Partnership Taxation

Credit Hours. 3

Course Prerequisites and Description.  
Prerequisite: Income Taxation (LAW 6600) (may be waived by instructor)

Course description from the UF Law website: “A general practitioner is likely to encounter many business enterprises (including law firms) engaging in business in the form of a partnership. This course addresses taxation of partnerships and tax consequences of partnership formation or termination, distributions of money or property to partners, and consequences of sale or exchange of a partnership interest or of the death of a partner.”

This course serves as a thorough introduction to the federal income taxation of partnerships and partners. It is one of the more challenging law school courses, but students who put in the required effort will gain important substantive knowledge of the tax law and will be equipped with the foundation needed to tackle many issues that arise in business and tax practice.

Course Objectives/Learning Outcomes.  
Students successfully completing the course will gain a basic understanding of the following topics:

* Tax considerations relating to the choice of entity.
* Tax rules relating to the formation, operation and liquidation of partnerships.
* Transactions involving the sale or exchange of partnership assets and interests.
* Basics of effective tax planning as it relates to each of the topics listed above.

Statement on Workload.  
Students should expect to spend, on average, at least two full hours preparing for every 50-minute hour of class, and often more.

Required Text.

Schwarz et al., Fundamentals of Business Enterprise Taxation (7th ed. 2020) (“Schwarz”).

Recommended Texts.

Cunningham & Cunningham, The Logic of Subchapter K (5th ed. 2017) (“C&C”).

Dickinson, Selected Federal Taxation Statutes and Regulations (2019-20 edition).

Purchase of Dickinson is strongly recommended. If, however, you prefer to obtain assigned sections of the Internal Revenue Code (the “Code”) and the Treasury Regulations (the “Regulations”) from another source, you may. Dickinson has the advantages that the provisions are edited and you may use the volume during the exam. If you obtain the materials separately, you will need to ensure they are available in an accessible format during the exam. Note that access to your computer, but **not** online access, will be permitted during the exam.

C&C is available for purchase; older editions are on reserve in the Law Library. C&C is extremely helpful as a basic introduction to the principles and operation of the partnership tax rules.

Optional Texts.

Burke, Federal Income Taxation of Partnerships in a Nutshell (6th ed. 2019).

McKee et al., Federal Taxation of Partnerships and Partners (regularly updated) (“McKee”).

Willis & Postlewaite, Partnership Taxation (regularly updated) (“Willis”).

Burke is available for purchase and at no cost online at West Academic (<https://subscription.westacademic.com/>). McKee and Willis are available on Westlaw and are regularly updated.

Burke provides a general overview. McKee and Willis are lengthier treatises that address topics in greater depth. In my experience, practitioners tend to favor McKee over Willis, but the latter has its adherents as well.

Readings.

The attached schedule lists readings from Schwarz, which include applicable sections from the Code and the Regulations. You must carefully read the assigned Code and Regulations sections listed in Schwarz, ***as well as those***, if any, listed on the schedule. In addition, from time to time you may need to read other Code or Regulations sections to understand the material. The specific content of each assigned reading is listed in the Table of Contents of Schwarz.

Do not do problems unless they are specifically assigned. Assigned problems are intended to be covered during class. Unless otherwise indicated, you do not need to turn in your answers.

The schedule assigns a number rather than a class date to each assignment. In the normal course, we will spend one class period per assignment, but we may spend more (or occasionally less) than a class period on an assignment. As a general matter, please prepare the next numbered assignment for the next class. If we end class in the middle of an assignment, please prepare the remainder of that assignment and the next assignment for the next class.

Please note that this is an ambitious syllabus. Depending on our progress during the semester, we may end up skipping some of the advanced topics. These topics are noted on the schedule with a dagger symbol (†).

**Please complete Assignment 1 for the first day of class.**

Attendance and Final Exam.

You are expected to attend class. It is strongly recommended, but not required, that you take notes by hand.

You are on call every class, unless you notify me before class by email that you would like to pass. Each student may take up to three passes at no penalty during the semester without offering any reason. If you believe that you need to pass more frequently or on an extended basis, please contact me outside of class or email me. Students who are excused from being on call are effectively present as visitors and may not participate in the discussion.

The final will be an in-class, limited open-book exam. It is scheduled for May 6, 2020, at 1:00 p.m.

Grading.

Grades will be awarded in accordance with the College of Law’s posted grading policy (available at <https://www.law.ufl.edu/life-at-uf-law/office-of-student-affairs/current-students/academic-policies>). Grades are based primarily on performance on the final exam, but your grade may be adjusted upward or downward one step (e.g., B to B-, or B+ to A-) based on class participation. In addition, unexcused absences or excessive passes can result in a reduction in your grade, and more than six unexcused absences will result in your being disallowed from taking the final exam and receiving a grade of E for the course.

