**Tax II: The Taxation**

**of Business Enterprises**

**Law 697:61**

**Cleveland State University**

**Cleveland Marshall College of Law**

Spring 2020 Mon & Wed 7:30-9:10 p.m.

Patricia M. Ritzert, JD, MTax, LL.M., Adjunct Professor

**The Monday January 20 class meeting is moved to Tuesday JANUARY 21**

**(Monday (Jan 20) classes are moved to Tuesday due to MLK Day; Tuesday classes not held)**

**NO CLASS MEETING ON FEBRUARY 17**

**(Monday Feb 17 classes are canceled for Presidents’ Day)**

**Required Texts**

*Introduction to the Taxation of Business Organizations and Choice of Entity*

by [J. Martin Burke](https://cap-press.com/authors/2139/J.-Martin-Burke), [Michael K. Friel](https://cap-press.com/authors/2189/Michael-K.-Friel) (2018 Carolina Academic Press)

ISBN978-1-5310-0422-4e-ISBN978-1-5310-0423-1Looseleaf978-1-5310-1169-7

*Selected Federal Taxation—Statutes and Regulations*—2020 ed. (West Pub.) Lathrope, ed.

NOTE: This collection of U.S. Code sections and Treasury Regulations contains every code section and regulation you need for this course. You will refer to it frequently at home and in class. It is updated annually; you can get by with the 2019 edition. Please read the assigned Code sections before class, and bring your Code to class.

**Optional Texts** The optional texts are suggested for the more direct explanations of the Internal Revenue Code provisions and relevant interpretations provided in these resources*.*

- *The Logic of Subchapter K, A Conceptual Guide to the Taxation of Partnerships,* 6th ed. by Laura E. and Noel B. Cunningham (West Academic Pub.) ISBN**:** 9781642429794

NOTE: This *Logic* is a new edition released December 26, 2019.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| #1 | Mon | **Jan** 13 | FIRST CLASS ASSIGNMENT  Organization of the Internal Revenue Code.  Business entities compared.  Basic concepts from Tax I reviewed:  Concepts important to recall from Tax I:   |  |  | | --- | --- | | * Basis * Ordinary income vs. capital gain * How to calculate gain/loss from transactions in property * Gain realized vs. gain recognized | * Adjusted basis * Holding period * Accounting period/taxable year * Accounting method * Depreciation | | Look over the Internal Revenue Code (Title 26, United States Code). We will look at the organization of the IRC, and I will pass out a table of contents for Title 26 (unfortunately out of date but comprehensive to its date).  Find Subchapter K in the Internal Revenue Code (the "Code"). Where does it start? Where does it end? How is it organized? Same questions for Subchapter C and Subchapter S in the Code.  These three subchapters are the three schemes of business taxation in the Code.  Look at the Regulations in your anthology, and notice that Treasury Regulations are numbered to correspond with the Code sections to which they pertain, often with the prefix “1.“ or “301.“, and followed by a dash and numbered subdivisions. E.g. “301.7701-1 Classification of Organizations for Federal Tax Purposes.”  Read **Chapter 1** in Burke & Friel’s *Introduction to the Taxation of Business Organizations and Choice of Entity*. (“B&F”)  This is an overview and introductory reading. However I suggest you begin immediately with Chapter 1 to list the types of business organizations your authors discuss, and create a chart or table for yourself, that organizes in separate columns the key differences among them.  In the Code, read the following sections:  **§1; §11; §701; §1366.**  **§7701(a) (1 through 11, 13, 14, 23, 24, and 42 through 45)**  Read Internal Revenue Regulations:  **§301.7701-3(a), (b) and (c).** |