

TAX 6115
Fisher School of Accounting
University of Florida

Instructor: J. V. Boyles, Ph.D., CPA

Office Hours: Tue./Thurs. 9:00AM – 11:00AM

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Course Materials:

- (1) *Internal Revenue Code of 1986*, publisher doesn't matter [published after 06-15-2016]
- (2) *Treasury Regulations*, publisher doesn't matter
- (3) Materials at Target Copy

Course Description:

This course is viewed as a course to bridge the gap from an educational institution approach to education to a professional accounting approach to education. As a result you will get out of the course what you are willing to put into the study of the course material. It is expected that you are capable of reading the IRC, Regulations, judicial opinions, and other interpretive authority and that you are capable of working with your peers to understand complex tax topics. You are also expected to be able to find the primary interpretive authority that is relevant for resolving a tax issue and to write an easily reviewable research memorandum communicating the results of this research effort with the appropriate documentation of your reasoning.

Student Learning Outcomes:

1. The student will understand fundamental technical concepts relating to the federal income taxation of transactions between corporations and their shareholders with regard to taking assets out of those entities.
2. The student will have the ability to apply these fundamental concepts and the related specific operational rules to the economic events and transactions likely to be encountered in practice by an **entry-level** professional.
3. The student will increase his/her ability to read and understand the tax law. In other words, to **learn how to learn** about tax law

Course Format:

The format for this course is different from that of most courses that you have taken before. You will be given a worksheet for each class session. This worksheet will contain reading assignments and problems to work. The problems will require you to apply the concepts introduced and developed in previous reading assignments. You must figure out which concepts are relevant to resolving each problem and then figure how to apply these relevant concepts to resolve the problem. In this way you will master the material. However, like your supervisor in tax practice, I cannot evaluate the quality of your work unless you document what you did. Therefore, proper documentation of

your solution approach including cites to the authorities that you relied on is most important. You may be asked to make practice aids to help you remember concepts and technical material. A practice aid can be a flowchart, a checklist, a brief outline of the key concepts, or any other item that you can refer to if the particular issue that needs a practice aid is encountered again. On occasion a class session will be led by one of your peers. You must lead one session in order to get the class participation points. Sometimes a breakout problem will be provided. You will work on this breakout problem for a specified period of time. We will then reconvene the class and discuss any uncertainties that you experienced in solving this problem. All of the assigned problems are designed to help you better understand a code section. Sometimes they will require creative thinking that goes beyond rote tax knowledge. These problems are designed to be like tiny research cases as well as examples in a textbook. The objective is to analyze and think about them together in a group setting so that we can experience the thought process rather than focus on the bottom line solution. To make this work you must always provide cites to the authority that supports your answers to the problems. You may be asked to hand in the breakout problems for a particular class session at the end of that class.

I will not be a lecturer. Class is a time for you to work with your peers and your instructor, as we all struggle to better understand the material. In this regard, we are full partners in the learning process. Knowledge is currently expanding many times faster than it ever has in the history of the world. As a result many futurists predict that each of you will become obsolete three to six times during your working life. You simply will not be able to go back to school and retool that many times. As a result you must **learn to learn**. This is the big topic in education these days. Universities cannot be content with the dissemination of knowledge. Sometimes this knowledge is obsolete before you graduate [i.e., What if Congress completely rewrites the tax law next year?]. What must be taught is the ability to acquire knowledge. This will be the focus of the class meetings.

How you learn probably depends on the particular situation. If you are acquiring the skill to perform a task someone probably shows you how to do the task. After you know the correct procedures, your mentor will probably observe you performing the task. Initially, your mentor may make suggestions and correct your mistakes. As you get more comfortable with the task the corrections will be fewer and the suggestions may involve things to increase your efficiency and to do more sophisticated operations that are related to your task. If you are acquiring factual knowledge and/or the ability to apply factual knowledge to new problems or situations you may use many mental processes including:

1. Memorization of information.
2. Reclassification and categorization of factual knowledge.
3. Relating new facts to known facts.
4. Periodic restructuring or reorganizing of known facts.
5. Practice application of factual knowledge to problem situations with positive and negative feedback.

No matter which mental processes you use you should recognize that "effective" acquisition of factual knowledge is more that rote memory of facts. This is because knowing factual knowledge is not very useful unless you can apply that knowledge to new situations as they arise. Therefore, anytime you are studying an entirely new area of tax law you must try to completely understand the fundamental principles, rules, and concepts that make up the body of law in that area including the interrelationships of these items.

