“Decisions to embrace the corporate form of organization should be carefully considered, since a corporation is like a lobster pot: easy to enter, difficult to live in, and painful to get out of.”

--Boris I. Bittker & James S. Eustice

Studying Subchapter C, the part of the Internal Revenue Code that governs taxable corporations, is challenging. It requires us to interpret difficult statutory language and apply it to complex transactions—where a lot of tax is potentially at stake. We must do so in the context of broad, sometimes ambiguous judicial doctrines (like substance over form) that can thwart even the most careful tax planning. But if you can make sense of the corporate tax rules (and their impact on the GAAP financial statements), there are many lucrative opportunities available with in-house tax departments and the major accounting firms. Furthermore, the study of corporate tax provides the base knowledge necessary to study international taxation and mergers and acquisitions—two of the most dynamic and sophisticated areas of tax practice.

Studying corporate tax will expose us to the complex policy issues that have come to the fore as large multinational corporations have sought to lower their tax bills (and the tax expense reported on their GAAP income statements) by shifting income overseas to low-tax jurisdictions.

Despite the challenges, all CPAs should have a working knowledge of corporate tax issues. As we study corporate tax, we will witness the interaction of the financial accounting (GAAP) world and the tax world. As we will see, a CPA practicing tax must know GAAP. And, given the importance of the income tax expense reported on a corporation’s GAAP financial statements, a CPA working in a non-tax setting also needs to be familiar with corporate tax rules. Even non-accountants are being called upon to be more aware of corporate tax issues—as managing corporate taxes has now become a boardroom and C-suite concern.

For more on what to expect on our journey through the rough terrain of Subchapter C and beyond, continue reading. And welcome to the “Hotel California” of the Internal Revenue Code.
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I. Instructor Contact Information

Instructor: Mark J. Cowan, JD, CPA (Connecticut)
Office: MEBB 3102 (3rd floor, South Wing, near the Dean’s office and Department of Accountancy Chair’s office.)
Telephone: 426-1565
E-mail: markcowan@boisestate.edu

Office Hours: Tuesdays & Thursdays 10:30am-11:30am & 1:00pm-2:30pm
Wednesdays 9am – 11am

Note #1: **I am generally in the office most of the time and can normally meet with you outside of office hours**—but it is best to check in advance. I teach another course that meets Tuesdays & Thursdays from 7:30am-10:15am; so I will not be available during those times. Also, I will generally be available after class.

Note #2: **Faculty office wings are automatically locked from 5pm-8am. If you are meeting with me during those hours you must call me so I can let you in.**

II. Required Course Materials


4. Online Supplemental Readings [Available for free in PDF on the Blackboard course website under “Course Documents” in the folder “Online Supplemental Readings.” Subfolders are organized by assignment. You are responsible for downloading the required readings.]

Other Tax Resources Available (go to [http://library.boisestate.edu/](http://library.boisestate.edu/)):
Checkpointer (See Note below)
IntelliConnect
BNA Tax Management Portfolios
Westlaw Campus
Tax Notes (Tax Notes Today)
Note: Our Checkpoint subscription includes access to the leading corporate tax treatise, **FEDERAL INCOME TAXATION OF CORPORATIONS & SHAREHOLDERS** by Bittker & Eustice. Once in Checkpoint, click “Table of Contents” on the menu bar across the top of the page. In the list that appears, click “Federal Library.” Then click “Federal Editorial Materials”. Then click “WG&L Federal Treatises”. Then click “Corporate Taxation”. A link to the Bittker & Eustice book will appear. This book is the leading secondary authority on corporate taxation. You can check the box next to the title and search the book by entering search terms in the Keyword box at the top of the page. You can also click on the title of the book and drill down through the table of contents to see individual chapters. The book links to primary source materials on the Checkpoint service like Code sections, regulations, rulings, and court cases.

### III. Course Description and Learning Objectives

**Course Description (from the Graduate Catalog):**
Tax considerations in corporate formation, distributions, redemptions, and liquidations. The accumulated earnings tax, personal holding company tax, and S corporations are included.

**Course Description (modified):**
We will follow the Course Description per the Graduate Catalog as stated above—except that we will spend little time on redemptions, the accumulated earnings tax, and the personal holding company tax. Those topics are not as critical in today’s tax environment. Instead, we will spend more time on the tax treatment of corporate operations (including Form 1120 and Schedule M-3) and provide an introduction to the GAAP treatment of income taxes under ASC 740. Those topics have become more important in practice in recent years.

**Learning Objectives:**
At the completion of this course, students will be able to:

1) Identify and explain the tax aspects of forming, operating, selling stock in, reorganizing/merging, and liquidating an entity classified as a corporation for federal income tax purposes.

2) Read and interpret the Internal Revenue Code, Treasury Regulations, IRS Rulings, and court opinions to solve corporate tax problems.

3) Understand the statutory and judicial anti-avoidance rules (like economic substance and substance over form) that can arise in corporate transactions.

4) Prepare and understand corporate income tax returns—including Form 1120, Form 1120S, and book/tax reconciliations on Schedules M-1 and M-3.

5) Prepare basic tax provisions in accordance with GAAP (ASC 740).

6) Articulate the major policy issues relating to the taxation of corporations and shareholders.

