

Professor Bret Wells

**Law Center
University of Houston**

Corporate Income Taxation

Syllabus

Fall Semester 2021

CORPORATE INCOME TAX

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Professor Wells

1. **Purpose of this Syllabus.** The purpose of the syllabus is to provide details concerning the requirements applicable to this course, including the schedule for class sessions, examination policies, professor availability, and similar matters.
2. **Required materials for this course:**
 - a. MARTIN MCMAHON, DANIEL SIMMONS, CHARLENE LUKE, AND BRET WELLS, FEDERAL INCOME TAXATION OF CORPORATIONS (Foundation Press 5th ed. 2019) ISBN: 9781642425031. Students are strongly discouraged from trying to use a prior edition (e.g., the 4th edition) for this class. The casebook went through a significant revision, and so you do need the new 5th edition.
 - b. Wolters Kluwer / CCH Publications, “Federal Income Tax — Code & Regulations, Selected Sections,” 2021-2022 Edition (ISBN: 9780808056287). This volume contains (i) provisions of the Internal Revenue Code of 1986 (the most recent complete “codification” of the tax statutes), as subsequently amended on numerous occasions, and (ii) selected important “regulations,” as promulgated by the U.S. Department of the Treasury. Students must have the actual paper copy of this statute book for class discussion.
 - c. Additional supplemental materials will be provided at various times and will be made available on my website at <http://www.law.uh.edu/faculty/bwells>.
3. **Course Objective.** This course will involve the comprehensive examination of the federal income tax laws applicable to corporations and their shareholders. Topics to be covered will include:
 - a. The formation of corporations and the transfers of assets to controlled corporations;
 - b. The capital structure of a corporation, including debt and equity;
 - c. Distributions from a corporation (e.g., dividends, stock redemptions & liquidations);
 - d. Special types of corporations (e.g., S corporations);
 - e. Corporate stock and asset sales;
 - f. Tax-free corporate reorganizations, mergers and other restructurings.The objective of this class is to consider both (1) the technical federal income tax rules and (2) the underlying fundamental tax policy objectives of the federal corporate income tax rules. Where appropriate, the course will emphasize current corporate structuring transactions and related federal tax planning.

4. **Class Sessions Times and Attendance Policy.** This class will meet on Tuesday & Thursday at 10:30 a.m. to 12:00 p.m. Consistent with university policy, a minimum of 80 percent attendance is required for each student. An attendance list will be circulated at each class session. Those individuals not satisfying the attendance requirement will be reported to UH Law Center administrative officials to be dropped from the course. There are no scheduled make-up classes at this time, but up to two make-up sessions are possible for this course
5. **Class session coverage, focus & discussion.** The material to be covered during the anticipated 29 class sessions will be in the order as presented in the attached Reading Assignment sheet. You should be prepared to discuss the reading assignment where we left off in the prior class and then be prepared to discuss the next succeeding reading assignment set forth in the Reading Assignment sheet.

Please note that the dates for covering these materials may shift. If such changes in reading coverage or course objectives are made, I will post an updated **Reading Assignment (As Revised)** to Blackboard at least 24 hours before class. Thus, even if you missed the prior class, you can easily determine the scope of coverage for the upcoming class and the anticipated coverage for the remainder of the semester.

I employ a flipped class for the Problem Sets. In this regard, I lecture on the material that introduces the topics in each relevant session and then assign the Problem Sets for students to work on their own as homework. I will post on Blackboard videos that cover my answers to the Problem Sets. Students are expected to work through the Problem Sets on their own and then listen to the video recorded answers to the Problem Sets that I post on Blackboard before the next class session. During the next class session after assigning a particular Problem Set, students then are expected to ask questions on any ambiguities or doubts they may have with respect to the assigned Problem Set. This format ensures that students come to class prepared to have a rigorous discussion of the Problem Sets instead of simply spending class time discussing the basic fact patterns of the Problem Sets. Thus, students are expected to **prepare their own answers to these problems, review the video answers to the Problem Sets before the next class session, and then come prepared to raise specific questions about the Problem Sets after their own self-study.**

