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| Course | ACC 384.3 Taxation of Entities II (Flow-Through Entities) |
| Professor | Terri Holbrook, CPA, MST |
| Term | Fall 2018 |
| Meetings | Section #02745 MW 12:30 – 2:00pm CBA 4.326 Section #02750 MW 2:00 – 3:30pm CBA 4.326 Section #02755 MW 3:30 – 5:00pm CBA 4.326 |
| Office and hours | CBA 4M.208; Mon and Wed 5:00-6:00pm, or by appointment |
| Professor contact | Terri.Holbrook@mcombs.utexas.edu office phone 512-471-2888 |
| Teaching Asst | Aimee Low aimeeklow@utexas.edu |

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| Course Description | This course will include an in-depth analysis of Subchapter K of the Internal Revenue Code, which covers the structure and principals governing the taxation of non-corporate flow-through entities and their owners. The course will also address the taxation of S-Corporations and their shareholders, giving students the knowledge to compare the two flow-through entities. |
| Prerequisites | This course is designed for graduate accounting students who are pursuing the Tax Track of the MPA program. Prerequisites include an introductory tax course (ACC 380K.11, ACC 355, or equivalent) and completion or concurrent enrollment in a tax research course (ACC 384.1, or equivalent). |
| Learning Objectives | <p>After completing this course, students should have:</p> <ol style="list-style-type: none"> 1. An appreciation of the complexity of Subchapter K and the supporting Regulations and case law; 2. An understanding of the concepts behind the aggregate and entity theories of partnership taxation; 3. Learned the fundamentals of partnership taxation using a life-cycle approach, including formation, operation, allocations, distributions and liquidations; 4. An understanding of more complex areas, including special allocations of partnership items, transactions between a partnership and its' partners, and new provisions under the TCJA; 5. A working knowledge of Subchapter S corporations and the ability to compare and contrast between all flow-through tax entities. |

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| Required Text and supplemental resources | <p><u>Fundamentals of Partnership Taxation: Cases and Materials</u> 10th Edition Schwarz, Lathrope & Hellwig, Thomson-West publisher ISBN 978-1-63459-601-5</p> <p>You are also permitted to use the older 9th Edition of this text. If you choose this older text, please refer to alternative page numbers in course schedule and read all supplemental pages provided in Canvas so that your information is current.</p> <p>Course Packet will be available in class for a nominal cost; includes relevant sections of the Internal Revenue Code.</p> <p>Other required readings and resources, as posted on Canvas. Supplemental resources, such as RIA Checkpoint, on UT Library website.</p> |
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General Course Information Course Policies

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| Grading Criteria | <p>Students will be evaluated through a combination of projects, exams, and a qualitative “professionalism” grade. Points will be allocated as follows:</p> <ul style="list-style-type: none"> • First exam (200 points) • Second exam (200 points) • Final exam (250 points) • Partnership tax return (100 points) • Group project (150 points) • Professionalism; described below (100 points) • Total Points – 1,000 <p>A plus or minus grading scale will be used to assign final grades, with an expected distribution curve around an average GPA of 3.4-3.6.</p> |
| Exams | <ol style="list-style-type: none"> 1. The exams will be administered during the times outlined in this syllabus calendar. Please reserve these times in advance so that you do not have a conflict during a scheduled exam. You must sit for the exams on the dates and times scheduled. If an extraordinary event (death in immediate family, illness requiring hospitalization, etc.), contact me before the exam and I will resolve on an individual basis. 2. Exams will test the material covered since the last exam; however, due to the integrated nature of tax law, there may be a comprehensive element to each exam. 3. During each exam you may use a calculator, your text, notes, and any printed material you wish to bring. You may not bring your laptop, tablet, cell phone or other PDA device to exams. |
| Outside Reading and Problems | <p>There is assigned reading for each class meeting and you are expected to come prepared to discuss the material.</p> <p>Problems are included in each chapter and the solutions to the problems are posted on Canvas. Although these problems will not be collected or</p> |