As you go through this process you are likely to experience many emotions probably best described by the words "love" and "hate." When you first look at a difficult area in the tax law you will likely "hate" tax and wonder why you aren't an auditor. As you expend inordinate amounts of time trying to work through this difficult area your feeling of "hate" is likely to grow. You may be particularly inclined to direct these emotions at your instructor for not completely explaining this topic to you. But as you slowly grasp the key concepts and understand how they are applied and as you realize how few people in the U.S. can do this you may feel like tax is pretty "neat." You may even come to "love" the topic and wonder why Congress can't make it more complicated so even fewer people will be able

to master it! When you are feeling particularly frustrated recall the eminent jurist, Judge Learned Hand, who in sharing his great legalistic insight concerning the Internal Revenue Code with others, was once heard to remark:

"The words of the Internal Revenue Code merely dance before my eyes in a meaningless procession: rule upon rule, exception upon exception, cross-reference to cross-reference until my head is spinning - couched in abstract terms that appear to offer no handle to seize hold of. They leave in my mind only a confused sense of some vitally important, yet successfully concealed, purpose which it is my duty to extract, but which is within my power to interpret, if at all, only after the most inordinate expenditure of time." (Emphasis added)

What does this insight tell you? This judge devoted his entire working life to the study of law and he was known as one of the best legal minds of his day. With this in mind, are you likely to experience frustration in this course? Are you likely to experience discouragement? How are you going to react?

Understanding the learning process can help deal with the emotions that are associated with learning. No matter what you are trying to learn, the learning process can be divided into four segments:

1. There is an understanding phase where you are trying to grasp the correct way of performing a task or attempting to understand the factual knowledge that you are trying to learn.
2. There is an instructional phase. At this point you know the basics but you still make mistakes that have to be corrected. Everything looks and feels awkward because you have to think about what you are doing and you are being corrected as you go. You are very conscience of your uncertainty and your mistakes.
3. There is a practice phase where you know the correct way to perform a task but you have to really concentrate in order to do everything correctly. Everything is still awkward because of the need to think through every step. If you are dealing with factual knowledge, you understand the factual knowledge but you can't remember it all so you must constantly refer to written materials and/or having to seek the advice of your mentors. Your technique or understanding may have to be corrected in order for you to become more proficient.
4. Finally, there is the fluid or expert stage. Here you are a master of the task or the knowledge. You use it almost without consciously thinking about it. The correct way to perform the task or the knowledge is embedded in you and part of your very being. It is at your fingertips and you use it when necessary without even being aware that you are using it.

My Responsibilities and Your Responsibilities:

You have the responsibility to learn the material. No teacher can open up your head and pour knowledge in. It follows that I do **not** have the responsibility to insure that you know the material. You are mature individuals who are very close to entering a profession that demands self-discipline since you will be held to high standards. You should realize that the only thing that you have to sell is your knowledge. My responsibility, like that of your immediate superiors in your first job, is to be your mentor, coach, and partner in learning. My primary responsibility is to provide you with the opportunity to learn and develop your professional qualifications. I will assist you in your effort to learn by showing you how to organize the material; by explaining and clarifying basic concepts, rules, etc. including relationships; by illustrating the application of the fundamental knowledge that you acquire; and by providing historical perspective.

Your Peers:

Once you enter the "real world" you will find that your peers are one of the most important sources of information and support. You should begin to practice using this very important resource while in school. Just as different people approach problems differently, they also approach the process of learning differently. These different views, approaches, insights, and experiences can provide valuable feedback to you that can help you as you learn or try to solve problems. You will be divided into two or three person groups each week. Your partner(s) will serve as a study partner during that week. In addition, the work that we do in class will be done with your partner(s). By

randomly selecting partners each week you will get to know all of the people in the class and you will experience many different approaches to learning.

Communication by e-mail:

Since we are all partners in the learning process we may need to communicate outside of normal hours. My e-mail address is at the top of this syllabus. I would request that e-mail correspondence not contain numerous technical questions that I may have to type one-half page responses to each. I am a very slow typist and this becomes all consuming. When faced with this challenge I usually just delete the e-mail and beg your forgiveness.

Assignments:

The attached schedule lists the topics for each class meeting

Examinations:

There will be a final examination. It is scheduled on the assignment sheet. It will cover the material covered up to that date.

Grade Weighting for Written Assignments:

Class Participation	40.0%
Final Examination	<u>60.0%</u>
Total	<u>100.0%</u>

Final grades will be based on obtaining the following percentage of total course points: 90-100% = A; the A- and B+ grades are used to deal with borderline situations between the minimum A percentage and the maximum B percentage and consider the entire body of score inputs independent of each other; 80-85% = B; the B- and C+ grades are used to deal with borderline situations between the minimum B percentage and the maximum C percentage and consider the entire body of score inputs independent of each other; 65-79% = C; below 65% = D. The determination of the A- grade, the B+ grade, the B- grade, the C+ grade, and the C grade may reflect a course curve.