7) Appreciate the ethical issues associated with providing professional tax services in the corporate arena.
IV. Grading

Grading Summary:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exam #1</td>
<td>15%</td>
</tr>
<tr>
<td>Exam #2</td>
<td>15%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>30%</td>
</tr>
<tr>
<td>Quizzes</td>
<td>5%</td>
</tr>
<tr>
<td>Presentations (see Part VI)</td>
<td>10%</td>
</tr>
<tr>
<td>Tax Compliance Projects</td>
<td>20%</td>
</tr>
<tr>
<td>Class Participation &amp; Responsibility [Note the policy on the use of electronic devices in Part V]</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: Boise State has now implemented a plus/minus grading system. The following chart translates the overall % grade into a letter grade and quality points. The instructor reserves the right to make adjustments as to what percentage qualifies for each letter grade.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Letter Grade</th>
<th>Quality Points Per Credit Hour (GPA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>97 and above</td>
<td>A+</td>
<td>4.0</td>
</tr>
<tr>
<td>93-96</td>
<td>A</td>
<td>4.0</td>
</tr>
<tr>
<td>90-92</td>
<td>A-</td>
<td>3.7</td>
</tr>
<tr>
<td>87-89</td>
<td>B+</td>
<td>3.3</td>
</tr>
<tr>
<td>83-86</td>
<td>B</td>
<td>3.0</td>
</tr>
<tr>
<td>80-82</td>
<td>B-</td>
<td>2.7</td>
</tr>
<tr>
<td>77-79</td>
<td>C+</td>
<td>2.3</td>
</tr>
<tr>
<td>73-76</td>
<td>C</td>
<td>2.0</td>
</tr>
<tr>
<td>70-72</td>
<td>C-</td>
<td>1.7</td>
</tr>
<tr>
<td>67-69</td>
<td>D+</td>
<td>1.3</td>
</tr>
<tr>
<td>63-66</td>
<td>D</td>
<td>1.0</td>
</tr>
<tr>
<td>60-62</td>
<td>D-</td>
<td>0.7</td>
</tr>
<tr>
<td>59 and below</td>
<td>F</td>
<td>0.0</td>
</tr>
</tbody>
</table>

**Exams:** We will have two “midterm” exams given during the semester and a comprehensive final exam given during finals week. Each exam will be problem-based but may include other formats such as multiple choice. The exams will be take-home. You may not work with other students on the exams or consult with anyone else. The exams will be held to a very high standard. Your answers must be typed, fully developed, cited to the Internal Revenue Code where applicable, and written clearly. More details on the exams will follow. I reserve the right to change the format of the exam (for example, to an in-class exam) if we encounter any problems with the take-home format.
Quizzes: You will do a brief take-home, open book quiz for every major topic that we cover in the course. Quizzes are due after you have done the reading for a topic but BEFORE we have discussed it in class. The idea is to motivate you to read the textbook and the Code before class and to prevent you from falling behind in the readings. You will take each quiz online via the Blackboard class website and will get instant feedback. Quizzes will be available on the Blackboard class website at least a week before the due date and will not be available after the start of class period at which they are due. Accordingly, LATE QUIZZES WILL NOT BE ACCEPTED. Please do the quizzes individually—do not get the answers from others. I reserve the right to switch from an online quizzing system to a manual quizzing system if we encounter technical problems with Blackboard. In calculating your grade at the end of the semester, I will drop one quiz grade. Therefore, you can miss one quiz without affecting your grade. This “free” quiz is meant to cover a sudden emergency when you can’t get online; please use it wisely.

Presentations: See details in Part VI below.

Tax Compliance Projects: In this course we will frequently talk about both tax planning and compliance. Both are important and they often go hand in hand. We will address planning issues through the homework exercises, class discussions, and the exams. We will address compliance issues by doing four tax compliance projects. These projects will include tax returns and tax provisions. You must complete the tax compliance projects with a partner.
Class Participation & Responsibility: This portion of your grade has two components:

1. **In-class behavior.** You are in a profession where professional behavior and courtesy is expected. Professional behavior obviously enhances the learning environment. Any disruption to that environment will reduce your grade. *In particular, two unprofessional activities have become disruptive in recent semesters:*

   a. **Issue #1: Arriving late.** We have a lot of material to cover, and thus we will begin class on time. *It is very disruptive and distracting when students arrive late.* While I understand circumstances will sometimes require you to be late (bad weather, unexpected car or family issues), I ask that you make every effort to adjust your schedule to ensure your timely arrival. If it becomes evident that you are arriving late (more than a couple of times), your class participation grade may be reduced. In addition, if tardiness becomes a problem this semester, I reserve the right to implement additional measures during the semester to address the problem.

   b. **Issue #2: The use of cell phones/laptops/tablets during class.** You are not allowed to use these during class unless I say otherwise. The specifics of this policy, and the rationale for this policy are explained in Part V, below.

2. **Class preparation.** Students are expected to come to every class having completed the reading/homework assignments and prepared to discuss them intelligently. To reduce the stress of preparation and to allow everyone a chance to participate, I will ask two of you to sign up to be the “on call” students for each assignment. When you are on call I may ask you to answer some questions about the reading, tell the class about a court case reprinted in the casebook, and/or explain the answers to the problems we are reviewing during that assignment. To get full credit, you must sign up to be on call and actually be prepared when on call. (The number of times you will need to be on call during the semester will be determined based on the size of the class.) If you are not on call for the day/assignment, I still expect you to be prepared (see more under “Advice for Doing Well” in Part IX, below) and join in the discussion. I reserve the right to try a new system of class participation if the “on-call” system is not working. Such a system may require everyone to be fully prepared for each class.
V. Policy on the Use of Electronic Devices in Class

The study of taxation requires attention to detail and focus. Texting or web surfing during class is rude and will cause you to miss important details and concepts. Also, employers have told me they are having problems with new graduates texting, web surfing, Facebooking, etc. when they should be working. Some of these employees have been fired for such behavior.

