PARTNERSHIP TAXATION COURSE SYLLABUS

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Spring 2019

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Course Description. This course addresses the income tax treatment of partners and partnerships (including LLC’s and their members) including problems associated with the formation, operation, and dissolution of the partnership, the sale of partnership interests, and distributions of assets. Other topics include the tax definition of a partnership, income allocation problems, liability basis rules, and approaches to the drafting of partnership agreements. Additionally, the course provides an overview of the income tax treatment of S Corporations and their owners and the income tax treatment of trusts, trust grantors and trust beneficiaries.

Required Texts. The following texts are REQUIRED for this course:
(2) Selected Sections of the Internal Revenue Code and Income Tax Regulations (West or CCH).
(3) Schwarz and Lathrope, Corporate and Partnership Taxation (Black Letter Outline 7th Ed. 2012)

REQUIRED DEVICE:

TURNINGTECHNOLOGY ResponseWare

TurningTechnology ResponseWare for your phone or laptop. You will need to purchase a license from TerningTechnologies.com. The necessity for this approach arises from the dual locations of students and the teacher. You need to acquire the license even if you already have a dedicated clicker device.

PROHIBITED DEVICE:

Weekly Assignments. The final part of this syllabus provides a table of contents and course schedule. As indicated on that page, we are scheduled to cover one or two chapters each week. Each chapter of THE LOGIC OF SUBCHAPTER K is accompanied by Study Problems posted on BlackBoard that you should prepare in advance. We will devote class sessions to lectures and analysis of the study problems. Also posted on Black Board are a set of Hypos that we will use to test your understanding.

Here is a suggested approach for preparing each Unit in advance of class:
(1) Read through the assigned Code and Regulation provisions assigned in the Study Problems to get a feel for the material and the basic concepts.
(2) Read the assigned pages from THE LOGIC OF SUBCHAPTER K.
(3) Re-read the assigned Code and Regulations more carefully, teasing out the elements of any conditional phrases and the effect(s) of any operative phrases.
(4) Refer to the Schwarz and Lathrope Black Letter Outline as needed to clarify your understanding.
(5) Write out answers to the Class Discussion Problems on a separate sheet of paper. Be sure to include citations as appropriate and be prepared to explain how you derived your answers.
(6) Meet with one or two colleagues and compare your answers to the Class Discussion Problems. Try to reach a consensus on all of the answers before coming to class.

**Reviewing:** Because of the interdependence of the code provisions and regulations involved, it is important that you review the material on an ongoing basis. Here is a suggested approach following each class session:
(1) Review the answers to the Class Discussion Problems, noting where (and how) you made any mistakes. Be sure to verify the authority cited for every correct answer. Consider, too, how the results would vary if certain facts were changed.
(2) Construct a checklist, flowchart, or outline summarizing the major topics discussed in the Unit and annotate your code book with notes and cross-references.
(3) Meet with one or two colleagues to compare your reference sheets and to devise one or two short hypothetical problems to test these references. By making up your own problems to test your references, you can more easily spot potential holes that need fixing.
(4) Ask the me any lingering questions about the material that you cannot resolve on your own or in consultation with your peers.

**Evaluation.** Final grades will be based on two components:
(1) Final exam. There will be a 3 ½ hour final examination
(2) Class Participation. You are expected to attend class regularly and to present solutions to assigned problems if called upon in class. There will be many polling questions. I may adjust a student’s final grade downward if the student excessively: (a) is absent when called on; (b) “passes” when called on; or (c) is unprepared when called on. Likewise, I may adjust a student’s final grade upward if the student’s contributions to class discussion exceed expectations. It is unlikely any adjustments (up or down) will be made, but adjustments are possible.