6. **Video Recording of Lectures.** Barring a technological glitch, I anticipate posting an archive of all class sessions to Blackboard for student viewing after the end of each particular class session. This resource is intended for the benefit of students enrolled in this course only and is not to be reproduced. Students may not record all or part of class, livestream all or part of class, or make/distribute screen captures, without advanced written consent of the instructor. If you have or think you may have a disability such that you need

to record class-related activities, please contact the Center for Students with Disabilities. If you have an accommodation to record class-related activities, those recordings may not be shared with any other student, whether in this course or not, or with any other person or on any other platform. Classes may be recorded by the instructor. Students may use instructor's recordings for their own studying and notetaking. Instructor's recordings are not authorized to be shared with anyone without the prior written approval of the instructor. Failure to comply with requirements regarding recordings will result in a disciplinary referral to the Dean of Students Office and may result in disciplinary action.

7. **Powerpoint Slides.** Professor Wells will regularly use Powerpoint slide presentations in class. These slides will be available after completion on Blackboard.
8. **Personal Computers.** The permitted use of personal computers in the classroom is **solely** for the purposes of (i) reviewing preparation notes and (ii) taking notes during class. Specifically **excluded** from in-class computer usage is anything beyond these activities, e.g., “surfing the web” and messaging. Nonparticipation due to diversionary uses of your personal computer constitutes an absence from the class. In the event this occurs, you are not eligible to sign the attendance sheet and are subject to appropriate action as the professor may determine in his sole discretion.
9. **Synchronous Online Course?** While UH Administration has not (at time of publication) finalized the approved modes of instruction for Fall 2021, they have expressed interest in having in-person instruction. Given this, it is my preference to teach this course live in the classroom, with students who wish to attend in person, while allowing those who are unable to attend due to COVID-19 concerns to attend the synchronous course via Zoom.

Nevertheless, whether this course will be offered only as a distance education course or will have a physical room assigned is not determined at this time. In addition, the decision on course modality may be impacted by further developments and factors that are not known or knowable at this time. You may see contrary indications in the UH systems where you actually register for the course. In other words, this course might be distance education with no use of a physical classroom. It might be the “HyFlex” mode in which some Law Center courses used a physical room during 2020-21. As we get closer to the start of the term/semester for this course, this syllabus will be updated as decisions are determined. Moreover, decisions about modalities may not be invariant throughout the term/semester or between now and when the course starts.

10. **Online Students.** The course will be streamed and available online via the Zoom video conferencing software assigned to the class(accessible at: <https://uhlc.zoom.us/j/92425487823?pwd=VEsxdnZCK1NOYkdNNIRIWm1kOHdBQTO>)

9; Meeting ID: 924 2548 7823; Passcode: 2021). Student using the classroom's internet videoconferencing capability must adhere to the following requirements:

- a) you must be connected to the internet videoconference five minutes before class starts;
- b) 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);
- c) if your computer is a laptop, you must not be distracted by traveling or other activities when you join the internet videoconference;
- d) you may not join the class internet videoconference from a phone;
- e) you must identify yourself with your class roll name in the internet videoconferencing software;
- f) you must have your video feed on so that your face and upper body area are visible in gallery mode in Zoom; you must present yourself professionally in the video stream (for example, eating "on-camera" is not a professional presentation);
- g) you must be able to fulfill your responsibilities if called on to discuss a case, a Problem Set, or any of the assigned course materials; and
- h) you must place your audio on "mute" until called upon or until you have a question to ask.

11. Grading for the course:

- a) Final Examination. The grade in this course will be entirely dependent upon the final examination (except note ¶8(b) below). Course materials will be permitted in the examination room but will be limited to: (i) the student's casebook, (ii) the CCH code and regulations volume, (iv) this syllabus, (iv) any course supplemental materials handed-out during class (as provided during the semester), and (v) student prepared outlines. Not permitted in the examination room are commercially prepared materials and outlines (including but not limited to the reading materials referenced in ¶10 below).
- b) Impact of Class Participation. Class participation is expected in this class. Significant class participation may positively impact your grade.