Technological distractions are not a “college student problem” or a “millennial generation problem.” The issue affects us all. I routinely see distracting technology use by faculty members and business professionals in meetings and at conferences. Furthermore, I realize you are all adults and are capable of making your own decisions about whether technology use during class is a good or bad thing for you personally. The concern I have is that when one student opts to use technology in class it distracts those around them (including the instructor)—which makes the classroom less conducive to learning. A professor at the Massachusetts Institute of Technology put it this way:

A lot is at stake. Where we put our attention is not only how we decide what we will learn, it is how we show what we value….In classrooms, the distracted are a distraction: Studies show that when students are in class multitasking on laptops, everyone around them learns less. Distraction is contagious. One college senior says, "I'll be in a great lecture and look over and see someone shopping for shoes and think to myself, 'Are you kidding me?' So I get mad at them, but then I get mad at myself for being self-righteous. But after I’ve gone through my cycle of indignation to self-hate, I realize that I have missed a minute of the lecture, and then I’m really mad."

Even for those who don’t get stirred up, when your classmates are checking their mail or Amazon, it sends two signals: This class is boring, and you have permission to check out — you, too, are free to do other things online.1

The use of smartphones is just as distracting—for both students and the instructor. As a professor at the Rochester Institute of Technology put it:

I could not bear to look at one more student smiling at his or her crotch — the universally preferred location to keep one’s phone for "surreptitious" texting. (Note to students: If you’re smiling in that direction, your attempts at stealth are going to get noticed.)2

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2 Hinda Mandell, No Phones, Please, This Is a Communications Class, THE CHRONICLE OF HIGHER EDUCATION, July 6, 2015.
Recent research has shown that even legitimate uses of technology in the classroom—like to take notes—is counterproductive. Consider the following abstract of a study done by researchers at Princeton and UCLA:

Taking notes on laptops rather than in longhand is increasingly common. Many researchers have suggested that laptop note taking is less effective than longhand note taking for learning. Prior studies have primarily focused on students’ capacity for multitasking and distraction when using laptops. The present research suggests that even when laptops are used solely to take notes, they may still be impairing learning because their use results in shallower processing. In three studies, we found that students who took notes on laptops performed worse on conceptual questions than students who took notes longhand. We show that whereas taking more notes can be beneficial, laptop note takers’ tendency to transcribe lectures verbatim rather than processing information and reframing it in their own words is detrimental to learning.³

For the above reasons, some law schools and business schools—including Harvard Business School—have banned technology from many of their classrooms. I have decided to follow this example and prohibit student use of technology in the classroom:

| POLICY ON ELECTRONIC DEVICES IN CLASS: |
| In the absence of a pre-approved emergency situation, all electronic devices including, but not limited to, cell phones, smart phones, tablets, smart watches, and laptops must be turned off and put away during class. Student violating this policy will experience the following consequences: |
| First-time violation: A warning. |
| Second-time violation: Class participation grade reduced to zero. |
| Subsequent violations: Course grades further reduced in increments of 5 points (out of 100) for each violation. |
| Exception: If you get permission from me for a compelling reason (e.g. you are the “on call” parent for your kids, a family member is ill or about to go into labor, etc.) You must let me know in advance if you have these situations and keep your phone on vibrate. |

I understand that this may be frustrating for some of you, but since I have adopted this policy I have found that students are able to be more engaged in class. Thanks for your cooperation!

VI. Presentations

You will work in pairs to prepare a research presentation on a corporate tax topic. You will be graded on a 20-25 minute (approx.) in-class presentation in which you will summarize your research for the class. Presentations will be graded based on content and clarity of presentation. You should be prepared to use some sort of visual aid (e.g., PowerPoint) as well as provide practical examples as part of your presentation. You should pick your partner and a topic soon and get my approval of the topic before proceeding. **Topics will be approved on a first come, first served basis.** To encourage you to work on the presentation throughout the semester (rather than just at the end), a few interim deadlines have been established:

- **Thursday, Feb. 11:** each group must have a topic selected and approved by me. The topic must be related to corporate tax law and cannot encompass a general topic we are already covering as part of the course. Further, you cannot pick a topic which you have already researched for another class. Try to pick a topic you expect to be useful to you on the job currently or in the future. A list of suggested topics is provided below.

- **Week of Tuesday, March 8:** Each group must have a draft outline and a list of sources prepared. During this week, each group will meet with me to review their outline and source list.

- **Week of Tuesday, April 12:** Each group will meet with me to take me through a rough draft of their presentation.

Failure to meet these deadlines without prior approval may result in a reduction in your paper grade. Turning in deficient outlines, source lists, or drafts may also result in a reduction in your grade.