**Office Hours & E-mail.** You are most welcome to drop by my office (Room 208), email me (jamiller@uidaho.edu) or call me (208-885-2257) anytime during the day or make an appointment to visit with me in person or by phone. When making an appointment by email, suggest two or three times when you are available within the coming few days, and I will do my best to schedule you for one of those suggested times. One of the highest priorities for me is to be available to students, so do not hesitate to contact me for additional help. You are welcome to call or come by individually or in small groups. You are also encouraged to make use of e-mail for questions. I find the e-mail method very effective at weeding out questions that you can solve yourself with some thought. Students also like having written answers to their questions so that they do not have to worry about forgetting an earlier conversation. Of course, there is often no substitute for personal contact, so do not feel obligated to use e-mail if you are not comfortable doing so.

**Recording Classes.** With my prior verbal consent you may make your own audio recordings of a class session for your own personal use. You may not sell, license, duplicate, distribute, or otherwise transfer any audio recording of a class lecture without my prior written consent.

**PowerPoint Slides.** I often use PowerPoint slides in class to diagram transactions and to present lists, tables, and other information efficiently and clearly. I post many slides on BBLearn. But I do not
otherwise make the slides available to anyone for any reason. If you have to miss class, you should obtain notes from a colleague. I am happy to answer any specific lingering questions you may have after taking these steps, but copies of the slides other than those posted on BBLearn will not be distributed.

**Caveat Discipulus.** Partnership Tax enjoys the reputation of being among the most difficult of the areas of tax law, and this is probably with good cause. This syllabus already contains some suggestions for studying for the course, but here are a few more tips for coping with what promises to be a challenging endeavor:

- Attend class! If you miss a class, be sure to get notes from at least two or three colleagues.

- Give yourself plenty of time to get through an assignment. Some assignments will require much more preparation time than others, but in general you will likely need 5 or 6 hours of preparation time for each chapter of the book and its accompanying problems. Keep in mind that you usually need to read an assigned Code or Regulation provision several times before it makes sense. I can assure you this will be the case at several points in this course.

- Keep up with the class. With sufficient preparation and follow-through on your part, you will have no problem completing the course. You will also find that keeping up will significantly enhance your enjoyment of the experience. Meet with me if you are having trouble with a topic. Do not let confusion linger.

**Credit Hours for Coursework**

In accordance with ABA Standard 310, the College of Law awards one credit hour for experiences that are reasonably designed to involve 50 minutes of classroom or direct faculty instruction and two hours of out-of-class student work per week, or at least the equivalent amount of work for academic activities including simulation, field placement, clinical, and other academic work leading to the award of credit hours.

The Course requirements outlined above with respect to materials and assignments, in my professional judgement, are complex enough in nature that it is expected that the amount of out-of-class time it will take students to complete the assignments will meet the rule.

**Center for Disability Access and Resources (CDAR) Reasonable Accommodations Statement:**

Reasonable accommodations are available for students who have documented temporary or permanent disabilities. Ideally, students in Moscow and Boise should meet with CDAR by the end of the first week of class to assess if any accommodations are needed for courses and/or examinations. All accommodation requests are then submitted by CDAR to Dean Dodge for final approval. CDAR serves as the sole evaluator of medical documentation and determines reasonable accommodations on a per semester basis. The College of Law does not have the authority to evaluate or grant disability accommodations without CDAR first submitting a recommendation. You may contact CDAR by:
It is ultimately the student’s responsibility to seek a disability accommodation, and until an accommodation is approved by CDAR and Dean Dodge, no student will be entitled to receive any accommodations. To learn more about CDAR, visit its website at http://www.uidaho.edu/current-students/cdar. Moscow students may also visit CDAR in suite 127 of the Pitman Center. Please review the College of Law Catalog and Student Handbook for more information on the disability accommodation process.

Recording Class Sessions:
Students may not electronically record classes unless they have the express consent of the instructor, except where the Dean of Students has allowed recording as a disability accommodation pursuant to a recommendation by CDAR. Recording classes without the instructor’s express consent violates the Honor Code. Students recording classes as a disability accommodation must follow procedures set down by CDAR. Students who are unable to attend class for reasons of illness or other exigencies must receive permission from the instructor before classes are recorded on their behalf. Contact the Law Library for recording equipment and information on recording procedures.

