**Required Texts:**
(1) McDaniel, McMahon, and Simmons, Federal Income Taxation of Corporations (3rd ed.);
(2) Supplement to McDaniel, McMahon, and Simmons, Federal Income Taxation of Corporations (current edition);
(3) McDaniel, McMahon, and Simmons, Study Problems to Accompany Federal Income Taxation of Corporations (current edition); and

**General Coverage (Tentative), Methodology and Goals:** The overarching goal of the course is to understand the mechanics of Subchapter C of the Internal Revenue Code (the “Code”). By the end of this semester, my goal is for you to understand the tax consequences, under Subchapter C, of corporate formation, operations, dividends, redemptions, and liquidations. Time permitting, we will also delve into both taxable and tax-deferred methods of acquisitions under Subchapter C. The provisions of Subchapter S of the Code, which provide elective rules for certain types of corporations, will also be covered. We will study this material primarily through the use of study problems that are coordinated with the required reading material and occasional overview lectures. The general goals of the course include preparing students to read and interpret the Code and Treasury Regulations, analyze factual situations and properly apply relevant portions of the Code, Treasury Regulations and other sources of tax law to specific factual situations. The examination of these provisions of the Code is also intended to provide students with the ability to identify certain basic tax issues that may be encountered in practice and to prepare students for additional studies in the tax area.

**Class Participation Policy:** Class participation is required. Inadequate class participation may result in your course grade being reduced by up to one-third of a point (0.33, or half of a letter grade). Class participation will be evaluated based upon your conduct and professionalism during class and the quantity and quality of your class preparation and participation, including being prepared when called upon in class and demonstrating familiarity with the assigned materials. You should be prepared to discuss all aspects of the reading assignments (including the assigned sections of the Code, Treasury Regulations, cases and administrative rulings) as well as the assigned study problems. You should prepare detailed, written answers to the assigned study problems for each class and bring your copy of the statutes and regulations to each class. Working through the problems in advance is the best way to be prepared for class discussion and will assist you in your preparation for the final exam.

**Class Attendance Policy:** Regular and punctual class attendance is required. More than eight unexcused absences will reduce your class participation grade to zero (0) and may result in your being excluded from the examination. Classes missed for religious holidays will not count toward this limit if you notify me in advance that you plan to be absent. Please email me to request an excused absence or explain an absence. Classes (or portions of classes) missed for job interviews will be excused if you notify me in advance that you plan to be absent or need to arrive to class late or leave class early. If you need to miss multiple classes due to a family emergency, illness or otherwise, please speak with me in person.

**Meeting Changes:** This class will not meet on Thursday, November 22, 2012 (Thanksgiving Holiday), Wednesday, November 28, 2012 (a deemed “Monday” under the academic calendar), or Thursday, November 29, 2012 (a deemed “Friday” under the academic calendar). If any conflicts develop or any changes to our class meetings are required I will let you know as soon as possible.
Grading and Final Exam: Grades will follow the University of Florida grading system. The law school grading policy, the policy on delay in taking exams and other policies can be found at [http://www.law.ufl.edu/students/policies.shtml](http://www.law.ufl.edu/students/policies.shtml) and [http://www.law.ufl.edu/students/honorcommittee/](http://www.law.ufl.edu/students/honorcommittee/). Subject to the class attendance and participation requirements described above, your grade will depend entirely on your performance on the final exam, which I will discuss in detail later in the semester. The exam will be graded based upon your knowledge of the assigned materials as well as any additional materials we cover in class. The exam will be approximately three and one-half hours in length and consist of several short answer and several essay type questions. The exam will be limited open book—you may bring your case book and your code and regulation book, both of which may be annotated by you. You may not refer to any electronic or online materials during the exam. You also will be permitted to bring a small stand-alone calculator to the exam if you wish (but computers, cell phone calculators, iPads, etc. will not be permitted).

Policy related to Make-up exams or other work
The law school policy on delay in taking exams can be found at: [http://www.law.ufl.edu/students/policies.shtml#12](http://www.law.ufl.edu/students/policies.shtml#12).

