

TAX 6105, CORPORATE TAXATION

Fall 2017

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Class time: Section 01H9: MW 11:45 - 1:25pm
Section 2110: MW 1:55 - 3:35pm
Classroom: Gerson Hall 122
Office hours: MW 10:00-11:30, or by appointment

Course description. This is the first course in the two-course sequence on corporate taxation. Topics include an overview of business taxation, computing corporate taxable income, consolidated tax returns, GAAP accounting for income taxes, corporate formations, corporate distributions and E&P, and stock redemptions. The second course in the corporate tax sequence is Advanced Corporate Taxation, TAX 6115, which covers acquisitions, liquidations, reorganizations, and S corporations.

This course is relevant for all accounting students, regardless of their area of specialization. For example, to assess the adequacy of a corporation's income tax provision, external auditors must understand how corporate tax liabilities are computed.

Prerequisites. Successful completion of TAX 5065, Tax Professional Research, and 7AC standing.

Class sessions. I expect you to attend all class sessions and participate in class discussion (make comments, ask questions, respond to questions, etc.). To maximize the benefit from attending class, you should read or skim read the assigned material prior to class. Copies of the PowerPoint slides are posted on the course web site. However, the slides do not include all the information discussed in class, and are not a substitute for class attendance.

REQUIRED MATERIALS

Readings. The lectures and accompanying PowerPoint slides provide an overview of the topics. To obtain an in-depth understanding of the material, it is essential that you also study the explanations and work through the examples in the assigned readings. These include:

- (1) *McGraw-Hill's Taxation of Business Entities—2018 Edition*, by Spilker, Ayers, Robinson, Outslay, Worsham, Barrick and Weaver. *McGraw-Hill's Taxation of Individuals and Business Entities—2017 Edition*, which is used in Tax 1, can also be used as a textbook for this course.
- (2) The textbook does not contain a chapter on consolidated returns. Instead, we will use selected sections of the *CCH Tax Research Consultant*, which you can access by logging in to *CCH IntelliConnect* and use the following path: Federal Tax > Federal Tax Editorial Content > Tax Research Consultant > Corporate: Consolidated Groups. For instructions on how to access CCH from off campus, see <http://cms.uflib.ufl.edu/offcampus>. No password is required as long as you access the UF library database using a UF computer account. For your convenience, a PDF file containing a compilation of the readings is

posted on the course website. You may not share this packet of copyrighted readings with anyone outside of TAX 6105.

Although it is not required, you may also want to review the primary Internal Revenue Code sections and Treasury regulations related to the topics discussed in class, particularly if you plan a career as a tax adviser or have yet to take the REG exam. Citations are provided in the slides.

Assigned end-of-chapter questions. The end-of-chapter questions will help you understand the key concepts in each chapter, and also provide practice in determining the income tax consequences of business transactions. The exams are problem-oriented, so working through the assigned questions is important in order to do well on the exams. Solutions to the end-of-chapter questions are available at the course website. You may not share these copyrighted solutions with anyone outside TAX 6105.

GRADES

Grades are assigned on the basis of points, which are earned as follows:

▪ Midterm Exam.....	40
▪ Final Exam.....	45
▪ Homework problems (5 x 1 points each)	5
▪ Consolidated income tax return project	4
▪ Tax research memorandum	<u>6</u>
Total possible points.....	<u>100</u>

Examinations. The exams cover the assigned readings, assigned end-of-chapter questions, homework problems, and the class discussion. The final exam is not comprehensive. The exams are closed-book. You may, however, bring one handwritten, single-sided 8.5" × 11" sheet of notes. The notes must be turned in with the exam. No technology (cellphones, laptops, tablets, etc.) may be used, other than a non-programmable calculator.

A make-up exam will be given only when the student has a valid documented reason for not taking the exam during the scheduled time. Barring a documented emergency, the request must be made by email at least ten business days prior to the exam date.

Homework problems. Five homework problems will be collected at the start of class on the dates indicated. Late homework will not be accepted. You may work on the problems by yourself, with a study partner, or in a group of no more than three students. However, each student must write-up and turn in his or her own solution.

Tax return project. The tax return project provides exposure to the federal consolidated income tax return (Form 1120). You may work on the project by yourself, with a partner, or in a group of no more than three students. However, each student must write-up and turn in his or her own solution. The project is due at the start of class on the date indicated. A late project will not be accepted.

Tax research memorandum. The research memo provides practice in researching the tax consequences of a business transaction and writing a memo in the appropriate format. The research memo is an individual assignment, which means you must perform your own analysis and write up your own solution. This is not a group project. Collaborating with anyone is a violation of the UF academic honor code. See course schedule for due date.

Grading scale. A 93-100%, A- 90-92%, B+ 87-89%, B 83-86%, B- 80-82%, C+ 77-79%, C 73-76%, C- 70-72%, D 60-69%, E 0-59%. These percentages may be reduced based on a course curve. Grade-point value per credit hour for each letter grade is assigned by the UF Registrar (for details, see <https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>).

HOW TO SUCCEED IN THIS COURSE

As a module, graduate-level tax course, we will cover a significant amount of technical material at a fast pace. To succeed in this course, you must keep up with the material. The following steps will ensure you perform to the best of your ability:

- Textbook – Read or skim read the assigned readings before attending the lecture.
- Lectures – Attend each lecture and ask questions.
- End-of-chapter questions – Work through the assigned questions on a timely basis.
- Graded homework – Be sure to complete and turn in the graded homework.
- Office hours – Seek help during office hours if you have any concerns.
- Exams – Study diligently for the exams and don't forget your note sheet.