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| | graded, you are expected to attempt these problems as they will help you learn the material and prepare for the exams. |
| Tax Return | A U.S. Return of Partnership Income (Form 1065) will be assigned and completed in groups. All information will be provided for you to prepare the return, including a list of the forms and schedules required. These forms are available at www.irs.gov in fill-out and print format. Tax preparation software is NOT permitted. |
| Group Project | Students will work in groups on a project that will be assigned mid-semester. This project will incorporate tax research, comprehension and analysis, critical thinking, creative presentation development and communication skills. |
| Professionalism | <p>In calculating your final grade, 100 points will come from your display of professionalism in my class. This discretionary evaluation will be based upon the following:</p> <ul style="list-style-type: none"> • Class attendance • Participating in class discussions • Evidence of preparedness by responding to class questions • Courteous consideration of classmates • Showing respect to classmates by using laptops/tablets only for class activities, and if not distracting to others • Turning off all cell-phones and PDAs • Contributing to the learning environment of the classroom |
| Class Attendance | You are expected to attend all classes and absences will be noted. It is in your best interest to attend class and be prepared. If you must miss a class, it is your responsibility to contact another student to get the lecture notes and other materials that you missed. |
| Classroom Citizenship | Please turn off all cell phones, PDAs and music devices during class. Laptops or Tablets may be used only to take notes or view class materials, <u>and</u> if they are not distracting to others. |
| Canvas, Communication and Privacy | <p>This course will use the Canvas education management system found at www.canvas.utexas.edu. All important information, including the syllabus, class slides, additional reading materials, and problem solutions will be posted there. I may communicate important information via announcements or messages on Canvas and students may also communicate with me through Canvas or email.</p> <p><u>Privacy in Canvas:</u> Information in Canvas is protected by your UTEID login. Please be aware that I will use a merged Canvas site for all sections of the course that I am teaching this semester. This will allow students in other sections to see that you are enrolled in the course and send you email from within Canvas. However, they will not actually learn your email address and no other personal data will be revealed through Canvas. If you have any concerns, please contact the ITS Help Desk at 475-9400. For information on restricting directory information see: http://www.utexas.edu/student/registrar/catalogs/gi02-03/app/appc09.html</p> |
| Policy on Scholastic Dishonesty | The McCombs School of Business has no tolerance for acts of scholastic dishonesty. The responsibilities of both students and faculty with regard to |

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| | <p>scholastic dishonesty are described in detail in the Policy Statement on Scholastic Dishonesty for the McCombs School of Business:</p> <p>By teaching this course, I have agreed to observe all of the faculty responsibilities described in that document. By enrolling in this class, you have agreed to observe all of the student responsibilities described in that document. If the application of that Policy Statement to this class and its assignments is unclear in any way, it is your responsibility to ask me for clarification. Policy on Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. You should refer to the Student Judicial Services website at http://deanofstudents.utexas.edu/sjs/ or the General Information Catalog to access the official University policies and procedures on scholastic dishonesty as well as further elaboration on what constitutes scholastic dishonesty.</p> |
| Campus Safety | <p>Please note the following recommendations regarding emergency evacuation, provided by the Office of Campus Safety and Security, 512-471-5767, http://www.utexas.edu/safety:</p> <ul style="list-style-type: none"> • Occupants of buildings on The University of Texas at Austin campus are required to evacuate buildings when a fire alarm is activated. Alarm activation or announcement requires exiting and assembling outside. • Familiarize yourself with all exit doors of each classroom and building you may occupy. Remember that the nearest exit door may not be the one you used when entering the building. • Students requiring assistance in evacuation should inform the instructor in writing during the first week of class. • In the event of an evacuation, follow the instruction of faculty or class instructors. • Do not re-enter a building unless given instructions by the following: Austin Fire Department, The University of Texas at Austin Police Department, or Fire Prevention Services office. • Behavior Concerns Advice Line (BCAL): 512-232-5050 • Further information regarding emergency evacuation routes and emergency procedures can be found at: http://www.utexas.edu/emerge |
| Student Grievance Procedures | <p>If you have a complaint regarding your grade on an exam, please discuss with me as soon as possible after the exam. I will not consider any grade changes if brought to my attention more than three days after exam results are returned to you.</p> <p>If a student has a grade grievance on his/her final course grade, the student must follow the specified procedures established by the University.</p> |
| Drop/Add, Withdrawal or | <p>Please refer to the academic calendar for the last day to drop/add a course without financial or academic penalty. It is the student's responsibility to handle withdrawal requirements from any class. You must do the proper</p> |

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| Incomplete policy | <p>paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.</p> <p>If a student fails to complete this course for illness or other reason deemed adequate, I will use my discretion to assign a grade of I (Incomplete). This will be handled on an individual basis.</p> |
| Religious Holy Days | <p>Absences on religious holidays listed in the University calendar are recognized as excused absences. Nevertheless, students are fully responsible for all material presented during their absence. If such a religious holiday falls on an exam date, please notify me as early as possible. I will handle on an individual basis.</p> |
| Students with disabilities | <p>The University of Texas at Austin provides upon request appropriate academic accommodations for qualified students with disabilities. For more information, contact the Office of the Dean of Students at 471-6259, 471-4641 TTY.</p> |

