

Taxation of Sales and Exchanges

(Spring Semester, 2014)

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- Final Exam: A final exam will be given on the day and time scheduled by the University of Houston Law Center. The final exam may cover any material contained in the assigned reading or discussed in class. The exam is open book, and students may use their text book, class notes and outlines during the exam.
- Participation: Class participation is strongly encouraged, and individual grades may be increased or decreased depending on class participation or the lack thereof.
- Materials: The course is taught from materials and a problem set prepared by the instructors, as well as readings from McDaniel, McMahon, Simmons & Abreu, Federal Income Taxation (Sixth Edition) and latest supplement. Students will need access to the Internal Revenue Code (26 U.S.C. 1 et seq.) and Treasury Regulations promulgated thereunder (26 CFR 1 et seq.). These are available online, but students should have copies of the relevant provisions in class and thus it may be best simply to purchase one of the compilations available in the bookstore.
- Summary: The course will cover federal income tax issues related to the sales and exchange of property. The course is taught from materials and a problem set prepared by the instructors, as well as readings from McDaniel, McMahon, Simmons & Abreu, Federal Income Taxation (Sixth Edition) and latest supplement.

Schedule of Classes:

Class Date	Problems	Assigned Reading
Week 1	Unit I. Introduction and Basic Review	<p>Text: 64-68; 193-195 (stop before Section 2); 210-215 (stop before “3. Allocation of Basis . . .”); 239-240 (read only 2. Transfers at Death: Fair Market Value Basis)</p> <p>Code: §§ 61(a)(3), 1001, 1011, 1012, 1014(a)(1) and (b)(1), 1015(a)</p> <p>Regs: §§ 1.61-3(a), 1.61-6, 1.1001-1(a), 1.1002-1, 1.1011-1, 1.1012-1(a)</p>
Week 2	Unit II. Capitalization, Cost Recovery and Adjusted Basis	<p>Text: 416-418 (skip <i>Encyclopedia Britannica</i>), 421-427 (begin at Illustrative Material, stop before 4. Defense or Protection of Title), 430-444 (end before 3. Environmental Remediation), 446-456 (end before Section 3. Business Investigation . . .), 466-502 (review this discussion of the policy behind the allowance of deductions for cost recovery for general themes, keeping in mind that the course will focus more on the technical rules), 504-507 (stop before Section 3)</p> <p>Code: §§ 161, 162(a), 167(a)-(c), 168(a)-(f), (i)(1), (i)(6)-(8), 197(a)-(e), 197(f)(1)-(3), 197(f)(7)-(8), 261, 263(a), 263A(a) and (b), 1016(a)(1)-(2)</p> <p>Regs: §§ 1.263(a)-1 and -2, 1.263A-1(a), (b)(1), (e) (skim this subsection, just to get some idea of the breadth of 263A), 1.263A-2(a)(1)(i), 1.167(a)-1, -2 and -3, 1.197-2(k)(examples 1, 4, 5 and 6)</p>
Week 3	Unit III. Realization (In General)	<p>Text: 195-234 (begin at Section 2. The Realization Requirement); 1011 (read only 4. Advance Payments for Goods); 1143-1144 (read only introduction).</p> <p>Handouts: <i>Ahadpour</i> case; Rev. Ruls. 72-465 and 93-84; excerpts from Rev. Ruls. 55-540, 78-182 and Tech. Adv. Mem. 1999-09-003</p> <p>Code: §§ 1001, 1011, 1012, 1259</p> <p>Regs: §§ 1.1001-1(a), 1.1002-1.</p>

Class Date	Problems	Assigned Reading
Week 4	Unit IV. Gains/Losses, Part A. General Rules (including Disallowance of Losses and Definitional Aspects)	Text: 518-547, 803-898 Code: §§ 1(h), 165(a)-(h), 166(d), 267, 280B, 1001, 1011, 1091, 1201(a), 1211, 1212(a) and (b), 1221, 1222 Regs: §§ 1.165-1(a)-(c), (e), -2(a), (b), -4, -5; -7, -8, -9, 1.166-1(c), (d)(1), (e), 1.166-2(a), (b), (c)
Week 5	Unit IV. Gains/Losses, Part B. Transactional Computations	Text: Chapter 15, 899-905 (skip 1.3 beginning on p. 905) Code: §§ 1060, 1222, 1223(1), (2) (11), 1231, 1234A(h), 1245(a)(1)-(3), 1245(b)(1)-(4), 1250 Regs: §§ 1.1231-1, 1.1245-1(b)
Week 6	Unit V. Role of Debt, Part A. Basic Concepts	Text: Chapter 34 Code: §§ 1001 Regs: §§ 1.1001-2
Week 7	Unit V.A., cont.	Text: Chapter 33 Handouts: <i>TBD</i> Code: §§ 1001 Regs: §§ 1.1001-2
Week 8	Unit V. Role of Debt, Part B. Special Applications	Text: Chapter 32 (skip 1141-1142); also review 310-320 and 330-332 Code: §§ 108(a)-(d), (e)(5), 453(a)-(f), (i), (k)(2), 453A, 453B(a), (b), (f), 483, 1274, 1274A Regs: §§ 15A.453-1, 1.483-1, -2
Week 9	Unit VI. Special Cases, Part A. Non-recognition Provisions	Text: Chapter 26 Handouts: <i>TBD</i> Code: §§ 1031, 1033 Regs: §§ 1.1031(a)-1, -2, 1.1031(b)-1, -2, 1.1031(c)-1, 1.1031(d)-1, 1.1301(j)-1, 1.1031(k)-1
Week 10	Unit VI. Special Cases, Part B. Open Transaction Reporting	Handout: Wellen outline
Week 11	Review	
Week 12	Final Exam	