Statement related to accommodations for students with disabilities
Students requesting classroom accommodation must first register with the Office of Disability Resources. The UF Office of Disability Resources will provide documentation to the student who must then provide this documentation to the Law School Office of Student Affairs when requesting accommodation.

Information on UF Law grading policies

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<td>D (Poor)</td>
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The law school grading policy is available at: [http://www.law.ufl.edu/students/policies.shtml#9](http://www.law.ufl.edu/students/policies.shtml#9).

Laptop and Electronic Device Policy: You may use your laptop in class solely for the purpose of taking notes and referring to notes that you prepared prior to class. You may not use your laptop for any other purpose, including surfing the Internet, checking e-mail, accessing social networking sites, sending instant messages or playing computer games. All cellular phones should be turned off or set to vibrate. You may not record any class.

Office Hours: On most days I will be available after class to answer questions on the materials we have covered. In addition, I will have regular office hours on Wednesday from 3:30 p.m. to 5:00 p.m. and be available other times by appointment.

Assignments: The preliminary reading and problem assignments are listed below. You should always review the corresponding portions of the Supplement, which may affect the assigned reading in the textbook. Each assignment generally will correspond to one class session, but some assignments will require more or less than one day to complete. We generally will spend more than one day on the assignments in bold. However, even if it will take more than one day to complete an assignment, you are expected to prepare the entire assignment for the first day on which it will be covered. You are responsible for the assigned material even if we do not cover the material during class.
I likely will revise the reading and problem assignments from time to, among other things, accommodate the pace of class discussion, focus attention on particular tax issues or new developments or include additional materials. I will post any revisions on TWEN and will advise you of changes in class. *If you do not locate a particular regulation in your collection of the statutes and regulations, you should obtain a copy of the regulations using one of the online research services.*

**Overview of Corporate Taxation**

1. Download and review syllabus. Chapter 2, Section 1: Identifying Corporate Entities – Definition of “Corporation”
   Read §§ 11; 1211(a), 1212(a); 1361(a). Read pages 39-48 (but skim item 4 on pages 47-48). Read §§ 7701(a)(2), (3); 7704(a), (b); 301.7701-1(a), (b); -2(a), (b)(1)-(7), -3(a), (b)(1), (c)(1)(i), (ii), (iv), -4(a), (b). Prepare answers to problems 1 and 2 (Ch. 2, Sect. 1) on pages 1-2 of the Study Problems book.

2. Chapter 2, Section 2: Identifying Corporate Entities – Regard and Disregard of the Corporate Entity, and Section 3: Reallocation of Income
   Read pages 48-59; skim Illustrative Material pages 59-64; read pages 64-65; skim pages 65-70. Read §482. Prepare answers to problem 1 (Ch. 2, Section 2) on page 3 of the Study Problems Book and problem 1 (Ch. 2, Sect. 3) on page 4 of the Study Problems book.

**Corporate Formation**

3. Chapter 3, Section 1, Parts A and B: Corporate Formation – Receipt of Stock for Property
   Read pages 71-79 (but skip the last paragraph of item 1 on page 75 and only skim item 5 on pages 78-79); Read pages 79-83 (stopping at the end of item 2 on page 83). Read §§ 351(a), (b), (d); 358(a), (b)(1); 362(a), (e)(2); 368(c); 1032; 1223(1), (2); 1.351-1(a); 1.358-2(b)(2); 1.358-1(a); Prop. Reg. 1.358-1(a)(3); 1.358-2(b)(2); Prop. Reg. 1.358-2-(g)(1); 1.1032-1(a), (d). Prepare answers to problems 1 and 2 (Ch. 3, Sect. 1, Part A) on pages 6-7 of the Study Problems book and problem 1 (Ch. 3, Sect. 1, Part B) on page 7 of the Study Problems book.