**Suggested Presentation Topics:**
- The Accumulated Earnings Tax
- Taxation of Personal Holding Companies
- Issues with Consolidated Returns (there are several possible topics here)
- Nonacquisitive, Nondisjunctive Reorganizations (e.g. Type E Recapitalizations; Type F Mere Change in Identity, Form, or Place of Organization; or Type G Insolvency Reorganizations)
- Reform: Corporate Integration (eliminating the corporate double tax)
- Reform of the U.S. taxation of foreign income
- Details on the OECD’s Base Erosion and Profit Shifting Action Plan
- Corporate Inversions
- Stock Redemptions
- Debt vs. Equity Issues

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4 You must work with another student in the class. If there is an odd number of students in the class, I will allow one group to have three members. (The presentation for that group must be longer and more in-depth.)
The Mission and Core Values of the College of Business and Economics:

Our dream is to be a collaborative, engaged and dynamic community of learners. We inspire our students and colleagues to achieve their full potential by creating and sharing relevant knowledge, skills and experiences for the benefit of local and global communities. We value:

**Relevance:** We address important business and societal issues by being effective, innovative and risk-tolerant. Our effectiveness is based on rigorous teaching and research and a commitment to life-long learning and community engagement.

**Respect:** We strive to be an inclusive, collegial community that values all forms of diversity. We are committed to integrity and ethical behavior in all that we do.

**Responsibility:** We foster an environment that empowers students, staff and faculty. We are dedicated to accountability, transparency and fairness.

### VII. Homework Assignments & Tentative Schedule

The **tentative schedule** of topics to be covered and specific homework assignments are listed on the pages that follow. It is important that you complete the assignments and make a good-faith effort to complete the problems assigned in each chapter. These problems will not be collected but students will be expected to discuss them in class (see above under class participation). For some assignments, I also pose some discussion questions which you should think about before class. These are normally big picture or practical questions that cannot be readily answered by reference to the assigned readings. As noted above, most assignments include a take home quiz, which must be completed online. Since each class has its own pace and rhythm, there may be changes in assignments and due dates. As the semester progresses, I will announce all such changes in class and on Blackboard.
## TENTATIVE SCHEDULE

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Assignment Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuesday, Jan. 12</td>
<td>Introduction to the Course</td>
<td>“Pre-Course Assessment of Basic Tax Law Knowledge” Due</td>
</tr>
<tr>
<td>Thursday, Jan. 14</td>
<td>Review of Basic Tax Law</td>
<td>Assignment #1</td>
</tr>
<tr>
<td>Tuesday, Jan. 19</td>
<td>An Overview of the Taxation of Corporations and Shareholders</td>
<td>Assignment #2</td>
</tr>
<tr>
<td>Thursday, Jan. 21</td>
<td>Formation of a Corporation (Basics) Note: Monday, Jan. 25 is the last day to drop without a “W”</td>
<td>Assignment #3</td>
</tr>
<tr>
<td>Tuesday, Jan. 26</td>
<td>Formation of a Corporation (Treatment of Boot and Liabilities)</td>
<td>Assignment #4</td>
</tr>
<tr>
<td>Thursday, Jan. 28</td>
<td>Formation of a Corporation (Other Issues)</td>
<td>Assignment #5</td>
</tr>
<tr>
<td>Tuesday, Feb. 2</td>
<td>Formation of a Corporation (Finish) Corporate Operations</td>
<td>Assignment #6</td>
</tr>
<tr>
<td>Thursday, Feb. 4</td>
<td>Corporate Operations</td>
<td>Assignment #7</td>
</tr>
<tr>
<td>Tuesday, Feb. 9</td>
<td>Corporate Operations</td>
<td></td>
</tr>
<tr>
<td>Thursday, Feb. 11</td>
<td>Nonliquidating Distributions (Basic Principles and Cash Distributions)</td>
<td>Assignment #8 DEADLINE TO SIGN UP FOR A PRESENTATION TOPIC</td>
</tr>
<tr>
<td>Tuesday, Feb. 16</td>
<td>Nonliquidating Distributions (Property and Constructive Distributions)</td>
<td>Assignment #9</td>
</tr>
<tr>
<td>Thursday, Feb. 18</td>
<td>Nonliquidating Distributions (Special Rules) and Stock Dividends Review and Catch Up Distribute EXAM #1</td>
<td>Assignment #10</td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Assignment/Notes</td>
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<tr>
<td>-------------------</td>
<td>----------------------------------------------------------------------</td>
<td>-------------------------------------------------------</td>
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<tr>
<td>Tuesday, Feb. 23</td>
<td>Finish Nonliquidating Distributions</td>
<td>EXAM #1 DUE</td>
</tr>
<tr>
<td>Thursday, Feb. 25</td>
<td>Anti-Avoidance Rules and Policy Issues</td>
<td>Assignment #11</td>
</tr>
<tr>
<td>Tuesday, Mar. 1</td>
<td>Accounting for Income Taxes (ASC 740)</td>
<td>Assignment #12 TAX COMPLIANCE PROJECT #1 DUE</td>
</tr>
<tr>
<td>Thursday, Mar. 3</td>
<td>Accounting for Income Taxes (ASC 740) and Schedule M-3</td>
<td>Assignment #13</td>
</tr>
<tr>
<td>Tuesday, Mar. 8</td>
<td>Complete Liquidations (General Rules)</td>
<td>Assignment #14 OUTLINES FOR PRESENTATION AND SOURCE LIST DUE⁵</td>
</tr>
<tr>
<td>Thursday, Mar. 10</td>
<td>Complete Liquidations (Subsidiaries)</td>
<td>Assignment #15</td>
</tr>
<tr>
<td>Tuesday, Mar. 15</td>
<td>S Corporations (Eligibility, Elections, and Operations)</td>
<td>Assignment #16</td>
</tr>
<tr>
<td>Thursday, Mar. 17</td>
<td>S Corporations (Distributions, Corporate-Level Taxes, and Misc.)</td>
<td>Assignment #17 TAX COMPLIANCE PROJECT #2 DUE</td>
</tr>
<tr>
<td></td>
<td>Note: Friday, Mar. 18 is the last day to drop (with a “W”)</td>
<td></td>
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<tr>
<td>Tuesday, Mar. 22</td>
<td>SPRING BREAK—NO CLASS</td>
<td></td>
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<tr>
<td>Thursday, Mar. 24</td>
<td>SPRING BREAK—NO CLASS</td>
<td></td>
</tr>
<tr>
<td>Tuesday, Mar. 29</td>
<td>Finish S Corporations Introduction to Base Erosion and Profit Shifting (BEPS) and Related Policy Issues</td>
<td>Assignment #18</td>
</tr>
<tr>
<td>Thursday, Mar. 31</td>
<td>Taxable Corporate Acquisitions Review and Catch Up</td>
<td>Assignment #19</td>
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<tr>
<td></td>
<td>Distribute EXAM#2</td>
<td></td>
</tr>
<tr>
<td>Tuesday, Apr. 5</td>
<td>Taxable Corporate Acquisitions</td>
<td>EXAM #2 DUE</td>
</tr>
</tbody>
</table>