12. Questions to professor. My office hours are Wednesday from 10:30 am to noon and Thursday from 11:00 am to noon, or at mutually convenient times. If you have questions, please contact me at Room 128, Teaching Unit II, or by telephone at 713-743-2502, or by email at bwells@uh.central.edu. I am available to answer questions until the end of the last class day.

13. Honor Code. Students may be asked to sign an honor code statement as part of their submission of any graded work including but not limited to projects, quizzes, and exams.

Students acknowledge the following: "I understand and agree to abide by the provisions in the Law Center Honor Code. I understand that academic honesty is taken very seriously and, in the cases of violations, penalties may include suspension or expulsion from the University of Houston."

- 14. Counseling Options.** 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

- 15. Sexual Misconduct Policy.** The University is committed to maintaining and strengthening an educational, working and living environment where students, faculty, staff, and visitors are free from discrimination and sexual misconduct. If you have experienced an incident of discrimination or sexual misconduct, there is a confidential reporting process available to you. For more information, please refer to the University system's Anti-Discrimination Policy SAM 01.D.07 and Sexual Misconduct Policy SAM 01.D.08, available here:

<http://www.uhsystem.edu/compliance-ethics/uhs-policies/sams/01-general-information/index.php>

<http://www.uhsystem.edu/compliance-ethics/docs/sam/01/1d7.pdf> (antidiscrimination)

<http://www.uhsystem.edu/compliance-ethics/docs/sam/01/1d8.pdf> (sexual misconduct)

Please be aware that under the sexual misconduct policy, SAM 01.D.08, faculty are required to report to the University any information received regarding sexual misconduct as defined in the policy. Please note that the reporting obligations under the sexual misconduct policy reach to employees and students. Also, as a required reporting party, Law Center employees and faculty members are not a confidential resource.

- 16. Corporate Taxation Suggested Additional Reading Materials.** A significant body of external resources are available for this course. A partial listing of potential supplemental materials is as follows:
- Bittker & Eustice, "Federal Income Taxation of Corporations and Shareholders," Seventh Edition, Warren, Gorham & Lamont (2000), with supplements.
 - Bittker, Emory & Streng, "Federal Income Taxation of Corporations and Shareholders - Forms " Fourth Edition, Warren, Gorham & Lamont (1995, with

- revised chapters and tri-annual supplements).
- c. Block, "Corporate Taxation - Examples & Explanations," Aspen Law & Business, Fourth Edition (2010).
 - d. Burke, "Federal Income Taxation of Corporations and Shareholders in a Nutshell," Eighth Edition, West Publishing Co. (2018).
 - e. Kahn, Kahn, Perris & Lehman, "Corporate Income Taxation," Sixth Edition, West (2009).
 - f. Kahn, Kahn & Perris, "Principles of Corporate Taxation," West (2010).
 - g. Lederman & Kwon, "Understanding Corporate Taxation," Fourth Edition, Carolina Academic Press (2020).
 - h. Schwarz & Lathrope, "Corporate and Partnership Taxation," Seventh Edition, West Publishing Co. (Black Letter Series) (2012).
 - i. See also the UH Law Library Guide to Federal Tax Research (as prepared by Chris Dykes of the UH Law Library staff) which is located at the following website: [http://www.law.uh.edu/libraries/ResearchResources/LegalResearchGuides/Federal Tax Law Research Guide](http://www.law.uh.edu/libraries/ResearchResources/LegalResearchGuides/FederalTaxLawResearchGuide). This guide identifies both printed materials and electronic resources (e.g., Checkpoint, Lexis-Nexis, BNA Tax and Accounting Center - Tax Management Portfolios, Westlaw and Tax Analysts Web Service).

These supplemental materials may be beneficial for you in your preparation for this course. However, as indicated in ¶8(b), the supplemental materials and any other outside commercially prepared materials are not permitted to be taken into the final examination.