4. Chapter 3, Section 1, Part C: Corporate Formation – Receipt of Boot
   Read pages 84-93 (but skip item 2 on pages 87-89, item 4 on pages 90-91, and item 7.1 on page 92). Read §§ 118(a); 267(a)(1), (b)(2); 311(a), (b)(1); 351(b), (f), (g)(1); 358(a); 362(a), (e)(2); 1239(a), (b)(1), (c)(1)(A); 1.118-1; 1.351-1(b)(1), (b)(2) Ex. (1); Prop. Reg. 1.351-2(b), 1.1032-1(d). Prepare answers to problem 1 (Ch. 3, Sect. 1, Part C) on pages 7-8 of the Study Problems book (but omit each reference to “a promissory note for $200,000 due in 10 years, with interest at the prime rate payable semi-annually” and replace it with “$200,000 in cash”).

5. Chapter 3, Section 2, Part A: Corporate Formation – Assumption of Liabilities
   Read pages 93-96 (stopping at item 2). Read §§ 357(a), (b), (d); 358(d)(1); 1.357-1; 1.358-3(a), (b) Ex. (1). Prepare answers to problem 1 (Ch. 3, Sect. 2, Part A) on pages 9-10 of the Study Problems book.

6. Chapter 3, Section 2, Part B, Subpart (1): Corporate Formation – Assumption of Liabilities (cont.)
   Read pages 97-111 (stopping at item 4). Read §§ 357(a), (c)(1), (c)(2)(A), (d); 358(d)(1); 1.357-2; 1.358-3(a), (b) Ex. (2). Prepare answers to problems 1-4 (Ch. 3, Sect. 2, Part B(1)) on pages 10-11 of the Study Problems book (but skip problem 3(c)). Please note that in problem 3(a), the reference to Clyde should be to William.
7. Chapter 3, Section 2, Part B, Subpart (2): Corporate Formation – Assumption of Liabilities (cont.)
Read pages 112-120 (but skip the last paragraph of item 1 on page 117). Read §§ 357(c)(1), (e)(3); 358(d), (h); 1.358-5(a). Prepare answers to problems 1-3 (Ch. 3, Sect. 2, Part B(2)) on pages 11-13 of the Study Problems book.

8. Chapter 3, Section 3: Corporate Formation – The Control Requirement
Read pages 120-133 (but skip item 1.2 on pages 130-131). Read §§ 351(a), (c), (d)(1); 368(c); 1.351-1(a). Prepare answers to problems 1 and 2 (Ch. 3, Sect. 3) on pages 13-14 of the Study Problems book. Please note that in the second to last line of problem 2(a), the reference to Tripletree should be to Apprentice Corp.

9. Chapter 3, Section 4: Corporate Formation – Receipt of Stock for Services
Read pages 133-136 (skip second paragraph of item 3 on page 136-137). Read §§ 83(a), (b)(1), (b)(2), (c)(1), (c)(2), (e)(3), (f), (h); 351(d)(1); 1.83-1(a)(1), (f) Example (1); 1.83-2(a), (b); skim 1.83-3(c); skim 1.83-6(a)(1), (4); 1.351-1(a)(1), (a)(2) Ex. (3); 1.1032-1(a) last sentence. Prepare answers to problems 1-3 (Ch. 3, Sect. 4) on pages 15-17 of the Study Problems book (but skip problems 1(c) and 3(a)(4)).

10. Chapter 4, Section 1: Capital Structure – Debt v. Equity
Read pages 138-159 (but skim the last five paragraphs of the introductory material on pages 139-141), the first paragraph of item 5 on pages 158-159, the first paragraph of item 6, the first paragraph and the first two sentences of the fourth paragraph of item 7.1, item 7.2.2.1 and item 8 on pages 163-164. Read § 385. Prepare answers to problem 1 (Ch. 4, Sect. 1) on pages 18-19 of the Study Problems book.

11. Chapter 1, Section 1: Corporate Income Tax – Overview
Read pages 1-7; Skim the Illustrative Material on pages 7-11. Read §§ 11; 1211(a); 1212(a); 1361(a). Read Handouts from Bittker & Eustice, Federal Income Taxation of Corporations & Shareholders, Sections 5.02 and 5.03.

