

Accounting
Course Number: 22:010:676
Course Title: Corporate Income Taxation Basics

COURSE DESCRIPTION & OBJECTIVES

This course is designed to provide a broad overview of some of the more significant federal income tax rules applicable to the “corporate life cycle”. It is not intended to be a comprehensive course on all aspects of the federal income taxation of corporations and their shareholders (which cannot be achieved within the confines of a one-credit course), nor does it cover any state or local tax considerations. In addition, it is not a course in financial accounting.

- The course will begin with the application of the tax laws to corporate formations, with particular emphasis on nonrecognition transfers of property to “controlled” corporations.
- It will then proceed to explore the taxation of “nonliquidating” distributions by a corporation to its shareholders. This topic will emphasize the determination of whether (and to what extent) a corporate distribution prior to liquidation constitutes a dividend (as distinguished from a return of capital or gain on the sale or exchange of property), including some exploration of the unique tax concept of “earnings and profits”.
- The course will conclude with an analysis of the taxation of corporate liquidations, focusing on the corporate-level and shareholder-level tax consequences of “liquidating” distributions.
- Upon a successful completion of this course, students should be able to understand, at least in a rudimentary way, the principal federal income tax issues routinely encountered by tax practitioners in advising clients on corporate life cycle transactions.

COURSE MATERIALS

Required books:

- Stephen Schwarz and Daniel J. Lathrope, *Corporate Taxation – Black Letter Outlines (Ninth Edition, West Academic Publishing)*
- Daniel J. Lathrope, *Selected Federal Taxation Statutes and Regulations (2019 Edition)*, or any comparable “hard copy” compilation containing applicable provisions of the Internal Revenue Code of 1986, as amended (the “**Code**”), and the Treasury Regulations promulgated thereunder (the “**Regulations**”)¹

Calculators:

- A basic four-function arithmetic calculator may be useful for solving certain course problems.
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COURSE STRUCTURE & EXPECTATION OF STUDENTS

Class time will be divided between lecture and working through common tax problems. Students are expected to read the assigned materials prior to class so that they are adequately prepared for and ready to participate in class discussions. The intention is that students gain a rudimentary understanding of the materials before class so that our time together may be devoted to enhancing and fine-tuning this basic knowledge. This approach will allow for the most efficient use of limited class time.

The lectures and classroom discussions are designed to reinforce the assigned readings, examine issues in more depth than presented in the textbook and illustrate the application of the tax rules to client situations. Students are expected to attend all classes. Students who miss class will need to make arrangements with classmates to obtain the missed lecture notes.

The course consists of three broad topic areas: (i) corporate formations; (ii) nonliquidating distributions; and (iii) corporate liquidations. The preliminary schedule of assignments set forth below contains only some of the required reading materials for each topic area. These assignments will be supplemented from time to time by announcements in class or postings on Canvas. Although the subject matter within each topic area generally builds upon itself, only a basic understanding of each topic area is necessary to move on to the next topic area. In general, unless otherwise noted in class or on Canvas, after each session, my plan is to follow the sequence of topics set forth in the schedules below. At the end of each session, I will use my best efforts to let you know how far I anticipate we will get during the next session.

Preparation for class is based on reading the assignments set forth below (as supplemented from time to time). For each topic area, there is a reading assignment which will consist of (i) passages from the Schwarz/Lathrope text, (ii) class exercises and problems involving hypothetical transactions with oversimplified numbers, (iii) provisions of the Code, (iv) provisions of the Regulations, (v) relevant court decisions and (vi) relevant Revenue Rulings or other administrative pronouncements issued by the IRS. Reviewing hypothetical transactions is an extremely useful method of assimilating many of the concepts outlined in the course materials and therefore each student should be prepared to discuss the assigned problems. A large volume of intricate material will be covered in a short amount of time. *It is important that students keep current with the course work and not fall behind.*

A basic understanding of certain fundamental principles of federal income taxation is necessary to understand what we will cover.

