage you to write me comments or questions about the subjects we will be covering in class. As these questions will often be of interest to your fellow students, *I reserve the right to forward your questions to your classmates, without your name attached, unless, of course, your email asks that your communication remain confidential, in which case I will always honor the request for confidentiality.*

Attendance and Participation. Class attendance is essential. Not only is regular class attendance a requirement for you to get your degree and be admitted to the bar, but students who miss a lot of classes generally perform poorly on their written assignments. **Because much of this course is of a comparative nature, it will be very hard to succeed if you do not prepare thoroughly and attend class.**

To facilitate your development as attorneys, there is no panel of students on call and I will try to call on many, if not all, students each class, so you must come prepared to participate in classroom discussion. Students may have their final grade raised or lowered by as much as a ½ letter grade (e.g., from a B+ to an A-) as a result of their participation. Chronic absenteeism or unpreparedness may result in sanctions, including the receipt of a “UWF” grade where appropriate.

Grading. Ten percent of your grade is composed of three professional emails of the type a practicing lawyer might send to a client. You must answer two of the three questions posted on *September 2, September 9, and October 21*. You must answer one of the two questions posted on *September 16 and October 28*. By midnight on the designated day, I will post a question on the class’s TWEN website under Assignment Drop Box. Answers will be due to me via the same source by 5:00 p.m. the following Monday. You will not be able to post your responses after that time. I have posted a style sheet with format suggestions on TWEN. I will post at least one student’s answer before the Tuesday class.

Fifty percent of your grade is composed of two written assignments to be completed at designated times over the course of the semester. Twenty percent is a professional memorandum to be drafted at the end of part I (subchapter C) of the syllabus. I will post the question on the last day of our discussion of subchapter C. You will have one week to return the memorandum to me by email. It CANNOT be turned in late. Thirty percent is a partnership project to be completed in coordination with other students. You must negotiate revisions to a partnership agreement, redraft that agreement, and draft a professional memorandum to a client. It is expected that we will begin this assignment Thursday, November 4. You will have one week to negotiate and draft the revised agreement and one week to prepare the memorandum to your client. The completed project will be due to me on Thursday, November 18, by email. These two projects are intended to help you synthesize the material and practice professional lawyering skills. As with the emails, I have posted a style sheet on TWEN.

The remaining forty percent of your grade is a professional memorandum to be completed over the exam period and to be returned to me by email. This memorandum will require you to compare the business forms and to utilize an extensive amount of the course’s material.

One of the most important skills of a good lawyer (and one of the most important skills that you must demonstrate in this class) is the ability to *apply law to fact and come to conclusions*.

Course Schedule. The following is a guide; I will designate which topic(s) will be covered next at the end of class. Additional materials are posted on the TWEN website. *Always read the Code and Regulation provisions under study and always bring your Code book to class!*

TOPIC	TEXT (pp.)	CODE AND REGULATIONS (§)	PROBLEMS	ADDITIONAL MATERIALS
Introduction	2-15; (SKIM 401-4)	11; 7701(a)(1)-(8) 301.7701-1, -2(a)-(c), -3(a)-(c)	pp. 31-2	Form 8832
PART I: Subchapter C				
Incorporation	430-44	351(a), (b), (d); 358(a), (b)(1); 362(a), (e)(2); 368(c); 1032; (Review 1001; 1012) 1.351-1	p. 444, #2(a)-(d)	Rev. Rul. 59-259; Certificate of Incorporation; Bylaws
Treatment of Boot	445-50	(Review 351(b); 358(a); 362(a)) 1.351-2(a), 1.358-1(a); (SKIM 1.358-2(b))		
Assumption of Liabilities	453-57	357; 358(d) 1.357-1, -2; 1.358-3	pp. 472-3, #2 (a-c)	
Dividends / Non-liquidating distributions	508-12; (SKIM 515-19); 522-25; 527-28	1(h)(11)(A)-(B)(i); 301(a)-(d); 243; 311; 316(a); 317(a) 1.301-1(a)-(c); 1.316-1	p. 522 (a-b) (only for Ann)	
Redemptions: theory	556-60; “family discord” on 592-3	302; 317(b); 318(a) 1.302-1; 1.318-1, -2	p. 560, #1	Rev. Proc. 2010-1; Rev. Proc. 2010-3
Redemptions: shareholder tests	561-2; 564-5; 581-588; note on 590-2; 593-4	(Review 302) 1.302-2, -3, -4	pp. 594-5, #1	
Redemptions: corporate test	596-9; 601-2	(Review 302; 311(a), (b)(1))	pp. 600-1 (a-e)	
Complete liquidations	657-three lines on 660; 670-77; 684-5 (to “Transfers of Property to Satisfy...”)	331; 332(a), (b); 334; 336; 267(b)-(c); 337; 346(a); (REVIEW 362(e)(2)(A)) 1.331-1; 1.332-1, -2, -5	pp. 661(a); p. 674(a-d); pp. 686-7, #1	
PART II: Subchapter K: to come				