⁵ These will be discussed in meetings (to be scheduled at some point this week) between me and each group individually. The outline and source lists are not due in class; they are due at your scheduled meeting.
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday, Apr. 7</td>
<td>Acquisitive Reorganizations (Overview and Type A)</td>
<td>Assignment #20</td>
</tr>
<tr>
<td>Tuesday, Apr. 12</td>
<td>Acquisitive Reorganizations (Types B, C, and Triangular)</td>
<td>Assignment #21</td>
</tr>
<tr>
<td></td>
<td><strong>MEETINGS TO REVIEW “ROUGH DRAFTS” OF PRESENTATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Thursday, Apr. 14</td>
<td>Acquisitive Reorganizations (Treatment of Parties)</td>
<td>Assignment #22</td>
</tr>
<tr>
<td></td>
<td><strong>TAX COMPLIANCE PROJECT #3 DUE</strong></td>
<td></td>
</tr>
<tr>
<td>Tuesday, Apr. 19</td>
<td>Corporate Divisions (Introduction) and Carryovers of Tax Attributes</td>
<td>Assignment #23</td>
</tr>
<tr>
<td>Thursday, Apr. 21</td>
<td>Catch-up Life in In-House Corporate Tax Depts. Presentations</td>
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<tr>
<td></td>
<td><strong>TAX COMPLIANCE PROJECT #4 DUE</strong></td>
<td></td>
</tr>
<tr>
<td>Tuesday, May 3</td>
<td><strong>FINAL EXAM due in MBEB 3102 by 9am</strong></td>
<td></td>
</tr>
</tbody>
</table>

6 These will be discussed in meetings (to be scheduled at some point this week) between me and each group individually.
VIII. Specific Assignments

The following sets forth the specific homework that you should complete prior to the date assigned in the syllabus. Chapter and page references are to the textbook unless specific reference is made to the Spilker Book; Code and Regulation sections are in the Code book. Readings in the Spilker book and any Online Supplemental Readings are noted.

Occasionally, the problems in the book may direct you to some Code section or regulation that is not in the Code book and that was not handed out in class. If you encounter this situation, please look up the code or regulation section on Checkpoint so you can complete the problem.

Assignment #1: Review of Tax Fundamentals
1) Read §§ 1001, 1011, 1012, 1014(a), 1015(a), 1016(a)(1)&(2), 1031, 1221(a)
2) Skim §§ 1231, 1245, 1250, 1411 (Online Supplemental Readings)
3) Read “Sources of the Law” (Online Supplemental Readings) [Note: This is a handy introduction to the sources of tax law that I found in a book on nonprofit taxation. You can ignore any discussion of tax exempt organizations referenced in the handout; most of the sources of law discussed are important for corporate taxation. If you have taken a tax research class, view this as a quick refresher.]
4) Read “Finding Code Sections” (Online Supplemental Readings). Please follow the directions given to take the Checkpoint tax service out for a test drive. This will help you in looking up Code and Reg. sections when you need to.
5) There is no quiz for this assignment.

Assignment #2: An Overview of the Taxation of Corporations and Shareholders
1) In Chapter 1, read page 2—top of page 14; middle of page 27—top of page 32
2) Read “Textbook Updates to Ch. 1” (Online Supplemental Readings)
3) Read the Moline Properties case (Online Supplemental Readings)
4) In Chapter 1, read top of page 34—bottom of page 39
5) Read § 7701(a)(3)
6) Read “Joint Committee on Taxation ‘Choice of Entity’ Report” through page 17; skip the remainder of the document (Online Supplemental Readings)
7) Complete the Assignment #2 Quiz