ACADEMIC INTEGRITY

I do NOT tolerate cheating. Students are responsible for understanding the RU Academic Integrity Policy (<http://academicintegrity.rutgers.edu/>).

I will strongly enforce this Policy and pursue *all* violations. On all examinations and assignments, students must sign the RU Honor Pledge, which states, “On my honor, I have neither received nor given any unauthorized assistance on this examination or assignment.” I will screen all written assignments through *SafeAssign* or *Turnitin*, plagiarism detection services that compare the work against a large

database of past work. Don't let cheating destroy your hard-earned opportunity to learn. See business.rutgers.edu/ai for more details.

EXAM PROCEDURES

Unless otherwise notified, the final exam will start promptly at (). Late arrivals will not be granted an extension of time, so students should plan to arrive at least ten minutes early.

When "time" is called at the end of the final exam, students must immediately put down their pens/pencils (in other words, answer sheets and/or Scantrons must be completed before time is called). I will use my best efforts to notify students at periodic intervals during the course of the exam as to how much time is remaining. All materials distributed as part of the exam package must be returned at the conclusion of the exam. This will include the exam questions, answer sheets, Scantron (if applicable) and scrap paper. Appropriate penalties will be imposed for violations of these rules.

All answers must be clearly and neatly marked. Unreadable answers will be marked incorrect.

Absolutely no programmable calculators or electronic devices are permitted during the final exam.² This includes cell phones, iPads, earbuds, Apple watches, etc. All non-permitted items must be placed inside the student's backpack or briefcase. Seating during exams may be assigned.

No make-up exams will be administered in the absence of extenuating circumstances. Appropriate, originally-signed documentation will be required for any such circumstances. Please note that work commitments or job interviews will not, in any event, be considered extenuating circumstances. If a make-up exam is granted, it will not necessarily be the same exam administered to the rest of the class.

GRADES

Grades will be based on one comprehensive final exam and two take-home assignments. Assignment #1 will cover corporate formations; assignment #2 will cover nonliquidating distributions; and the final exam will cover all three topic areas on a cumulative basis. (We will not have a separate take-home assignment for the corporate liquidation topic since our coverage of that topic occurs shortly before the final exam.) Although the precise weights to be attached to the take-home assignments will be determined later in the course, it is likely that the final will count for roughly 80% of your grade for the entire course, with each of the two take-home assignments counting for 10%.

It is currently expected that the take-home assignments and the final exam will be completely “open book” in nature. However, as noted in further detail below, no laptops, tablets, cell phones, programmable calculators or any other electronic devices will be permitted during the final exam.

Class participation generally will not be taken into account in determining a student’s grade. However, I reserve the right to take into account above-average class participation as a factor that I may use to improve your grade for the course. In other words, you will not be penalized for below-average class participation (or for no class participation).³

SCHEDULE OF CLASSES, TOPIC AREAS, ASSIGNMENTS AND EXAMS

TOPIC AREA
→Overview of Corporate Taxation →Corporate Formations
→Corporate Formations
→ Assignment #1 Due Today →Finish Corporate Formations →Start Nonliquidating Distributions
→Nonliquidating Distributions
→ Assignment #2 Due Today →Finish Nonliquidating Distributions →Start Corporate Liquidations
→Corporate Liquidations
→ Final Exam

PRELIMINARY SCHEDULE OF ASSIGNMENTS:

Topic	Schwarz & Lathrope Text	Class Materials	Code	Regulations	Misc.
Overview of Corporate Taxation	N/A	To be posted	N/A	N/A	N/A
Corporate Formations	pp. 71-92	To be posted	Citations in Text	Citations in Text	To be posted
Nonliquidating Distributions	pp. 112-123	To be posted	Citations in Text	Citations in Text	To be posted
Liquidating Distributions	pp. 170-180	To be posted	Citations in Text	Citations in Text	To be posted

SUPPORT SERVICES

If you need accommodation for a *disability*, obtain a Letter of Accommodation from the Office of Disability Services. The Office of Disability Services at Rutgers, The State University of New Jersey, provides student-centered and student-inclusive programming in compliance with the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Amendments of 2008, Section 504 of the Rehabilitation Act of 1973, Section 508 of the Rehabilitation Act of 1998, and the New Jersey Law Against Discrimination. More information can be found at ods.rutgers.edu.