12. Chapter 5, Sections 1 and 2: Distributions – General Rules
Read pages 190-194 (stopping at the Illustrative Material); read items 1, 2, 3.1 and the first paragraph of 4 in the Illustrative Material appearing on pages 203-210; skim items 3.2, 3.3, 3.4, 3.6, and first paragraph of 3.7 in the Illustrative Material on pages 206-210. Read §§ 61(a)(7); 301(a), (b)(1), (b)(2), (c); 312(a), (c); 316(a); 317(a); 1.301-1(a), (c); 1.316-1(a)(1), (e) Ex. (1), -2(a)-(c); Prop. Reg. 1.301-2; Skim §1(h)(11). Prepare answers to problems 1-5 (Ch. 5, Sect. 2) on pages 22-24 of the Study Problems book. In problem 3, the amount of the par value should be $100.

13. Chapter 5, Section 3: Distributions – Distributions in Kind (Non-cash Distributions)
Read pages 211-218 (stopping at the end of item 5). Read §§ 267(a)(1), (b)(2), (c), (d); 301(a)-(d); 311(a), (b)(1); 312(a)-c), (f)(1); 1.301-1(g)(1); 1.312-3, -7(b)(1); 1.316-2(a), (b). Prepare answers to problems 1-5 (Ch. 5, Sect. 3) on pages 24-26 of the Study Problems book (but skip problems 2(b)(2) and 4(a)). In answering the problems, you should ignore the potential reduction to earnings and profits for corporate income taxes due as a result of any § 311(b)
gain. Please note that problem 2(c) incorrectly states the amount of the mortgage – it should be $140,000. Also, in problem 5, the reference to X Corp. should be to Elsinore Corp.

14. **Chapter 5, Section 4: Distributions – Disguised Distributions**
Read pages 219-238 (but skip item 3.4 on page 232 and item 4.2 on pages 233-234). Read §§ 162(a)(1); 1.162-7, -8; 1.301-1(c), (j) (stopping after the second sentence), (m). Prepare answers to problems 1, 2, 4 and 5 (Ch. 5, Sect. 4) on pages 26-28 of the Study Problems book (but skip parts (c)(2) and (c)(3) of problem 1). Note that problem 1(c)(1) involves two years.

15. **Chapter 5, Section 5: Distributions – Intercorporate Distributions**
Read pages 238-239 (stopping at item 1 in the Illustrative Material), the first three paragraphs of item 2 on pages 240-241, and the first three paragraphs of item 3.1 on pages 241-242. Read §§ 243(a)-(c); 246(c)(1)(A), (c)(3); 1059(a)-(c), (d)(1)-(6)(A)(i), (e)(2); 1504(a)(1), (a)(2), (c); 1.1059(e)-1(a). Prepare answers to problem 2 (Ch. 5, Sect. 5) on page 29 of the Study Problems book.

**• Redemptions •**

16. **Chapter 6, Section 1: Stock Redemptions – General Rules**
Read pages 246-250 (but skip item 1 on pages 248-249 and items 4 and 5 on page 250 in the Illustrative Material) and the supplemental handout "Effect of Redemptions on Earnings and Profits". Read §§ 302(a), (b)(1)-(4), (d); 311(a), (b)(1); 312(n)(7); 317; 1059(e)(1)(A); 1.302-2(c); 1.1059(e)-1(a). Prepare answers to problem 1 (Ch. 6, Sect. 1) on page 30 of the Study Problems book.

17. **Chapter 6, Section 2: Stock Redemptions – Substantially Disproportionate Redemptions**
(Part 1) Read pages 250-256 (but skip the last paragraph of item 2 on pages 254-255 and the last paragraph of item 4 on page 256). Read §§ 302(a), (b)(2), (c)(1); 318(a)(1), (a)(2)(A) and (C), (a)(3)(A) and (C), (a)(5)(A)-(C) and (E); 1.302-2(c); 1.302-3; Prop. Reg. 1.302-5. Prepare answers to problems 1-5 (Ch. 6, Sect. 2) on pages 30-32 of the Study Problems book (but skip problems 1(g) and 4(b)).