Assignment #3: Formation of a Corporation (Basics)
1) In Chapter 2, read pages 56-70 and try to work all the problems contained therein
2) Read §§ 351(a), (c), (d)(1)-(2); 358(a), (b)(1); 362(a), (e); 368(c); 1032(a); 1223(1) & (2)
3) Read Reg. §§ 1.351-1; 1.358-1(a); 1.358-2(b)(2); 1.1032-1(a), (d)
4) Complete the Assignment #3 Quiz
Assignment #4:  
Formation of a Corporation (Treatment of Boot and Liabilities)  
1) In Chapter 2, read page 71-top of page 99 and try to work all the problems contained therein  
2) Read §§ 351(b); 357(a)-(c); 358(a), (b)(1), (d)  
3) Read Reg. §§ 1.357-1; 1.357-2; 1.358-3  
4) Complete the Assignment #4 Quiz  

Assignment #5:  
Formation of a Corporation (Other Issues)  
1) In Chapter 2, read top of page 99-page 113 and try to work all the problems contained therein  
2) Read §§ 118(a); 248; 362(a)(2), (c)  
3) Read § 195 (Online Supplemental Readings)  
4) Read Reg. § 1.248-1 (Online Supplemental Readings)  
5) Complete the Assignment #5 Quiz  

Assignment #6:  
Corporate Operations (Readings)  
1) In Chapter 1, read top of page 14-middle of page 22; skip middle of page 22-top of page 26; try to work the problem on page 26-27  
2) Read §§ 11(a), (b); 243; 246; 1211; 1212(a)  
3) Read excerpts from § 170 (Online Supplemental Readings)  
4) Skim § 199 (Online Supplemental Readings)  
5) Read all of Chapter 5 in the Spilker book  
6) Skim Form 1120 (Online Supplemental Readings) [The instructions for Form 1120 are also posted, but reviewing them is optional.]  
7) Complete the Assignment #6 Quiz  

Assignment #7:  
Corporate Operations (Problems)  
1) In the back of Chapter 5 of the Spilker book, prepare answers to the following problems: 48, 50, 52, 53, 54, 55, 56, 58, 60, 63, 64, 65, 66, 68, 73, 75, 78, 79, 82, 84, 85  
   a. Everyone should prepare answers to all of the above problems  
   b. Each student will be assigned specific problems to present to the class  
2) There is no quiz for this assignment  

Assignment #8:  
Nonliquidating Distributions (Basic Principles and Cash Distributions)  
1) In Chapter 4, read page 148-middle of page 163 and try to work all problems therein  
2) Read §§ 301(a)-(c); 312(a), (c), (f)(1), (k), (n); 316(a)  
3) Read Reg. §§ 1.301-1(a)-(c); 1.316-1(a)(1)-(2); 1.316-2(a)-(c)  
4) Complete the Assignment #8 Quiz
Assignment #9:
Nonliquidating Distributions (Property and Constructive Distributions)
1) In Chapter 4, read middle of page 163-middle of page 174 and try to work all problems therein
2) Read §§ 301(d); 311; 312(b)
3) Read Reg. §§ 1.301-1(d)(1), (j); 1.312-3
4) Read the Menard case (Online Supplemental Readings)
5) Read the RAPCO case (Online Supplemental Readings)
6) Complete the Assignment #9 Quiz

Assignment #10:
Nonliquidating Distributions (Special Rules) and Stock Dividends
1) In Chapter 4, read middle of page 174-bottom of page 181 and try to work all problems therein; skip bottom of page 181-top of page 193
2) Read § 246(c)(1)(A)
3) Skim § 1059
4) Read the Waterman Steamship case (Online Supplemental Readings)
5) Read the Litton Industries case (Online Supplemental Readings)
6) In Chapter 4, try to work the problem on page 193
7) In Chapter 6, read page 290-top of 299; skip Rev. Rul. 78-60 on middle of page 299-top of page 302; read middle of page 302-top of 303; try to work the problem on pages 303-304; skip the rest of the chapter
8) Read § 305(a)-(d)
9) Read Reg. § 1.305-1
10) Complete the Assignment #10 Quiz

Assignment #11:
Anti-Avoidance Rules and Policy Issues
1) In Chapter 14, read page 610-top of page 626 and try to work the problem on pages 625-626
2) Read § 7701(o)
3) Read the article “Travails in Tax: KPMG and the Tax Shelter Controversy” (Online Supplemental Readings)
   a. Don’t worry about the technical details of the tax shelters involved; focus instead on how KPMG sought to develop and market such shelters. Also, don’t worry about reading the footnotes.
   b. If you had been a tax manager at KPMG, would you have been comfortable selling the tax shelters discussed in the article?
4) Read the article “Corporations, Society, and the State: A Defense of the Corporate Tax” (Online Supplemental Readings)
5) Think about the following questions:
   a. Who bears the economic burden (incidence) of the corporate tax?
   b. Should corporations be subject to tax?
   c. Why is the limited liability aspect of corporations so important to the formation of large businesses?
6) Complete the Assignment #11 Quiz
Assignment #12:
Accounting for Income Taxes (ASC 740)
1) Read all of Chapter 6 in the Spilker book
2) In the back of Chapter 6 of the Spilker book, prepare answers to the following problems: 38, 39, 42, 46, 47, 49, 52, 54, 55, 57, 59, 60, 61, 62, 64, 65, 66, 67, 72, 73, 74, 75
   a. Everyone should prepare answers to all of the above problems
   b. Each student will be assigned specific problems to present to the class
3) Complete the Assignment #12 Quiz

Assignment #13:
Accounting for Income Taxes (ASC 740) and Schedule M-3
1) Read the article “A GAAP Critic’s Guide to Corporate Income Taxes” (Online Supplemental Readings)
2) Read Schedule M-3 and Skim the Instructions to Schedule M-3 (Online Supplemental Readings)
3) Complete the Assignment #13 Quiz

