

TAX I

Fall 2023

SYLLABUS

Law 607, Section 1

**Professor John Plecnik
CSU College of Law**

REQUIRED TEXT:

Geier, U.S. FEDERAL INCOME TAXATION OF INDIVIDUALS (10th ed. 2023)

Special thanks to my colleague, Professor Deborah A. Geier, for authoring and sharing our required text free of charge. Here is the link to download the text from the Center for Computer-Assisted Legal Instruction:

[HTTPS://WWW.CALI.ORG/BOOKS/US-FEDERAL-INCOME-TAXATION-INDIVIDUALS](https://www.cali.org/books/us-federal-income-taxation-individuals)

RECOMMENDED TEXT:

Lathrope, SELECTED FEDERAL TAXATION, STATUTES AND REGULATIONS (2023 ed.)

You are responsible for reading the assigned provisions of the Internal Revenue Code and Income Tax Regulations, and you should always have a copy of them at hand during class. As such, it is advisable to purchase a hard copy of the Code and Regulations if you do not already own one. However, you may choose to save the money and print out the assigned provisions from Lexis or Westlaw.

CLASS MEETINGS:

Monday & Wednesday, 2:30 p.m. to 4:10 p.m., LB 208

OFFICE HOURS:

Monday & Wednesday, 10:30 a.m. to Noon

Office: LB 229

Phone: Cell (440) 382-9978

E-mail: j.plecnik@csuohio.edu

We have class on Mondays and Wednesdays from 2:30 p.m. to 4:10 p.m. and I also teach from 8:45 a.m. to 10:25 a.m. on those days. Outside of class, I should be in my office most of the day on the majority of Mondays and Wednesdays. You need **not** make an appointment to see me. Just stop by.

POLICY ON USE OF CHAT GPT & AI LANGUAGE MODELS:

You may not use AI language models, such as Chat GPT and similar products, to write your exam answers or other assignments in this course.

COURSE OVERVIEW & OBJECTIVES:

Tax I is a four-credit course designed to survey the law of federal income taxation, with particular emphasis on the determination of taxable income, deductions in computing taxable income, the correct time period for reporting income and deductions, and the correct taxpayer on which to impose the tax. Unlike the majority of law courses, which focus on common law jurisprudence, the primary source of law in this course is a statute. Thus, this course is also a valuable introduction to statutory and administrative law.

This course is only intended to be a basic introduction to the doctrines and policies of the law of federal income taxation. More advanced issues are covered in other courses. For example, a detailed examination of practice before the Internal Revenue Service and arguing tax cases in federal court is reserved for Tax Procedure, Penalties & Crimes.

CLASS ATTENDANCE & PREPARATION:

The accreditation rules of the American Bar Association provide that law schools must announce and adhere to attendance requirements, which are examined for compliance during the septennial accreditation visits. I require that students miss no more than 2 weeks of a 14-week semester. Thus, for this class, students may miss no more than 4 classes without consequence. I consider “attendance” to encompass “adequate preparation” as well as physical presence. Thus, a failure to prepare adequately can constitute an absence.

Absence (or its equivalent—a failure to prepare) for more than 2 weeks of classes may result in a lower final grade (including the grade of “F” in egregious instances) or administrative withdrawal from the course **in my sole discretion**, depending on my evaluation of the equities of the situation that caused the excessive absences or lack of preparation.

The 2-week period is intended to account for the range of true emergencies that might arise, including personal and family illnesses, child-care problems, moot court and law review deadlines, outside work responsibilities, and employer interviews. Because such things inevitably arise unexpectedly, I highly encourage you to save what many students come to think of as “free days” for these purposes. You need not report to me the reason for an absence; the function of the two-week period is to allow you to miss class, when necessary, without the need for me to evaluate the merits of the reason for your absence. I assume good faith on the part of students and that, when you are not in class, you have a good reason for the absence, such as illness or job interviews. You need not use the free days to observe religious holidays; such absences will constitute additional excused days if

you give me notice in writing before the holiday. Please see me if absences or instances of lack of preparation begin to mount and put you at risk.