COMMUNICATING WITH INSTRUCTOR

Please come and talk to me during my office hours or send me an email if you have any questions or concerns regarding the course. Email is best for yes/no questions, whereas office visits work better for complex questions. Please do not send me messages through the course website.

UNIVERSITY POLICIES

Honor code. UF students are bound by The Honor Pledge which states, “We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honor and integrity by abiding by the Honor Code. On all work submitted for credit by students at UF, the following pledge is either required or implied: ‘On my honor, I have neither given nor received unauthorized aid in doing this assignment.’” (<https://www.dso.ufl.edu/sccr/process/student-conduct-honor-code/>).

Accommodating students with disabilities. Students requesting accommodations must first register with the Disability Resource Center by providing appropriate documentation (<https://drc.dso.ufl.edu/>). Once registered, students will receive an accommodation letter which must be provided to the instructor at least one week prior to any requested accommodation.

Course evaluations. Students are expected to provide feedback on the quality of instruction in this course. These evaluations are conducted online 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/>.

U Matter, We Care. Your well-being is important to the University of Florida. The U Matter, We Care initiative is committed to creating a culture of care on our campus by encouraging members of our community to look out for one another and to reach out for help if a member of our community is in need. If you or a friend is in distress, please contact umatter@ufl.edu so that the U Matter, We Care Team can reach out to the student in distress. A nighttime and weekend crisis counselor is available by phone at 352-392-1575. The U Matter, We Care Team can help connect students to the many other helping resources available including, but not limited to, Victim Advocates, Housing staff, and the Counseling and Wellness Center. Please remember that asking for help is a sign of strength. In case of emergency, call 9-1-1.

FINAL CAVEAT

This syllabus represents my current plans and objectives. As we go through the semester, these plans may need to change to enhance the learning experience. Such changes, communicated through the Announcements on the course website, are not unusual and should be expected.

	Date	Topic	Readings (2017 or 2018 edition)	Assigned End-of-Chapter Questions	Homework Collected
Week 1	Aug 21 M	Business Entities	Ch. 4, Entities Overview	5, 8, 12, 13, 14, 24, 36, 37, 52, 53, 54, 56(a-c), 58	
	Aug 23 W	Corporate Operations	Ch. 1, Business Income (periods, methods): 15-19, 29-30 Ch. 5, Corporate Operations	Ch. 1 – 20, 21, 22 Ch. 5 – 25, 26, 29, 30, 32, 41, 42, 65, 68, 70, 71, 83, 86	Problem 1: Corporate Tax Returns – Due Aug 28 (M)
Week 2	Aug 28 M	Book-Tax Differences	Ch. 1, Business Income (book-tax diffs): 5-8, 12-13, 19-28 Ch. 2, Cost Recovery (intangibles): 31-37 Ch. 5, Corporate Operations (book-tax diffs): 3-19, 25-29	Ch. 1 – 5, 6, 14, 25, 36, 39, 62, 65, 66, 67(a), 77 Ch. 2 – 30, 31, 32, 33, 71 Ch. 5 – 9, 48, 53	Problem 2: Book-Tax Reconciliations – Due Sept 6 (W)
	Aug 30 W	Consolidated Returns	CCH IntelliConnect, Tax Research Consultant (see packet posted on course website)	Study Questions Handout (16 questions)	Consolidated Tax Return Project – Due Sept 11 (M)
Week 3	Sept 4 M	No class – Labor Day			
	Sept 6 W	Consolidated Returns			
Week 4	Sept 11 M	Catch-up and review			
	Sept 13 W	EXAM 1			
Week 5	Sept 18 M	Tax Provision: Basic Principles	Ch. 6. Accounting for Income Taxes (1-17)	4, 7, 9, 10, 11, 12, 13, 42, 43, 45, 46, 50, 52, 53	Problem 3: Tax Provision – Due Sept 25 (M)
	Sept 20 W	VAs, UTPs, ETR Reconciliations	Ch. 6. Accounting for Income Taxes (18-34)	15, 18, 21, 23, 26, 31, 36, 37, 59, 60, 62, 66, 67, 73, 74	Problem 4: Tax Footnotes – Due Sept 27 (W)
Week 6	Sept 25 M	Corporate Formations	Ch. 8. Corporate Formations (1-19)	1, 2, 3, 4, 8, 9, 12, 13, 14, 18, 36, 37, 40 (a-d), 42 (a-g), 44	Problem 5: Forming a Corporation – Due Oct 2 (M)
	Sept 27 W	Corporate Formations			Research Memo, §351 – Due by 5pm on Oct 9
Week 7	Oct 2 M	Distributions and E&P	Ch. 7. Corporate Taxation: Nonliquidating Distributions (1-19)	5, 9, 18, 19, 34, 35, 36, 37, 39, 40, 42, 43, 47, 49	
	Oct 4 W	Stock Redemptions	Ch. 7. Corporate Taxation: Nonliquidating Distributions (19-29)	20, 22, 23, 24, 26, 29, 50, 51, 52, 55, 58, 61, 63	
Week 8	Oct 7 Sat	Homecoming game – Go Gators!			
	Oct 9 M	No class – Final exam week. Office hours: 10-11:30am and 1-2:30pm			
	Oct 11 W	EXAM 2			