Letter grades correspond to grade points as follows:

|  |  |
| --- | --- |
| **Letter Grade** | **Point Equivalent** |
| A (Excellent) | 4.0 |
| A- | 3.67 |
| B+ | 3.33 |
| B | 3.0 |
| B- | 2.67 |
| C+ | 2.33 |
| C (Satisfactory) | 2.0 |
| C- | 1.67 |
| D+ | 1.33 |
| D (Poor) | 1.0 |
| D- | 0.67 |
| E (Failure) | 0.0 |

Office Hours.

Mon., 3:15-4:45, and by appointment. I strongly encourage you to see me if you have questions about the material. I also am happy to discuss any aspect of tax law or tax practice with you.

Course Policies.

1. Accommodations. Students requesting accommodation for disabilities must first register with the Dean of Students Office (<http://www.dso.ufl.edu/drc/>). The Dean of Students Office will provide documentation to the student, who must then provide this documentation to Student Affairs (Dean Rachel Inman) when requesting accommodation. You must submit this documentation prior to submitting assignments or taking the quizzes or exams. Accommodations are not retroactive. Therefore, students should contact the office as soon as possible in the term for which they are seeking accommodations.
2. University Policy on Academic Misconduct. Academic honesty and integrity are fundamental values of the University community. Students should be sure that they understand and comply with the UF Student Honor Code, available at: <https://www.dso.ufl.edu/%20sccr/process/student-conduct-honor-code>. Failure to comply can result in sanctions, as described in the UF Student Honor Code.
3. Netiquette: Common Courtesy. All members of the class are expected to follow rules of common courtesy in all email messages, threaded discussions and chats. They also are advised to adhere to the guidelines and rules set forth in the University’s policy, available at <http://teach.ufl.edu/wp-content/uploads/2012/08/NetiquetteGuideforOnlineCourses.pdf>. Students who consistently or intentionally fail to follow these rules may be subject to discipline, including but not limited to grade reduction and referral to the Law School or University for further disciplinary action.
4. Recording Devices and Cell Phones. Recording of any class without my express permission is prohibited. Cellular telephones should not be used during class, and ringers must be silenced.
5. Online Course Evaluation. Students are expected to provide feedback on the quality of instruction in this course by completing online evaluations at <https://evaluations.ufl.edu>. Evaluations are typically open during the last two or three weeks of the semester, but students will be given specific times when they are open. Summary results of these assessments are available to students at <https://evaluations.ufl.edu/results/>.

| **Assignment[[1]](#footnote-1)** | **Schwarz and add’l authority** |
| --- | --- |
|  | 1-26; Problem, p. 26 |
|  | 26-45; Problem 1, pp. 38-39; §7704(g); Reg. §301.7701-3(g) |
|  | 49-63; all problems; §§704(a), (c)(1), 1245(a), (b)(3), 6662(a), (b)(6), (i), 7701(*o*); Reg. §1.721-2 |
|  | 64-73; all problems (including on p. 73) |
|  | 75-77; 80-94; Problem at 94-95 |
|  | 95-109; problem at 98 and Problem 1 at 109 |
|  | 110-24; §163(j); problem on p. 111, Problem 1 on p. 115, Problem 1 on pp. 122-23 |
|  | 125-32, 135-48; Problem 1 at 159-60 |
|  | 148-59; Problem 2 at 160-61 |
|  | 161-76; Problem at 171 and be prepared to review Reg. § 1.704-2(m), Ex. 1 in class; NYSBA Report on Target Allocations, Parts I-III |
|  | 177-87; Problem 1(a) – (d) at 196 |
|  | 188-96; Reg. §1.704-3(b)(2), Ex. 1 (entire example); Problem 2(a) – (c), (g), at 196-97; assume in Problem 2(g) that the property has 10 years remaining in its recovery period (20 years total). |
|  | 198-205; all problems at 200 and 205-06 |
| 1. † | 207-23 (all of Chapter 6); Problem 2 at 224 |
|  | 227-41; Prop. Reg. §§ 1.707-1(c), Ex. 2, 1.707-2 (both proposed 7/23/15) |
|  | 242-51; Problem 1 at 251-52, Problem 2 at 252; Prop. Reg. § 1.707-1(c), Ex. 2 |
|  | 252-62; Problem at 262 |
|  | 262-83; § 1061; Problems 1 & 2 at 275-76, Problem at 283-84 |
|  | 285-304; Reg. §§1.267(b)-1(b), 1.707-5(a)(5), Problems 1, 2 & 3 at 304-05 |
|  | 307-24; skim §197; Problem 1 at 320-21, problem at 322-23 |
|  | 328-36; REG. §§1.743-1(j)(4)(i)(A) – (B), (j)(4)(ii)(A) – (B); Problems 2 & 3 at 337-38; may skim §§734(e) and (f). |
|  | 339-60; Problem 1 at 351, Problem 3 at 352, Problem 1 at 354-55, Problem at 360-61; §731(c) may be skimmed. |
| 1. † | 361-80; all problems |
|  | 381-404; Problem 1 at 389-90, Problem at 404-05 |
| 1. † | 415-29; Problem at 423 |
| 1. † | 441-59; Problem 1 at 459. |

1. We may or may not cover, in whole or part, assignments marked with “†,” depending on our progress during the semester. [↑](#footnote-ref-1)