

# **Corporate Tax - 12176 - LAW 198-001**

## **SYLLABUS**

*George Mason University – Antonin Scalia School of Law*  
**SPRING 2022**

**Tuesdays /Thursdays**  
**4:25 to 5:50 PM – Hazel Hall Room tbc**  
**Draft as of December 4, 2021**

*Professor:* **Adam M. Katz**  
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*Office Hours:* **Please come and talk to me. I am available either by appointment or before or after class. Please email to set a time.**

### **OVERVIEW AND LEARNING OUTCOMES**

This course examines the statutory and regulatory provisions upon which the corporate income tax structure is based. Topics covered include corporate formations, distributions, redemptions, and tax-free mergers. Most of the course is problem-based, with additional focus on policy and practical considerations.

By the end of the course students should have acquired:

- An understanding of the basic principles of corporate tax law
- The skill of statutory and regulatory analysis, including the close reading of statutes and regulations and the application of those statutes and regulations to various fact patterns. Proficiency in problem solving.

### **TEXTBOOK AND MATERIALS**

**FUNDAMENTALS OF CORPORATE TAXATION** by Schwarz and Lathrope, 10<sup>th</sup> ed. Foundation Press (2019). ISBN: 9781642428780

**Bank and Stark's Selected Sections Corporate and Partnership Income Tax Code and Regulations, 2021-2022**

Print & Electronic - Softbound

ISBN: 9781647088804

Publication Date: 8/10/2021

You must bring to class your copy (hard copy strongly suggested) of SELECTED SECTIONS, CORPORATE & PARTNERSHIP INCOME TAX CODE AND REGULATIONS, Bank and Stark, Foundation Press 2021-2022 edition (or comparable hard-copy edition of IRC and Treas. Regs.) If you have another version of the IRC/Treas. Regs, you may bring them instead of the Bank and Stark publication.

## **SUGGESTED OPTIONAL READING AND STUDY AIDS**

Burke's Federal Income Taxation of Corporations & Stockholders in a Nutshell, 8<sup>th</sup> ed. (Nutshell Series) By [Karen C Burke](#) (West, 2019)

Schwarz and Lathrope's Black Letter Outline on Corporate Tax, 9th Ed, West Academic Press. ISBN: 9781642428933

Lederman & Kwon, Understanding Corporate Taxation, 3rd ed. (Carolina Academic Press, 2016)

## **CLASS SESSIONS**

Class sessions will enable you to accomplish the course goal by reviewing and analyzing the relevant U.S. Internal Revenue Code (“IRC”) and corresponding U.S. Treasury Regulation Sections, relevant case law and IRS Rulings. Classes will include lecture of the assigned reading material (including cases and rulings), and presentation of selected homework problems by me and by students upon request.

## **INSTRUCTOR EXPECTATIONS**

- Students are expected to complete the required readings each week prior to reviewing the accompanying lectures and completing the assignments.
- Students are expected to keep up with the required readings and complete the weekly assignments. As indicated above, students will be asked in class to present selected homework problems.
- Students are expected to independently complete all activities, assignments, and exams.

**ATTENDANCE:** Regular and punctual attendance are required to earn academic credit. Attendance requirements for academic credit will follow the policies set forth in Academic Regulation 4-1. Should circumstances occur where you anticipate the possibility of missing a substantial number of class sessions (e.g. a serious illness), you should immediately contact the Assistant Dean, Student Academic Affairs.

**ACADEMIC INTEGRITY:** It is expected that students adhere to the Antonin Scalia Law School Honor Code. The Honor Code prohibits lying, cheating, or stealing. This includes a student obligation to never represent the work of another as their own, and to never provide or accept unauthorized assistance on any school related assignment. The Honor Code is available here: <https://sls.gmu.edu/honor/>.