[Rutgers University-New Brunswick ODS phone (848)445-6800 or email dsoffice@echo.rutgers.edu]

[Rutgers University-Newark ODS phone (973)353-5375 or email ods@newark.rutgers.edu]

If you are *pregnant*, the Office of Title IX and ADA Compliance is available to assist with any concerns or potential accommodations related to pregnancy.

[Rutgers University-New Brunswick Title IX Coordinator phone (848)932-8200 or email jackie.moran@rutgers.edu]

[Rutgers University-Newark Office of Title IX and ADA Compliance phone (973)353-1906 or email TitleIX@newark.rutgers.edu]

If you seek *religious accommodations*, the Office of the Dean of Students is available to verify absences for religious observance, as needed.

[Rutgers University-New Brunswick Dean of Students phone (848)932-2300 or email deanofstudents@echo.rutgers.edu]

[Rutgers University-Newark Dean of Students phone (973)353-5063 or email DeanofStudents@newark.rutgers.edu]

If you have experienced any form of *gender or sex-based discrimination or harassment*, including sexual assault, sexual harassment, relationship violence, or stalking, the Office for Violence Prevention and Victim Assistance provides help and support. More information can be found at <http://vpva.rutgers.edu>.

[Rutgers University-New Brunswick incident report link: <http://studentconduct.rutgers.edu/concern/>. You may contact the Office for Violence Prevention and Victim Assistance at (848)932-1181]

[Rutgers University-Newark incident report link: https://cm.maxient.com/reportingform.php?RutgersUniv&layout_id=7. You may also contact the Office

of Title IX and ADA Compliance at (973)353-1906 or email at TitleIX@newark.rutgers.edu. If you wish to speak with a staff member who is confidential and does **not** have a reporting responsibility, you may contact the Office for Violence Prevention and Victim Assistance at (973)353-1918 or email run.vpva@rutgers.edu]

If students who have experienced a temporary condition or injury that is adversely affecting their ability to fully participate, you should submit a request via <https://temporaryconditions.rutgers.edu>.

If you are a military **veteran** or are on active military duty, you can obtain support through the Office of Veteran and Military Programs and Services. <http://veterans.rutgers.edu/>

If you are in need of **mental health** services, please use our readily available services.

[Rutgers University-Newark Counseling Center: <http://counseling.newark.rutgers.edu/>]

[Rutgers Counseling and Psychological Services–New Brunswick: <http://rhscaps.rutgers.edu/>]

If you are in need of **physical health** services, please use our readily available services.

[Rutgers Health Services – Newark: <http://health.newark.rutgers.edu/>]

[Rutgers Health Services – New Brunswick: <http://health.rutgers.edu/>]

If you are in need of **legal** services, please use our readily available services: <http://rusls.rutgers.edu/>

Students experiencing difficulty in courses due to **English as a second language (ESL)** should contact the Program in American Language Studies for supports.

[Rutgers–Newark: PALS@newark.rutgers.edu]

[Rutgers–New Brunswick: eslpals@english.rutgers.edu]

If you are in need of additional **academic assistance**, please use our readily available services.

[Rutgers University-Newark Learning Center: <http://www.ncas.rutgers.edu/rlc>]

[Rutgers University-Newark Writing Center: <http://www.ncas.rutgers.edu/writingcenter>]

[Rutgers University-New Brunswick Learning Center: <https://rlc.rutgers.edu/>]

[Optional items that many faculty include:

- Students must sign, date, and return a statement declaring that they understand the RU Academic Integrity Policy.

- Students must sign, date, and return a statement declaring that they understand this syllabus.]