Assignment #14:
Complete Liquidations (General Rules)
1) In Chapter 7, read page 318-top of page 336 and to work all problems therein
2) Read § 331; 334(a); 346(a);
3) Read Reg. § 1.331-1(a)-(c); 336(a)-(d)
4) Complete the Assignment #14 Quiz

Assignment #15:
Complete Liquidations (Subsidiaries)
1) In Chapter 7, read top of page 336-348 and to work all problems therein
2) Read § 332(a)-(b); 334(b)(1)
3) Read Reg. §§ 1.332-1; 1.332-2; 1.332-5
4) Complete the Assignment #15 Quiz

Assignment #16:
S Corporations (Eligibility, Elections, and Operations)
1) In Chapter 15, read page 662-middle of page 690 and try to work all of the problems therein
2) Read the following parts of Subchapter S: §§ 1361(a)-(c); 1362(a), (b)(1), (c), (d); 1363; 1366; 1367(a); 1377(a)(1); 1378
3) Skim Form 2553, Form 1120S, and Schedule K-1 (Online Supplemental Readings) [The instructions are also posted, but reviewing them is optional.]
4) Complete the Assignment #16 Quiz
Assignment #17:
S Corporations (Distributions, Corporate-Level Taxes, and Misc.)
1) In Chapter 15, read middle of page 690-bottom of 709 middle and try to work all of the problems therein
2) Read the following parts of Subchapter S: §§ 1368; 1371(a); 1372; 1374; 1375
3) Complete the Assignment #17 Quiz

Assignment #18:
Introduction to Base Erosion and Profit Shifting (BEPS) and Related Policy Issues
1) Read Part III of the article “Receding Water’s Edge: State Efforts to Tax Corporation’s Foreign Tax Haven Income” (Online Supplemental Readings) [The article is 24 pages long but you only are responsible for reading Part III, “Tax Havens, Base Erosion, and Profit Shifting,” on pages 406-410 of the article.]
2) Read the article “Corporate Taxation and Corporate Social Responsibility” (Online Supplemental Readings)
3) Complete the Assignment #18 Quiz

Assignment #19:
Taxable Corporate Acquisitions
1) In Chapter 8, read page 349-middle of page 369; skip middle of page 369-top of page 372; read top of page 372-378 and try to work all problems therein; skip the rest of the chapter
2) Read Form 8594 and the Instructions to Form 8594 (Online Supplemental Readings)
3) Skim § 338
4) Read §§ 197; 1060 (Online Supplemental Readings)
5) Complete the Assignment #19 Quiz

Assignment #20:
Acquisitive Reorganizations (Overview and Type A)
4) In Chapter 9, read page 392-middle of page 416
5) Read § 368(a)(1)(A)
6) Read Reg. § 1.368-1(d)(1)-(3)
7) Read the McDonald’s Restaurants of Illinois case (Online Supplemental Readings)
8) Complete the Assignment #20 Quiz

Assignment #21:
Acquisitive Reorganizations (Types B, C, and Triangular)
1) In Chapter 9, read middle of page 416-middle of page 426; skip the middle of page 426-page 435; try to work the problems on pages 436-438
2) Read § 368(a)(1)(B)-(F), (a)(2)(B)-(G)
3) Complete the Assignment #21 Quiz
Assignment #22:
Acquisitive Reorganizations (Treatment of Parties)
1) In Chapter 9, read middle of page 438-bottom of page 450 and try to work the problems on page 449-450; skip the rest of the chapter
2) Read §§ 354(a)(1); 356(a)(1); 357(a)-(c); 358(a), (b), (d); 361; 362(b); 368(b); 1032
3) Complete the Assignment #22 Quiz

Assignment #23:
Corporate Divisions (Introduction) and Carryovers of Tax Attributes
1) In Chapter 10, read page 455-middle of page 465; skip the rest of the chapter
2) Skim § 355
3) In Chapter 12, read page 552-top of page 563 and try to work the problems therein; skip the Garber Industries Holding case on pages 563-573; try to work the problems on page 573; read page 574-bottom of page 581 and try to work the problems on page 580-581; skip the rest of the chapter
4) Skim §§ 381; 382
5) Complete the Assignment #23 Quiz
IX. Advice for Doing Well

Corporate tax is a difficult subject. You will need to put a lot of time into both preparing for class and reviewing after class. I suggest using a three-step process\(^7\) to succeed in this class:

1) **Immersion:** Read the assigned materials before class, complete the quiz and work though any problems assigned. This stage will be frustrating, since the material is at times difficult and will be new to you. Immersion, however, is necessary to enable you to get the most out of our class meetings. When we review homework problems in class, for example, we will go over them quickly because I will assume you have read them and tried to work them prior to class. Therefore, the immersion stage is critical. Note: the level of required preparation will depend on whether you are on call. See more details below.

2) **Participation:** Come to class, pay attention, take good notes, and ask any questions that you may have. A lot of the material on exams is based on class discussions. Like with many accounting courses, the material in ACCT 530 often builds on itself. If you miss class, you not only miss the material covered on that day but also the foundation knowledge necessary to understand related topics that come later in the course.

