Assignment 2: Check-the-Box Problems

All parties and entities have a calendar year taxable year. Unless otherwise stated, all taxpayers are U.S. residents. Please cite to appropriate authority for your answers.

1. X is a joint stock association formed under State law on Jan. 1 of Year 1. It has two owners.
   1. On Jan. 30 of Year 1, it files a Form 8832 electing to be treated as an association taxable as a corporation, effective Jan. 1 of Year 1. Is the election effective?
   2. Instead of filing the form electing to be treated as a corporation, it files the form electing to be treated as a partnership. Is the election effective?
2. Y owns a business that she runs as a sole proprietorship.
   1. On March 10, Y files a Form 8832 to be treated as a disregarded entity. Is the election effective?
   2. On March 10, Y instead files the same form electing that the proprietorship be treated as an association taxable as a corp. Is the election effective?
3. A and B formed AB as a partnership under State law on Jan. 1 of Year 1; it made no election at that time. Two years later, on Jan. 1 of Year 3, it filed Form 8832, electing to be treated as an association taxable as a corporation. Is the election effective?
4. C and D formed CD as a partnership under State law on Jan. 1 of Year 1. On Jan. 30, CD filed a Form 8832 electing to be classified as an association taxable as a corporation with an effective date of Jan.1 of Year 1.
   1. Is the election effective?
   2. Suppose CD files a second Form 8832 on Jan. 1 of Year 3 electing to be treated as a partnership for federal tax purposes. Is the election effective?
5. E and F formed EF as a limited liability company under State law on Jan. 1 of Year 1. If EF makes no election, how will it be classified for federal tax purposes?
6. A and B formed AB as a limited liability company under State law on Jan. 1 of Year 1. AB made no election. On Jan. 1 of Year 3, AB validly elected to be classified as an association taxable as a corporation. What transactions are deemed to take place in connection with the election? *See* Reg. §301.7701-3(g).
7. G and H formed LLC on Jan. 1 of Year 1. H is a citizen and resident of Canada. On that date, LLC filed a Form 8832 electing to be classified as an association taxable as a corporation, effective immediately. LLC also filed an election to be treated as an S corporation for federal income tax purposes, also effective immediately. *See* §§1361-62.
   1. Is the election to be treated as an association taxable as a corporation effective?
   2. Is the election to be treated as an S corporation effective?