(Part 2) Read §§ 302(c)(1); 318(a)(1), (a)(2)(A) and (C), (a)(3)(A) and (C), (a)(4), (a)(5), and (b); 1.318-1; 1.318-2(a), (b), (c) Ex. (1), (4), and (5); 1.318-3(c); and 1.318-4(a)-(c)(2)
Prepare answers to problems 6-8 (Ch. 6, Sect. 2) on pages 32-33 of the Study Problems book.

18. **Chapter 6, Section 3: Stock Redemptions – Termination of a Shareholder’s Interest**
Read pages 256-266. Read §§ 302(b)(3), (b)(5), (c); 1.302-4(d)-(g). Prepare answers to problems 1-7 (Ch. 6, Sect. 3) on pages 34-37 of the Study Problems book (but skip problems 2(b)(4), 6(b), 7(b), and 7(c)). Please note that the problems are incorrectly numbered in the Study Problems book – problem 3 on page 35 should be renumbered as problem 4 and the subsequent problems should be renumbered accordingly.

19. **Chapter 6, Section 4: Stock Redemptions – Not Essentially Equivalent to a Dividend**
Read pages 266-277. Read §§ 302(b)(1), (b)(5), (c)(1); 1.302-2(a), (b)(1). Prepare answers to problem 1 and 2 (Ch. 5, Sect. 4) on page 37-38 of the Study Problems book.

**• Liquidations •**
20. **Chapter 8, Sections 1, 2, and 3: Corporate Liquidations – General Rules**

Read pages 346-363 (stopping after the end of 2.2 on page 359, but only skim item 2 on pages 350-354 and skip items 3-4 on page 354, skim item 3 on pages 359-360 and item 5 on page 362). Read §§ 267(a)(1) (last sentence only); 311(a) (note first parenthetical); 331; 334(a); 336(a); 336(d); 346(a); 1239(a), (b)(1), (c)(1)(a), (c)(2); 1.331-1(b), (e); 301.7701-3(g)(1)(ii), (g)(1)(iii). Prepare answers to problems 1 (but skip part (d)), 2 (but skip parts (c) and (d)), 4 (but skip part (a)(2)), and 5 (Ch. 8, Sects. 2 and 3) on pages 48-49 of the Study Problems book.

21. **Chapter 8, Section 4: Corporate Liquidations – Liquidations of Controlled Subsidiaries**

Read pages 363-368, skim item 3 in the Illustrative Material on pages 369-371, and read items 6 and 7 in the Illustrative Material on pages 372-373. Read §§ 332(a), (b); 334(b); 336(a), (d)(3); 337(a), (c); 1504(a)(2), (a)(4); 1.332-2(a), (c), -4(b), -5; 301.7701-3(g)(2)(ii). Prepare answers to problems 1 (but skip part (d)) and 2 (but skip part (c)) (Ch. 8, Sect. 4) on pages 52-54 of the Study Problems book.

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**Subchapter S Corporations**

22. **Chapter 9, Sections 1 and 2: S Corporations – Eligibility, Election and Termination**

Read pages 375-398 (stopping at Part E, but skip item 2 in the Illustrative Material on pages 381-385, skip item 4 in the Illustrative Material on page 386, and only skim items 1 and 2 on pages 391-394). Read §§ 1361(a), (b)(1), (b)(2), (c)(1), (c)(4), (c)(5); 1362(a)-(c), (d)(1), (d)(2), (e)(1), (e)(4), (f), (g); 1.1361-1(f)(1); 1.1362-2(a)(4), -5(a), -6(a)(2)(i), (a)(2)(ii)(C), (a)(2)(iii)(Ex. (1) and (3), (a)(4). Prepare answers to problem 1 (Ch. 9, Sect. 2, Part A) (but skip part (d)), problem 1 (Ch. 9, Sect. 2, Part B) (but skip parts (d) and (e)), problem 1 (Ch. 9, Sect. 2, Part C) (but skip part (a)(2)), and problems 1-3 (Ch. 9, Sect. 2, Part D) on pages 56-60 of the Study Problems book.