3) **Assimilation:** Review your class notes and homework problems after we have gone over them and see me with any questions you may have. You should do this within a few days after each class. We will cover the material thoroughly in class, but we only have the opportunity to cover the material once. We do not have the luxury of reviewing the material over and over. Therefore, it is critical that you keep up with the material and review and ask questions as we go. The key for success in this class is keeping up with the material throughout the semester. **DO NOT WAIT UNTIL YOU GET THE EXAM TO LEARN THE MATERIAL!**

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\(^7\) Partially inspired by, and roughly adapted from James Edward Maule’s July 2009 “Student Focus” blog postings, which give advice to law students on studying basic tax. Basically, I have taken advice I have given in the past to accounting students on studying for tax courses and have roughly reorganized them using Maule’s terminology.
Your approach to the three-step process (especially at the immersion stage) will depend on whether you are on-call:

**For days that you are on call:** Do all aspects of the assignment, read all the assigned readings thoroughly, work all the assigned problems until you have mastered them, prepare the assigned quiz, and come to class prepared to discuss the details of the readings, cases, problems, etc. assigned. Note: If you run into any problems while preparing for your on call days, you may of course come see me for assistance. After class, review the lecture outlines, any problems you missed, etc. and see me with any questions.

**For days that you are NOT on call:** Read the assignment carefully, complete the quiz, and make a good-faith effort to work through the problems. If you get stuck on the problems, don’t waste time spinning your wheels. You should know the facts of the problems, however, and should have at least attempted to come up with the answers prior to class. You will not be able to keep up with the class discussion if you have not done this. Come to class and then spend time AFTER class reviewing the lecture outlines, the problems you missed, etc. Then come to me for additional help if needed. You should do a thorough review of the class material right after we cover it—do not wait until exam time to address your problem areas.
X. Other Information

Important Dates:
Last day to apply for May graduation  
Saturday, January 15th
Last day to drop without a “W”  
Monday, January 25th
Last day to drop with a “W”  
Friday, March 18th

Class Website:
We will be using the Blackboard in this course. It will be used to post all documents, to make announcements, and (as noted above) for the online quizzes. In addition, the Online Supplemental Readings will be available on the class website. For more information, log on to Blackboard via the myBoiseState portal. Students are responsible for checking the class website for important announcements (e.g., cancellation of class, changes in assignments, etc.). I will also post information on scholarships, job openings, internships, etc. on the Blackboard site.

Emails:
I will sometimes email you important information via Blackboard’s “Send Email” function. This should send the email to your Boise State email account. **You are responsible for frequently checking your Boise State email account for these messages even if you otherwise correspond with me via another email account.**

Lecture Materials:
To save you time in taking notes, most lecture material will be provided in Word outlines. The outlines omit certain answers to examples, key phrases, etc. that you will need to fill in as we review the material in class. Lecture outlines will be available on the class website in the event that you miss class. However, such outlines will not include the answers to the examples, key phrases, etc. that were filled-in during class. Therefore, you will need to get such information from a classmate should you miss class.

College of Business & Economics Core:
Students in this class will learn or practice the following COBE Core Curriculum concepts, methods, and skills:

1. Understand and apply analytical and disciplinary concepts and methods related to business and economics:
   1.1 Accounting
   1.7 Legal environment of business
2. Communicate Effectively: Give oral presentations that use effective content, organization, and delivery
3. Solve problems, including unstructured problems, related to business and economics
4. Demonstrate appropriate principles of responsible business practices:
   5.1 Resolve issues related to Individual Responsibility (Business Ethics)
   5.2 Resolve issues related to Social Responsibility (Corporate Social Responsibility)
Reminder of Policy on Academic Honesty:
You are encouraged to become familiar with the University’s Policy of academic dishonesty found in the Student Code of Conduct. See http://deanofstudents.boisestate.edu/wp-content/uploads/2013/06/Student-Code-of-Conduct.pdf. The content of the Code applies to this course. If you are in doubt regarding the requirements, please consult with me before you complete any requirements of the course. In accordance with Boise State University policy, any instance of dishonesty in the class may result in a failing grade for the course. Cheating or plagiarizing on a particular assignment may result in a grade of zero for that assignment.

Policy on Late Assignments:
Late assignments are only accepted at the discretion of the instructor and generally require a compelling reason. Points may be deducted for assignments that are allowed to be turned in late.

Reminder on Boise State’s Statement of Shared Values:
All members of the campus community are expected to adhere to Boise State’s Statement of Shared Values (adopted Spring 2007). The common values are Academic Excellence, Caring, Citizenship, Fairness, Respect, Responsibility, and Trustworthiness. See http://academics.boisestate.edu/facultyombuds/files/2009/02/sharedvaluesstatement3.pdf

Note on Course Materials:
Materials provided or generated in this course, including (but not limited to) handouts, notes, exams, quizzes, projects, homework answer keys, etc. are for your own personal use and reference. You are not to pass them on to others, including future students. Passing course materials on to others would (in some cases) violate copyright agreements. More importantly, such materials would have a negative impact on the recipient’s learning process and performance in the course. First, the law is always changing, often in subtle but important ways. Second, topics emphasized and tested in the course change from semester to semester as the business world changes. Third, and most importantly, when students use old course materials for reference they are prevented from doing the thinking and struggling with the material necessary to truly learn. Accordingly, such students will not do well on the exams. For these same reasons, you are not to refer to any course materials received from former students or other sources (such as homework answer keys from the publisher). Doing so would negatively affect your performance and significantly disrupt the learning process.