Grade Values: The grade-point value per credit hour associated with each letter grade is assigned by the Office of the University Registrar: A = 4.0, A- = 3.67, B+ = 3.33, B = 3.0, B- = 2.67, C+ = 2.33, C = 2.0, C- = 1.67, D+ = 1.33, D = 1.0, D- = .67, E = 0.0. For more information visit:

<https://catalog.ufl.edu/ugrad/current/regulations/info/grades.aspx>

Administrative Information:

1. All elections of the Satisfactory-Unsatisfactory grade option must be made by the deadline specified in the catalog.
2. The drop policy for the course will be that outlined in the University of Florida Graduate Catalog.
3. The prerequisite for this course is TAX 6105. If you do not meet the prerequisites for any accounting course you should not attempt to take it. The records of each student will be checked later in the term and when a student has not satisfied the necessary prerequisites, he or she will be administratively dropped, without recourse, from the class.
4. University policy prohibits food or drink in the classroom.
5. The Assistant Director of the Fisher School of Accounting is John Laibson, GER 217, 273-0200 and the Director of the Fisher School of Accounting is Dr. Gary McGill, GER 210, 273-0200. Under University policy any problems between a student and a course instructor, which remain unresolved after consultation with the instructor, may be discussed first with Mr. Laibson and then with Professor McGill. Also, all English language fluency and similar problems should be brought to the attention of Mr. Laibson.
6. A make-up exam will be given when the student has a valid verifiable reason for not taking the exam during the scheduled time. Barring a documented emergency, the request must be made a minimum of ten days

prior to the scheduled exam. Exceptions are made if the policy conflicts with UF attendance requirements. More detail on acceptable reasons for absence and UF policies on attendance are found at: <https://catalog.ufl.edu/ugrad/current/regulations/info/attendance.aspx>

7. **DISABILITIES:** Students requesting classroom accommodations must first register with the Dean of Students Office. Support services for students with disabilities are coordinated by the [Disability Resource Center](#) in the [Dean of Students Office](#). All support services provided for University of Florida students are individualized to meet the needs of students with disabilities. To obtain individual support services, each student must meet with one of the support coordinators in the Disability Resources Program and collaboratively develop appropriate support strategies. Appropriate documentation regarding the student's disability is necessary to obtain any reasonable accommodation or support service. The Dean of Students Office will provide documentation to the student who must then provide this documentation to the instructor a minimum of ten days prior to the requested accommodation.

8. Although attendance may not be taken at every class, students are expected to attend and participate in every class. Students should prepare for all classes even if they miss and are responsible for material covered in their absence. Students may not attend a class unless they are officially registered for the course. The Fisher School of Accounting does not approve requests to audit its courses. Students who do not attend at least one of the first two class meetings of a course or laboratory in which they are registered, and who have not contacted the School to indicate their intent, may be dropped from the course. The instructor adheres to all UF attendance policies.

9. Students are expected to provide feedback on the quality of instruction in this course based on 10 criteria. 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/>

10. 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.

Honesty:

Accounting students through the Fisher School of Accounting Council developed the following "honor statement".

I promise to uphold the highest standards of honesty in my academic work. As a student in the Fisher School of Accounting, I will adhere to All University guidelines of academic honesty, which prohibit cheating in any form. I understand that "cheating" includes, but is not limited to, the giving or taking of any information or material of academic work considered in the determination of a course grade. I also understand the "giving" of information includes, but is not limited to, allowing another student to use or copy my classwork or giving answers to exam questions either when the exam is being given or after having taken the exam. Further, the "taking" of information includes, but is not limited to, copying classwork from another student, looking at another student's paper during an exam, or working together on take-home assignments or tests when not specifically permitted by the teacher. Finally, I agree that my fellow student's academic honesty is as important as my own and I will not ignore any incidents of cheating that I should become aware of. I understand that the Fisher School of Accounting expects its students to be honest in all of their academic work. I agree to adhere to this commitment to academic honesty, and I understand that my failure to comply with this commitment may result in disciplinary action.

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Extremely Tentative Assignment Sheet
Fall 2017

DATE	TOPICS	HANDOUT WORKSHEETS
10-24	No class	
10-26 10-31	Corporate Complete Liquidation	MODULE 1
11-2 11-7	Taxable Corporate Acquisitions	MODULE 2
11-9 11-10 [is a Holiday] 11-14	Tax-Free Corporate Reorganizations	MODULE 3
11-16 11-17 [is a Friday] 11-21	Corporate Divisions	MODULE 4
11-28	Carryover of Corporate Tax Attributes	MODULE 5
11-30	S Corporation Election	MODULE 6
12-5 12-7	Tax Treatment of Shareholders Taxation of S Corporations	MODULE 7
12-7	Tax Treatment of Shareholders Taxation of S Corporations	MODULE 7
12-8 [Friday]	FINAL REVIEW - OPTIONAL	
12-12	FINAL EXAM	