23. **Chapter 9, Section 3, Part A: S Corporations – Passthrough of Income and Loss**

Read pages 397-413 (but skip item 2 in the Illustrative Material on pages 401-402, skip item 3.2 in the Illustrative Material on pages 403-404, and only skim items 5.2, 6 and 7 in the Illustrative Material on pages 409-413. Read §§ 1363(a), (b)(1), (b)(2), (c)(1); 1366(a), (b), (d)(1), (d)(2)(A); 1367(a)(1)(A) and (B), (a)(2)(A)-(D), (b)(2); 1371(a); 1377(a); 1397(a); 1366-1(a)(1)-3, (a)(5), (b), -2(a)(1)-(5)(i); 1.1367-1(a)-(d), (f), (g), (h) Ex. (3), -2(a)-(d); 1.1368-1(g). Prepare answers to problems 1-3 (Ch. 9, Sect. 3, Part A) on pages 61-62 of the Study Problems book (but skip problems 2(b)(2) and 2(c)). Please note that problem 2(b)(1) incorrectly states the amount of the 2006 loss – it should be $20,000.

24. **Chapter 9, Section 3, Part B: S Corporations – Distributions**

Read pages 426-429 (stopping at the end of item 3 in the Illustrative Material) (but skip the last paragraph of item 1.2 on pages 427-428). Read §§ 1368(a), (b), (d); 1371(a), (c)(1); 1.1367-1(f), (h) Ex. (2), -2(e) Ex. (4) and (5); 1.1368-3 Ex. (2). Review §§ 301(b), (d); 302(a), (b)(1)-(3); 311(a), (b)(1); 331(a); 334(a); 336(a). Prepare answers to problems 1-3 (Ch. 9, Sect. 3, Part B) on pages 64-65 of the Study Problems book.

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**Acquisitions**

25. **Chapter 11, Taxable Acquisitions: Purchases and Sales of a Corporate Business (The Basics of Taxable Business Acquisitions: Stock and Asset Purchase and Sale**
Transactions, Statutory Cash Mergers, §338 Election Transactions and §338(h)(10) Transactions

Read pages 481-493 (but only skim Item 5 of the Illustrative Material on pages 491-492). Read §§ 197(a)-(f)(7) (paying special attention to the rules for amortization of goodwill, going concern value and non-competition agreements created in an acquisition), 1060, 1.1060-1(a)(1), (b)(1)-(2), (5), (6), (7), (c)-(e) and 1.338-6(b). Also read pages 494-511 (paying special attention to Items 2, 3, 4.1, 5, 6 and 7.1 - you only need to skim Items 7.2, 7.3 and 9) in the Illustrative Material. Read §§ 338, 1.338-4(g), Ex. 1, 1.338(h)(10)-1(e), Ex. 5(i); skim 1.338-4(a)-(f), 1.338-5(a)-(d)(1), (e) and 1.338-6(a)-(c)(4) and 1.338(h)(10)-1(a)-(d)(6).

Prepare answers to the following problems: (i) in Ch. 11, Introduction, problem 1 on pages 75-76, (ii) in Ch. 11, Sect. 1-Asset Sales and Acquisitions, problem 1(a) (but skip 1(a)(4)) and problem 1(b) on pages 76-77, (iii) in Ch. 11, Sect. 2--Stock Sales and Acquisitions, problems 2(a)(1) (stock purchase), 2(a)(2) (§338 election), 3(a) and 3(b) (§338 election with less than 100% stock acquired) on pages 79-80 of the Study Problems book, (iv) in Ch. 11, Sect. 1--Asset Sales and Acquisitions, problem 3 (statutory merger) on page 78 (assume that Arthur, the sole shareholder of Blips, received $21,500,000 in cash rather than bonds, and Blips had liabilities in the amount of $1,050,000 at the time of the merger), and (v) in Ch. 11, Sect. 2--Stock Sales and Acquisitions, complete the §338(h)(10) problems 4 and 5 on pages 80-81 of the Study Problems book.

Depending on the progress we make this semester, we also may be able to cover some aspects of aspects of acquisitive reorganizations and introduce you to corporate divisions.