**CLASSROOM ACCOMMODATIONS:** Disability Services at George Mason University is committed to providing equitable access to learning opportunities for all students by upholding laws that ensure equal treatment of people with disabilities. If you are seeking accommodations for this class, please visit <http://ds.gmu.edu/> for detailed information about the Disabilities Registration Process. Faculty may not receive or respond to requests for an accommodation. All requests must be handled by the office of Disability Services. You may contact Disability Services directly via email at [ods@gmu.edu](mailto:ods@gmu.edu) or phone at (703) 993-2474. If you have any questions about how in-class or testing accommodations are implemented at the law school, please contact the Assistant Dean, Student Academic Affairs for more information.

## GRADING POLICY

This course follows the grading policies outlined in the Academic Regulations:

<https://www.law.gmu.edu/academics/regulations>. Each week you will work on readings and assignments. You will also take a Final Examination.

Category	Points	Percentage
Discussion Questions & Submitted Problems <sup>1</sup>	50	20%
Final Examination	200	80%
Total	250	100%

**FINAL EXAM:** The final exam will be a three-hour exam and will be worth 80% of your grade. The exam will be open-book. You may use the textbook, the Code and any notes or outlines you have created in the course. **You may not use notes or outlines that others have created.**

**EXAM CONFLICTS:** In accordance with AR 4-4.1, excuses and requests for permission not to sit for an examination when scheduled must be presented, with appropriate documentation, to the Assistant Dean, Student Academic Affairs. Except in emergencies, such requests should be presented no later than two weeks before the date of the examination.

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<sup>1</sup> Approximately 10 submissions @ 5 points each, subject to change. The total category points may also be adjusted for class attendance and participation.

**SCHEDULE OF MODULE ASSIGNMENTS:** Following are the assignment modules by week. Adjustments may be made as necessary during the semester. Readings are from the Casebook. The Casebook lists the relevant Code and Regulation sections on which you should focus at the beginning of each section. You should complete all assigned readings from the Casebook and review the corresponding Code and Regulation sections.

**Week 1:** January 18 (*there will be no class on Thursday, January 20; make-up class tbc*)

**Module 1: Introduction and Basic Concepts**

Chapter 1

Overview A. Introduction

Pages 3-23

*Review and prepare supplemental assignment on BlackBoard*

B. Corporation as a Separate Taxable Entity

Pages 23-26

Problem page 28. For the problem, see IRC §1211(a).

C. Corporate Classification Pages 28-38

Recognition of the Corporate Entity Pages 38-42

Tax Policy Issues Pages 43-52

**Week 2:** January 25 & 27

**Module 2: Formation of a Corporation – Introduction to §351**

Reading: Chapter 2 Part A

Problems: Pages 59 (a) – (c) (Assume individual E transferred \$20,000 of cash, not a note. The Code and Regulation Sections mentioned in part (a) of the problem are not assigned.)

Discussion Question: Pages 59 – 60, Problem (d)

Handout: The Black Letter of Corporate Tax (this handout is for your use in demystifying the tax consequences of various events in the life cycle of a corporation. We will not discuss it in class.)

**Module 3: Formation of a Corporation – Requirements for §351**

Reading: Chapter 2 B

Problems: Page 66 (a) – (d); Pages 69 – 70 (a) – (d)

Discussion Question: Posted Question

**Week 3:** February 1 & 3

**Module 4: Formation of a Corporation – Treatment of Boot**

Reading: Chapter 2 C.1

Problems: Page 79 (part (a) only; ignore consequences to C)

Discussion Question: None

**Module 5: Formation of a Corporation – Assumption of Liabilities; Incorp of a Going Business; Collateral Issues**

Reading: Chapter 2 D, E & F

Problems: Page 98, Problem 1(a)-(d) and Problem 2

Discussion Question: Page 98, Problem 1(e)

Problem pages 108-109: (a), (b) and (c)

**Week 4: February 8 & 10**

**Module 6: Debt v. Equity**

Reading: Chapter 3 A, B

Problems: Pages 147-8, Problem 1

Discussion Question: Page 148, Problem 2

**Module 7: Distributions of Cash and Earnings & Profits** (Non-Liquidating Distributions)

Reading: Chapter 4 A, B, C

Problems: Page 163; Page 168 (a) – (d)

