

# FEDERAL INCOME TAX

SPRING 2023

JOHNNY REX BUCKLES

PROFESSOR OF LAW

CLASSROOM: 102B

TUESDAY, THURSDAY: 4:00-5:45 P.M.

## I. Purpose of Course.

This course is designed (i) to introduce students to the basic doctrines of federal income tax law in the context of federal tax policy; (ii) to familiarize students with significant provisions of the Internal Revenue Code and United States Treasury regulations that govern personal income taxation, as well as judicial and administrative decisions interpreting the same; and (iii) to help students develop critical problem solving skills in federal income tax law.

## II. Assigned Topics in this Course.

<u>Date</u>	<u>Topic</u>	<u>Assignment</u> <sup>1</sup>
1/17	Introduction to Basic Federal Income Tax Law; Introduction to Federal Tax System; Structure of the Federal Income Tax; Concept of Income	1-24
1/19	Norms of Tax Policy; Tax Expenditures; Constitutional Scheme of Taxation	24-49
1/24	The Making of Tax Law; Administration of Tax Law; Compensation Income: Part 1	49-83
1/26	Compensation Income: Part 2	83-113
1/31	Imputed Income; Gifts; Prizes; Scholarships; Appreciation; Introduction to Recovery of Basis; Realization: Part 1	113-149
2/2	Realization: Part 2; Annuities; Life Insurance; Borrowings	149-180
2/7	Discharge of Indebtedness Income; Effect of Debt on Basis and Amount Realized	180-213
2/9	Damages; Tax-Exempt Interest; Introduction to Deduction for Business Expenses	213-244

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<sup>1</sup> 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 relevant statutory provisions and any other materials assigned periodically in class.

2/14	Particular Business Expenses; Business v. Personal Expenses	245-272
2/16	Travel & Entertainment Expenses; Business Meals; Home Office Expenses	272-294
2/21	Capitalization; Time Value of Money; Acquisition and Disposition of Assets; Intangible Assets; Repairs v. Improvements; “Borderline” Outlays	294-324
2/23	Capital Recovery: Depreciation, Amortization, & Depletion; Interest Expense: Part 1	324-352
2/28	Interest Expense: Part 2; Losses (in general); Business v. Personal Losses; Hobby Losses; Casualty Losses;	352-369
3/2	Limitations on Deducting Losses; Tax Shelter Losses: Part I	370-393
3/7	Tax Shelter Losses: Part 2; Bad Debts; Introduction to Personal Deductions and Credits;	393-416
3/9	Taxes; Medical Expenses	416-421; 460-471
3/14	NO CLASS (SPRING BREAK)	
3/16	NO CLASS (SPRING BREAK)	
3/21	Charitable Contributions	421-449
3/23	Taxation of the Family; Assignment of Income: Part 1	473-501
3/28	Assignment of Income: Part 2	501-533
3/30	Capital Gains and Losses: Part 1	535-563
4/4	Capital Gains and Losses: Part 2	563-588
4/6	Capital Gains and Losses: Part 3	588-615
4/11	Nonrecognition Transactions	615-626
4/13	Introduction to Accounting Problems; The Taxable Year; Tax Benefit Rule;	651-672

Claim of Right Doctrine

4/18	Introduction to Methods of Accounting; Cash Method of Accounting; Change of Accounting Method	672-691; 734-736
4/20	Accrual Method of Accounting	691-721
4/25	Reporting Installment Gain; Imputed Interest and OID	722-734
4/27	Deferred Compensation	627-649
5/4	Final Exam	

**III. Required Materials.**

- A. **Textbook:** Michael J. Graetz & Anne L. Alstott. FEDERAL INCOME TAXATION: PRINCIPLES AND POLICIES (9th ed. 2022).
- B. **Statute Book:** Daniel J. Lathrope. SELECTED FEDERAL TAXATION STATUTES AND REGULATIONS (2023 ed.).

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

**IV. Reading Assignments.**

Students must read the daily reading assignment discussing the assigned topic(s) in advance of the class dedicated to such topic(s). In addition, students must familiarize themselves with all provisions of the Internal Revenue Code and Treasury regulations mentioned in class or assigned in advance of class by the professor.

Students must also review all electronically distributed materials provided by the professor, including class discussion guides. Students must review each class discussion guide in advance of the class session to which it primarily relates.

**V. Class Participation and Professionalism.**

In this course, all students are welcome and must be respected regardless of socio-economic status, age, race, ethnicity, disability, religion, national or regional origin, veteran's status, sex, sexual orientation, gender identity, gender expression, political affiliation or preference, marital status, family background, educational background, occupational history, and any other physical, mental, or social attribute not previously identified.

One aspect of respect is referring to people in a dignified, considerate manner. Please tell me how you prefer to be identified (e.g., by your first, middle or last name or by an appropriate nickname), and also tell me your preferred title (e.g., Mr., Ms., Rev., Dr., etc.) when invoking your surname. I prefer “Professor Buckles.” If you do not express a preference, I will refer to you by your first name.

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) **adhering to the requirements for synchronous distance education** in section XVI of this syllabus.