Civility

In any environment in which people gather to learn, it is essential that all members feel as free and safe as possible in their participation. To this end, it is expected that everyone in this course will be treated with mutual respect and civility, with an understanding that all of us (students, instructors, professors, guests, and teaching assistants) will be respectful and civil to one another in discussion, in action, in teaching, and in learning.

Should you feel our classroom interactions do not reflect an environment of civility and respect, you are encouraged to meet with your instructor during office hours to discuss your concern. Additional resources for expression of concern or requesting support include the College of Law Dean of Students (jdodge@uidaho.edu), the University Dean of Students office and staff (885-6757), the UI Counseling & Testing Center’s confidential services (885-6716), or the UI Office of Civil Rights & Investigations (885-4285).

TABLE OF CONTENTS AND COURSE SCHEDULE

This is a rough approximation of our pace of coverage. Some chapters may require more than one class meeting. Still you are expected to prepare the full chapter for the first class meeting devoted to that chapter.

PARTNERSHIPS

All assignments for partnership tax are by reference to Cunningham & Cunningham, THE LOGIC OF SUBCHAPTER K: A CONCEPTUAL GUIDE TO THE TAXATION OF PARTNERSHIPS (4th. Ed. 2011) (Thomson West). You should also do the correlative Study Problems posted on Black Board. NOTE: The Schwarz
Lathrope Black Letter Outline will serve as an additional useful reference tool throughout the course. It will serve as our main text when we consider S Corporations.

**Assignment 1**  
Ch. 1 Choice of Entity  
The Tax Definition of “Partnership”

**Assignment 2**  
Ch. 2 Partnership Formation

**Assignment 3**  
Ch. 3 Partnership Operations (Omit Part A problems)

**Assignment 4**  
Ch. 4 Financial Accounting & Capital Accounts

**Assignment 5**  
Ch. 5 Allocation of Partnership Items (Omit problems 4 & 5)

**Assignment 6**  
Ch. 6 Allocation of Nonrecourse Deductions (Omit Problems 1(e), (f) & (g)).

**Assignment 7**  
Ch. 7 Contributions of Appreciated Property

**Assignment 8**  
Ch. 8 Liabilities (Omit problem 4(d))

**Assignment 9**  
Ch. 9 Transactions Between Partners and the Partnership (Omit Problem 3 in Part A)

**Assignment 10**  
Ch. 10 Sales of Partnership Interests (Omit Problem e of Part A)

**Assignment 11**  
Ch. 11 Distributions—The Basics

**Assignment 12**  
Ch. 12 Optional Basis Adjustment--§ 734(b)

**Assignment 13**  
Ch. 13 Disproportionate Distributions (Omit Problem 3)

**Assignment 14**  
Practice Exam

**Assignment 15**  
Ch. 14 Retirement & Death of a Partner
Assignment 16
Ch. 15 Disguised Sales and Exchanges (We may omit)

S CORPORATIONS

This portion of the course will primarily be addressed by lecture

INCOME TAXATION OF TRUSTS AND ESTATES

This portion of the course will primarily be addressed by lecture

EXPECTED LEARNING OUTCOMES

This course is designed to achieve the following outcomes:

1. An understanding of the ethical concerns associated with and interpersonal dynamics of representing a business entity and its owners; especially the potential for conflicts of interest among the parties.
2. The ability to advise the client about the tax considerations for choice of business entity.
3. An understanding of the rules and methods for forming and operating partnerships and Limited Liability Companies (LLCs).
4. An understanding of the income tax consequences to partners and partnerships (and LLC’s and their members) associated with the formation, operation, and dissolution of the entity.
5. An understanding of the income tax consequences of the sales of partnership interests and of distributions from the partnership.
6. An understanding of how to work with accountants in maintaining proper tax and accounting records for partnerships, LLCs and their owners.
7. An understanding of how to advise the client concerning the various tax elections available to the business.
8. The ability to guide the client in planning for the death or retirement of a partner or member.
9. The ability to draft a basic partnership or LLC agreement using standard forms.