Corporate Tax Reading Assignment

	Class Date	Topic	Reading Material
1	Tuesday, August 24, 2021	Introduction	McMahon Ch. 1 (pp. 3-54)
2	Thursday, August 26, 2021	Formation of Corporation: Basics of §351	McMahon Ch. 2 (pp. 55-84)
3	Tuesday, August 31, 2021	Formation of Corporation: Assumption of Liabilities	McMahon Ch.2 (pp. 85-115)
4	Thursday, September 2, 2021	Formation of Corporation: Basics of §351 (Control Requirement & Stock-for-Services Issues)	McMahon Ch.2 (pp. 115-135)
5	Tuesday, September 7, 2021	Capital Structure	McMahon Ch.3 (pp.137-185; omit pp. 186-201 Bond Discount & Premium)
6	Thursday, September 9, 2021	Dividends Distributons	McMahon Ch.4 (pp.203-265)
7	Tuesday, September 14, 2021	Dividends Distributons (cont.)	McMahon Ch.4 (pp.203-265)
8	Thursday, September 16, 2021	Stock Redemptions	McMahon Ch.5 (pp.267-294)
9	Tuesday, September 21, 2021	Stock Redemptions (cont.)	McMahon Ch.5 (pp.295-344)
10	Thursday, September 23, 2021	Stock Redemptions (cont.)	McMahon Ch.5 (pp.295-344)
11	Tuesday, September 28, 2021	Stock Dividends	McMahon Ch.6 (pp.345-368; omit pp. 368-386)
12	Thursday, September 30, 2021	Corporate Liquidations	McMahon Ch.7 (pp. 387-429)
13	Tuesday, October 5, 2021	Taxable Acquisitions	McMahon Ch.8 (pp. 431-471)
14	Thursday, October 7, 2021	Continue Taxable Acquisitions; Begin Bootstrap Acquisitions	Continue Taxable Acquisitions; Begin Bootstrap Acquisitions with McMahon Ch.9 (pp. 473-506)
15	Tuesday, October 12, 2021	Tax-Free Acquisitions	McMahon Ch.10 (pp. 507-562)
16	Thursday, October 14, 2021	Tax-Free Acquisitions (cont.)	McMahon Ch.10 (pp. 562-599)
17	Tuesday, October 19, 2021	Tax-Free Acquisitions (cont.)	McMahon Ch.10 (pp. 599-614)
18	Thursday, October 21, 2021	Tax-Free Acquisitions (cont.)	McMahon Ch.10 (pp. 615-647)
19	Tuesday, October 26, 2021	Tax-Free Acquisitions (cont.)	McMahon Ch.10 (pp. 656-694)
20	Thursday, October 28, 2021	Non-Acquisitive Reorganizations	McMahon Ch.11 (pp. 697-727)
21	Tuesday, November 2, 2021	Tax-Free Corporate Divisions	McMahon Ch.12 (pp. 729-770)
22	Thursday, November 4, 2021	Tax-Free Corporate Divisions (cont.)	McMahon Ch.12 (pp. 770-812)
23	Tuesday, November 9, 2021	Tax-Free Corporate Divisions (cont.)	McMahon Ch.12 (pp. 812-835); Begin Ch. 13 (pp.839-864)
24	Thursday, November 11, 2021	Corporate Attributes	McMahon Ch.13 (pp. 870-895): Skip Notice 2003-65 (pp.864-870)
25	Tuesday, November 16, 2021	Corporate Attributes	McMahon Ch.13 (pp. 870-895): Skip Notice 2003-65 (pp.864-870)
26	Thursday, November 18, 2021	Open	
27	Tuesday, November 23, 2021	Open	
	Thursday, November 25, 2021	Thanksgiving	
28	Tuesday, November 30, 2021	Open	
29	Thursday, December 2, 2021	Review Session	
Tuesday, December 7, 2021 Final Exam (9:00 am - 1:00 pm)			