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

#### **VI. Evaluation.**

Assuming sufficient class participation and professional conduct, a student’s grade will be based upon the student’s performance on the final exam. The final exam is open-textbook, open-statute book, open-other-assigned materials, open-notes, and open-outline (provided that the outline is produced primarily by the student using it, acting alone or in collaboration with other students enrolled in this section of the course).

#### **VII. Office Hours.**

Unless otherwise announced periodically by email or in class, office hours will be Thursday, 11:00 a.m.-12:00 p.m. and 1:00 p.m.-2:00 p.m. in 342J, and other times by appointment. The professor will follow a literal “open door” policy when a student is in his office – no exceptions. Virtual office hours may also be conducted via Zoom in lieu of in-person office hours, as periodically announced by the professor.

#### **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](http://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](http://www.uh.edu/caps/outreach/lets_talk.html)

The Texas Lawyers’ Assistance Program (“TLAP”) also supports law students who are dealing with stress, anxiety, depression, substance abuse, and other mental health problems. You can reach TLAP at any time at 1-800-343-8527. TLAP’s website includes a page with links to sources about

mental health that are of interest to law students: <https://www.tlaphelps.org/lawstudents>.

#### **IX. Reasonable Academic Adjustments/Auxiliary Aids.**

The University of Houston complies with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, pertaining to the provision of reasonable academic adjustments/auxiliary aids for disabled students. In accordance with Section 504 and ADA guidelines, UH strives to provide reasonable academic adjustments/auxiliary aids to students who request and require them. If you believe that you have a disability requiring an academic adjustments/auxiliary aid, please contact [the Justin Dart Jr. Student Accessibility Center](#) (formerly the Justin Dart, Jr. Center for Students with DisABILITIES).

#### **X. Learning Outcomes.**

Through this course, students should (i) learn to identify, explain, and apply the basic doctrinal and statutory features of federal income tax law in the context of federal tax policy; (ii) learn the most significant provisions of the Internal Revenue Code and United States Treasury regulations that govern personal income taxation, as well as judicial and administrative decisions interpreting the same; and (iii) develop critical problem solving skills in applying federal income tax law.

#### **XI. Student Handbook, Compliance with Honor Code, and Attendance.**

Each student is responsible for complying with the requirements governing students in the Law Center's student handbook, including the Honor Code. With respect to the attendance policy, **each student must record his or her class attendance and report to the professor concerning the same by using the Google electronic attendance link supplied to students.**

**Students arriving more than fifteen (15) minutes after the scheduled beginning of class must mark themselves absent for the day unless a compelling justification for tardiness exists, as determined by the professor after explanation by the student. Failure to allow adequate time for traffic and/or parking is almost never a compelling justification.**

#### **XII. Face-to-Face Mode of Instruction; Contingent Synchronous Distance Education Requirements.**

**The instruction mode of this class is face-to-face.** However, because of the continuing nature of the pandemic, at times students may be required or permitted through a special accommodation to participate remotely in class via Zoom. **Absent extraordinary circumstances as determined by the professor, students may count themselves as present for purposes of satisfying the UH attendance policy only when they are present in person for class.**

For any student using the internet videoconferencing capability for synchronous distance education via Zoom, that student must meet the following requirements:

- (i) Be connected to the internet videoconference when class starts;
- (ii) Use a computer with a working video camera **with the video function always turned on during class** and with quality audio capability; joining by audio only will be treated as an absence (you may need an external mic or headset for sufficient audio quality);

- (iii) Do not multitask; you must not be distracted by traveling, texting, checking email, or engaging in other activities when you join the internet videoconference;
- (iv) Do not join the class internet videoconference from a phone except in an emergency;
- (v) Listen closely and speak clearly and audibly;
- (vi) Identify yourself with your class roll name in the internet videoconferencing software;
- (vii) Present yourself **professionally in the video stream** (e.g., dress appropriately, do not eat, remain stationary except when you must excuse yourself for a brief personal break, etc.).
- (viii) Keep your audio function muted when you are not speaking in class.

### **XIII. Syllabus Changes.**

Due to the changing nature of the COVID-19 pandemic, please note that the professor may need to make modifications to the course syllabus and may do so at any time. Notice of such changes will be announced as quickly as possible through email.

### **XIV. Email Communications.**

Email communications related to this course will be sent to your Exchange email account which each UH student receives.

### **XV. Recording of Class.**

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 [Justin Dart, Jr. Student Accessibility Center](#). 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.

Normally, the professor will record class sessions to allow students to review the class presentation. Any recordings created will be deleted and destroyed shortly after the final exam for the class. Your contributions to class discussion will be included in the recording. Your continued registration in this class constitutes your acquiescence to all such recording for the purposes described above.

### **XVI. UH COVID-19 Information.**

If you are experiencing any COVID-19 symptoms that are not clearly related to a pre-existing medical condition, do not come to class. Students are encouraged to visit the University's [COVID-19](#) website for important information including diagnosis and symptom protocols, on-campus testing, and vaccine information. Please check the website throughout the semester for updates.