Problem for Submission: Page 168, Problems (a)-(d)

**Week 5: February 15 & 17**

**Module 8: Distributions of Property and Constructive Distributions** (Non-Liquidating Distributions)

Reading: Chapter 4 D and E (intro only; skip Nicholls and notes) and Posted Handout

Problems: Page 173 (a) – (d)

Handout: Rev. Rul. 69-630

Discussion Question: None

**Module 9: Dividends Received Deduction and Extraordinary Dividends** (Non-Liquidating Distributions)

Reading: Chapter 4 F.1, 2 and 3

Problems: Page 187

Discussion Question: None

**Week 6: February 22-24**

**Review/complete Modules 7-9**

**Module 10: Bootstrap Sales** (Non-Liquidating Distributions)

Reading: Chapter 4 G

Problems: Page 200

Discussion Question: Posted Question

## **Week 7: March 1 & 3**

### **Module 11: Stock Redemptions**

Reading: Chapter 5 A, B, C

Problems: Pages 206, 211, 228 (skip (2) and (3)), 243-4, Problems (1) – (2) Discussion Question: Posted Question

### **Module 12: Partial Liquidations & Consequences to Distributing Corporations**

Reading: Chapter 5 D, E, F.1

Problems: Pages 248-9

Discussion Question: Page 256, Problem

## **Week 8: March 8 & 10**

### **Module 13: Redemptions through Related Corporations**

Reading: Chapter 5 G

Problems: Pages 293, Problems 2(a) – (b)

Problem for Submission: Page 292, Problem 1

## **WEEK OF MARCH 14 – SPRING RECESS**

## **Week 9: March 22 & 24**

### **Module 14: Stock Dividends**

Reading: Chapter 6 A, B, C

Problems: Pages 310 (skip (2)), 323-4, Problem 1(skip (f))

Discussion Question: Page 324, Problem 2

## **Week 10: March 29 & 31**

### **Module 15: Corporate Liquidations**

Reading: Chapter 7 A, B (skip *Court Holding & Cumberland*), C (skip *Riggs* case)

Problems: Pages 329-30 (skip (c)-(e)), 342-3 (skip 2), 354-5 1(a) – (c)

Discussion Question: Page 355, Problem 1(d)

### **Module 16: Taxable Acquisitions**

Reading: Chapter 8 A, B.1, C.1, D

Problems: None

Discussion Question: None

**Weeks 11 & 12: April 5, 7 & 12 (April 14 if needed)**

**Module 17: Tax-Free Stock and Asset Reorganizations (“A”, “B” & “C”)**

Reading: Chapter 9 A, B.1 (skip p.408-11 *Bentsen*), B.2, B.3

Problems: Pages 433-4, Set #1 (problems 1(a)-(e)); Set #2 (problems 1(f)-(i)) Discussion Question: None

**April 14 (as time permits – tbc)**

**Module 18: Triangular Asset and Stock Reorganizations**

Reading: Chapter 9 B.4

Problems: Page 434, Problem 2 (skip (d))

Discussion Question: Page 434, Problem 3

**Week 13: April 19 & 21 (last scheduled class)**

**Module 19: Shareholder and Corporate Consequences of Reorganizations**

Reading: Chapter 9 C

Problems: Pages 446-7 Problem 1 (a)–(i) (Skip problem 2)

Discussion Question: None

**Module 20: Taxation S Corporations**

Reading: Chapter 15

Pages 667-675

Problem 676 (skip parts e, f, g, i, and j)

Election Revocation and Termination

Pages 677-681

Problem 681-682 (only 1(a)(b)(d) - (f))

Treatment of Shareholders

Pages 682-704 (stop at c.)

Problems 685-6 (only 1(a)-(c) & 2), 695-6 & 706 (only (a) & (b))

Distributions to Shareholders

Pages 708-710

Problems 710 (only 1(a) – (b))

Taxation of the S Corporation – SKIP

Coordination - Pages 718-721(stop at Taxable Acquisitions of S Corporations)

Compensation - Pages 725-735

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**Optional Review Session for Final Exam tbc**