I will take attendance at the beginning of each class. **Please be in your seat ready to begin class promptly.** Attendance will be taken by roll call or by circulating the class roster for your signature. If you fail to reply during the roll call or if you fail to sign the attendance roster within the first fifteen minutes of the class, as applicable, you will be counted as absent. You will not be permitted to reply or sign the roster after class has been completed. Replying or signing the roster for another student is an Honor Code violation.

CANCELLED CLASSES:

I will make every effort to adhere to the scheduled class times. In the event I have to cancel a class, I will notify you by email.

RECORDING OF CLASSES:

Any recording of class sessions for this course by students, whether audio, video or otherwise, is strictly prohibited unless prior approval has been obtained from the professor. Classes will be recorded and will be available for a limited time after each class. Watching the classes online is not a substitute for attendance in accordance with the attendance policy. The photography of examinations and other non-distributed class materials for personal use provided during class, review sessions, office hours or otherwise is strictly prohibited.

EXAMINATION & GRADING:

There will be one final examination at the end of the course. **The examination will be in-class, open book, and 3 hours in length.** We will discuss the examination in more detail later in the semester.

The examination grade normally will count for 100% of your final grade. Class participation, however, can move your grade to a higher grade category. As noted above, absences (including a failure to prepare) beyond the 2-week period may lower your final grade.

OPTIONAL PRACTICE EXAMINATION:

You will have a practice examination approximately midway through the semester with a review session to consider the answers.

DISABILITY ISSUES:

If you have a disability for which you are or may be requesting an accommodation, please contact the law school administration.

READING ASSIGNMENTS:*

We simply cannot cover every page and every topic discussed in the text. Through a combination of skipping parts of chapters as well as entire chapters, we shall skip about 1/3 of the book. The coverage is typical; I cover neither more nor less than the typical 4-hour basic federal income tax course in law schools across the country.

Always read the provisions of the Code and Regulations discussed in the text before class, and always bring a copy of them to class.

Throughout the semester, I may distribute a handful of handouts to supplement your reading.

Preface

Introduction

Unit I: The Core Structures of Income and Consumption Taxation and Tax Policy

- Chapter 1. The Essential Structure of the Income Tax
- Chapter 2. Consumption Taxation and Our Hybrid Income/Consumption Tax
- Chapter 3. Ethical Debates, Economic Theories, and Real-World Impacts
- Chapter 4. The Contours of “Capital Expenditure” v. “Expense” (or Current Depreciation)

Unit II: Two Types of Gross Income: Compensation and Residual Gross Income

- Chapter 5. § 61(a)(1) Compensation
- Chapter 6. § 61 Residual Gross Income

* Rather than assign material for specific days, this schedule is built around topics to be covered. This will provide flexibility in the schedule since some topics will take more time to cover than others. I will announce the next reading assignment at the end of each class. Lastly, I reserve the right to amend this schedule and assign supplemental readings as the class goes forward.

Unit III: The Possibilities For Income Shifting

Chapter 7. Gifts and Bequests

Chapter 8. Income Shifting in the Happy and Fractured Family

Unit IV: Everything You Ever Wanted To Know About Debt but Were Afraid To Ask

Chapter 9. Borrowing and Lending

Chapter 10. The Bad-Debt Deduction (for Lenders) and Debt-Discharge Income (for Borrowers)

Chapter 11. Debt and Property

Unit V: The Ownership and Disposition of Property

Chapter 12. Properly Accounting for, and the Nonrecognition of, § 1001 Realized Gain or Loss

Chapter 13. Depreciation in a Realization Income Tax and the Business Interest Deduction

Chapter 14. Capital Gains and Losses

Chapter 15. Tax Shelters

Unit VI: Distinguishing Between Income-Producing Activities and Personal Consumption and the Personal Consumption Tax Expenditures

Chapter 16. On Human Capital

Chapter 17. Homes, Health, Charity, and More

Chapter 18. Gambling and Hobby Losses

Chapter 19. Allocating Costs Between Income Production and Personal Consumption

Unit VII: The Taxable Year and Methods of Accounting

Chapter 20. The Taxable Year

Chapter 21: Methods of Accounting