

**TAXATION OF
EXEMPT ORGANIZATIONS**

**Johnny Rex Buckles
Professor of Law
Classroom: 240 BLB
Monday, 5:30-7:20 p.m.**

I. Purpose of Course.

This course is designed (i) to orient students to the laws governing nonprofit organizations; (ii) to familiarize students with the taxation of nonprofit organizations under federal law; and (iii) to introduce students to basic planning techniques for minimizing taxes imposed on nonprofit organizations and their managers.

II. Topics to Be Discussed in this Course, Reading Assignments Corresponding thereto, and Dates thereof (Subject to Revision by the Professor).

<u>DATE</u>	<u>TOPICS</u>	<u>READING ASSIGNMENT¹</u>
1/13	Introduction to Course Introduction to the Nonprofit Sector Historical and Theoretical Underpinnings of the Nonprofit Sector Entity Forms and Legal Framework	3-44
1/20	NO CLASS (MLK HOLIDAY)	
1/27	General Taxation of Nonprofits Rationales for Tax Exemption	44-50; 53-72; 190- 196
2/3	Fundamentals of Exemption for Charitable Organizations The Scope of Charity	72-113
2/10	The Scope of Charity (cont.) The Public Policy Doctrine	113-151
2/17	Educational Organizations Religious Organizations Other Section 501(c)(3) Organizations	151-190

¹ Unless otherwise indicated, all reading assignments in this schedule are pages from the required textbook corresponding to the topics assigned for the day. Students must also read statutory provisions and handouts assigned periodically in class.

2/24	Prohibition against Private Inurement Private Benefit Constraint Intermediate Sanctions Limitations on Participation in the Political Process	196-228; 230-246
3/2	Limitations on Participation in the Political Process (cont.) The Section 501(c)(4) Alternative	248-289
3/9	NO CLASS (SPRING BREAK)	
3/16	Procedural Issues Private Foundations, Public Charities and Alternatives to Private Foundations The Federal Excise Tax Regime Governing Charities	289-296; 431-448; Handout
3/23	The Federal Excise Tax Regime Governing Charities (cont.)	Handout (cont.)
3/30	The Commerciality Doctrine The Commensurate-in-Scope Doctrine UBIT: History and Policy	311-343; 427-429
4/6	UBIT: Basic Concepts Exclusions from UBTI	343-376; 427
4/13	UBTI Computational Issues UDFI Complex Structures	376-385; 386-397; 398-426
4/20	Other Tax-Exempt Entities	633-670; 676-685
5/4	Final Exam (6:00–8:00 p.m.)	

III. Required Materials.

- A. **Textbook:** Taxation of Nonprofit Organizations: Cases and Materials, by James J. Fishman, Stephen Schwarz and Lloyd Mayer (4th ed. 2015).
- B. **Code Book:** Nonprofit Organizations: Cases and Materials: Statutes, Regulations and Forms, selected by James J. Fishman, Stephen Schwarz and Lloyd Mayer (2015).

In addition to these required materials, students occasionally may receive photocopied materials to supplement or replace material appearing in the textbook. Students are responsible for reading such photocopied materials as assigned.

IV. Reading Assignments.

Students must read the assigned materials in accordance with this syllabus and as announced in class. Each reading assignment must be completed by the date and before the class corresponding to the assignment in this syllabus unless the professor modifies the assignment.

V. Class Participation and Professionalism.

Students must participate sufficiently and professionally in class (as determined by the professor) in order to pass this course. Students should expect to participate significantly every day of class.

The professionalism expected of students includes (1) **respect** for every class member at all times; (2) **advance, diligent preparation** for every class unless you notify me in advance of a legitimate reason for not being prepared adequately; (3) **seriously striving** to learn the material as it is presented in class, even if that requires you to schedule office visits and/or participate in a study group; and (4) using technology in the classroom **exclusively** for appropriate course-related reasons (except in the case of an emergency).

GROUND FOR FAILING THE PROFESSIONALISM REQUIREMENT OF THIS COURSE INCLUDE USE OF ANY TECHNOLOGY FOR PURPOSES OTHER THAN THOSE DIRECTLY RELATED TO LEARNING THE SUBJECT MATERIAL OF THIS COURSE. EXAMPLES OF UNAUTHORIZED ACTIVITIES INCLUDE, BUT ARE NOT LIMITED TO, SURFING THE WEB FOR PERSONAL REASONS, CHECKING OR SENDING TEXT MESSAGES, AND VIEWING ONLINE CONTENT UNRELATED TO THIS COURSE.

VI. Evaluation.

Assuming adequate class participation, a student's grade will be based upon his or her performance on the final exam, subject to the grading policy of the University of Houston Law

Center (“Law Center”).

VII. Office Hours.

Unless otherwise announced periodically in class, office hours will be Monday, Tuesday, and Wednesday, 1:00-2:00 p.m., and other times by appointment. The professor will follow a literal “open door” policy when a student is in his office – no exceptions.

VIII. Counseling and Psychological Services.

Counseling and Psychological Services (CAPS) can help students who are having difficulties managing stress, adjusting to the demands of a professional program, or feeling sad and hopeless. You can reach CAPS (www.uh.edu/caps) by calling 713-743-5454 during and after business hours for routine appointments or if you or someone you know is in crisis. No appointment is necessary for the “Let’s Talk” program, a drop-in consultation service at convenient locations and hours around campus. http://www.uh.edu/caps/outreach/lets_talk.html

IX. Learning Outcomes.

Through this course, students should (i) learn the federal income tax laws, federal excise tax laws, and most basic state laws of primary relevance in the practice area of tax-exempt organizations; and (ii) understand and learn to apply basic techniques for complying with these laws and planning to address the common legal needs of clients.

X. Student Handbook and Compliance with Honor Code.

Each student is responsible for complying with the requirements governing students in the Law Center’s student handbook. With respect to the attendance policy, each student must record his or her class attendance and report to the professor concerning the same.

XI. LL.M. Synchronous Distance Education Requirements.

Students pursuing an LL.M. in Taxation are permitted by the Law Center to participate in this course through synchronous distance education. For any student using the classroom’s internet videoconferencing capability for synchronous distance education, there are a number of requirements you must meet:

- (i) you must be connected to the internet videoconference when class starts;
- (ii) your computer must have a working video camera and quality audio capability; joining by audio only due to your lack of video capability will be treated as an absence (you may need an external mic or headset for sufficient audio quality);
- (iii) if your computer is a laptop, you must not be distracted by traveling or other activities when you join the internet videoconference;
- (iv) you may not join the class internet videoconference from a phone;
- (v) you must listen closely and speak loud and clear, as hearing students speak in the classroom and classmates ability to hear the SDE LL.M. student may not be optimal;

- (vi) you must identify yourself with your class roll name in the internet videoconferencing software;
- (vii) you must present your face and upper body area professionally in the video stream; eating “on-camera” is not a professional presentation;
- (viii) you must be able to fulfill your responsibilities if called on to discuss a case or course materials; and
- (ix) you must manage the “mute button” when remote to keep a professional demeanor.

XII. Class Recordings.

The Law Center will record class sessions with audio and video for the sole and limited educational purpose of allowing students to stream the recorded sessions for review or to enable students who missed a class to hear the class presentation. Students may not listen to recorded class sessions to avoid an absence. Any recordings created will be deleted and destroyed shortly after the final exam for the class. There is a chance that your contributions to class discussion, whether voluntary or while on call, may be included in the recording. Your continued registration in this class indicates your acquiescence to any such incidental recording for the purposes described above.