Course Schedule (may change with adequate notice to students)

| DATE | TOPIC | TEXT Ed 10* | TEXT Old Ed 9** | Applicable IRC Sections |
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| Wed Aug 29 | Introduction to Subchapter K | | | |
| Mon Sept 3 | LABOR DAY HOLIDAY | | | |
| Wed Sept 5 | Tax classification of business enterprise; choice of business entity | Ch 1; Read Supp pgs 2-4 & skim only text pgs 4-12 | Ch 1; Read Ed 10 Supp pgs 2-4 and skim only text pgs 22-30 | 761(a), 7701(a)(2), 7704 |
| Mon Sept 10 | Contributions of property; basics of liabilities; Org expenses | Ch 2 | Ch 2, pgs 32-52, 81-82 | 721,722,723,704(c)(1)(A), 724,752(a)-(c), 709 |
| Wed Sept 12 | Operations: aggregate and entity principles | Ch 3 pgs 57-76; | Ch 3 pgs 84-104 | 701,702(b),703,706(b) |
| Mon Sept 17 | Operations consequences to partners | Ch 3 pgs 77-80; No Supp | Ch 3 pgs 104-107 | 701,702,703(a),705,706(a) |
| Wed Sept 19 | Limitations on partnership losses | Ch 3 pgs 80-93; No Supp | Ch 3 pgs 110-122 | 704(d),465,469 |
| Mon Sept 24 | Special allocations under 704(b) | Ch 4; Supp pg 11-12 | Ch 4 pgs 124-173 | 704(b) |
| Wed Sept 26 | Allocations for contributed property; family partnership rules; varying interests | Ch 5 | Ch 4 pgs 175-191, 212-220 | 704(a) and (c),724,751(c) and (d);704(e); 706(c) and (d) |
| Mon Oct 1 | Allocations of partnership liabilities | Ch 6 skipping 190-192 & 198-204.Supp pg 12-13 | Ch 4 pgs 193-204 | 704(c)(1)(A), 752(a)-(c) |
| Wed Oct 3 | Exam 1; 6:00-8:30pm GSB 2.122 & 2.126 Chaps 1-6 | | | |
| Mon Oct 8 | Payments for services and compensating partners | Ch 7 pgs 207-231 | Ch 5, pgs 222-243 | 707(a) and (c),267(a)(2) and (e)(1) |
| Wed Oct 10 | Contributions of services for partnership equity; Carried interests | Ch 7 pgs 232-258; Supp pgs 14-16 | Ch 2, pgs 53-78; Ed 10 Supp pgs 9-11 | 83(a)-(c) and (h), New 1061 |
| Fri Oct 12 | Tax Returns Due 5pm | | | |

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| Mon Oct 15 | Sales and exchanges of property between partners/partnerships | Ch 8; Supp pgs 16-17 | Ch 5, pgs 248-253 | 707(a); 267(a), (c) and (d) |
| Wed Oct 17 | Sales and exchanges of partnership interests | Ch 9 pgs 283-307 | Ch 6, pgs 255-278 | 705(a), 706(c), 741, 751, 752(d), 1(h)(5)(B), |
| Mon Oct 22 | Sec 754 elections and 743(b) adjustments | Ch 9 pgs 307-315; Supp pg 17-18 | Ch 6, pgs 279-287 | 742, 743, 752(a), 754, 755 |
| Wed Oct 24 | Operating distributions and 734(b) adjustments | Ch 10 pgs 319-334 | Ch 7 pgs 289-304 | 731, 732, 733, 734, 735 |
| Mon Oct 29 | Mixing bowl transactions & disproportionate distr | Ch 10 pgs 335-346 | Ch 7 pgs 304-315 | 704(c), 737, 731(d), 732(e), 751(b) |
| Wed Oct 31 | Liquidating distributions | Ch 11 pgs 361-385 | Ch 8 pgs 327-347 | 736, 761(d), 731, 732 |
| Mon Nov 5 | Payments to retiring partners | Ch 11 pgs 386-395 | Ch 8 pgs 348-356 | 731, 732, 736, 741, 751 |
| Wed Nov 7 | Termination & mergers of a partnership; Death of a partner | Ch 12 & 13; skip pg 412-427. Supp pg 18 | Ch 8 pgs 357-371 & 386-388; Ch 9 | 708, 691(a)-(c), 736 |
| Mon Nov 12 | Exam 2 6:00 – 8:30pm Chaps 7-13 | | | |
| Wed Nov 14 | Formation and operation of S-Corporation | Ch 15 pgs 457-472 | Ch 11 pgs 414-428 | 1361, 1362, 1378, |
| Mon Nov 19 | Limitation of losses and distributions to shareholders | Ch 15 pgs 472-490 | Ch 11 pgs 430-444 | 1363, 1366, 1367, 311(b), 1368, 1371 |
| Wed Nov 21 | THANKSGIVING HOLIDAY | | | |
| Mon Nov 26 | Special issues of S-Corporations | Ch 15 pgs 491-515 | Ch 11 pgs 445-462 | 1363, 1371, 1372, 1374, 1375 |
| Wed Nov 28 | TCJA applications to Flow-Through entities | Canvas readings | Canvas readings | 199A, 461(l), 163(j) |
| Mon Dec 3 | Group projects | | | |
| Wed Dec 5 | Group projects | | | |
| Mon Dec 10 | Group projects | | | |
| TBD | Final Exam | | | |

***If using Ed 10, read supplement only when assigned. **If using Ed 9, please read Edition 9 supplement for updated content in all chapters AND Ed 10 supplement when assigned.**