Instructor: Joel Busch
Office Location: Lucas Graduate School of Business
Telephone: (408) 924-3494
Email: Joel.Busch@sjsu.edu
Office Hours: 30 minutes before and after class and by appointment

Class Days/Time: Mondays - 6:00 p.m. to 10:00 p.m. (4/18 to 6/6)
Saturday, May 7 (9:00 a.m. to 5:00 p.m.)
+ 1 online class session

Classroom: Lucas School Silicon Valley Site
2933 Bunker Hill Lane - Suite 120
Santa Clara, CA 95054

Prerequisites: Bus 223A, graduate standing

Faculty Web Page
Course materials such as syllabus, handouts, PowerPoint slides, notes, assignment instructions, etc. may be found on the Canvas learning management system course website. You are responsible for regularly checking Canvas to learn of any course updates – including new messages, readings and assignments.
Course Description
Income tax treatment of partners and partnerships and LLCs, including the creation, operation, liquidation and sale or other amalgamation of organizations. Special allocation and non-recourse debt arrangements are also covered.

Lucas College of Business Learning Goals:

**Goal One: Business Knowledge**
Understand basic business principles and demonstrate discipline-specific competencies as applied to local and global environments.

**Goal Two: Communication**
Communicate ideas clearly, logically, and persuasively in oral and written format, using technology appropriately.

**Goal Three: Ethical Awareness**
Recognize, analyze, and articulate solutions to ethical issues that arise in business.

**Goal Four: Leadership, Teams and Diversity**
Comprehend the challenges and opportunities of leading and working in diverse teams and environments.

**Goal Five: Critical Thinking**
Comprehend, analyze, and critically evaluate complex and unstructured qualitative and quantitative business problems, using appropriate tools and technology.

**Goal Six: Innovation**
Recognize, analyze, and articulate strategies for promoting creativity and innovation.

Course Learning Outcomes
Upon completion of this course you should be able to:

CLO 1: Understand the theories underlying the Federal income tax provisions dealing with the formation, operation, liquidation and sales of partnerships, and transactions between partners and partnerships. Comparisons to other forms of business entities will also be discussed.

CLO2: Identify key areas where state tax rules may have different treatment for partnerships / LLCs than the federal tax rules and the relevance to tax planning.

CLO 3: Develop conceptual and analytic skills with real world applications.

CLO 4: Develop conceptual and analytic skills with real world applications.

CLO 5: To identify, understand and resolve complex and multijurisdictional tax issues within the context of our global economy and society.

CLO 6: To learn and acquire research skills for exploring both familiar and novel areas of the tax law and to communicate the findings using clear terms.
CLO 7: To appreciate tax policy issues and foundations of the tax law.
CLO 8: To understand the ethical implications of tax practice.
CLO 9: To develop skills for effective tax practice including keeping current, interacting with others, and career advancement.

Required Texts/Readings

Primary Textbook

South-Western (Cengage) Federal Taxation 2016: Corporations, Partnerships, Estates and Trusts (we will be utilizing the Partnership section of the textbook – which are chapters 10 and 11 of the book)

*** You will only need to purchase chapters 10 and 11 (not the entire book) directly through Cengage at the following website:

http://www.cengagebrain.com/shop/isbn/9781305399884

Once at the website, you will click on the following:

1) eChapter
2) Click both eChapters 10 and 11
3) Click add to cart
4) Click checkout and go through the appropriate purchase steps (note: if you have never purchased a Cengage textbook before you will need to create a Cengage account on the Cengage Brain website (the checkout process will guide you to this step).

The book is referred to as “Text” in the Syllabus Calendar Below

Other Readings

[All materials available online or via your online SJSU library account]

- California FTB – Overview of Withholding on Distributions to Non-California Partners, LLC Members and S Corporation Shareholders: https://www.ftb.ca.gov/individuals/wsc/partnerships_and_limited_liability_companies.shtml
- California FTB Publication 1017: https://www.ftb.ca.gov/forms/misc/1017.pdf
- BNA Portfolio 1550 Choice of Entity – An Overview of Tax and Non Tax
Considerations (selected sections)

- IRS v. Culbertson, 337 US 733 (1949) [U.S. Supreme Court Case]
- Use of RIA, CCH and/or BNA for research and background reading to supplement above readings
- Additional materials may be delivered in class or posted on the Bus 223B Canvas website

Optional Reading


Library Liaison

Christa Bailey is the library liaison at the main campus. Her e-mail address is: christa.bailey@sjsu.edu

Classroom Protocol

Attending class is very important as we will cover a substantial amount of material each session and some of the class material is not from the assigned reading materials. If you know you are unable to attend class in advance, you should contact me to help ensure that you are up to date on what was covered in class. In addition, you should contact another class member to obtain class notes.

You should do your best to on time to class. If you are late to class, please minimize the disruption for other class members.

MST Program Administrative Guidelines

- Please see the Fall 2015 / Spring 2016 MST New Student Handbook at: http://www.sjsu.edu/lucasgsb/docs/MST-New%20Student%20Handbook%20Fall%202015_012816.pdf

Assignments and Grading Policy

Reading and Viewing Assignments: Reading assignments have been scheduled throughout the class term. It is expected that the students have completed the assigned reading prior to class.

In-Class Assignments: Throughout the course time will be allocated for in-class assignments that will be worked on either in groups or individually. In addition to ungraded in-class problems there will be a total of 4 graded in-class assignments during the semester. The assignments will be written or informal presentations. The format and details of each in-class assignment will be provided in class. You must be present and/or complete the in-class
assignment in order to receive applicable points. There may be a significant loss of points for any graded in-class assignments turned in late.

**Quizzes:** There will be 7 quizzes during the semester. This quizzes will be taken online on Canvas. You will have two attempts at each quiz. The highest score of the two attempts will be used as your score for that particular quiz. Any quizzes turned in late are subject to a significant reduction in points.

**Exams:** A final examination will be administered during the final week of class. One page of notes (not larger that 8.5” x 11”, double-sided) will be allowed. Details regarding the general format of the exam will be discussed in class. Under almost all circumstances there are no make-up exams. On very rare occasions and at my discretion, students may be allowed to make up the final exam. Students must give advance notification with documentation in order for me to make a decision regarding a make-up exam. If an exam is missed without prior consent, the exam grade is zero under almost all circumstances. The final exam must be taken on the scheduled date and time detailed on the assignment schedule.

**Grades:** Course grades will be determined on the basis of total points earned in the class. Please see below for additional information on grading:

<table>
<thead>
<tr>
<th>Canvas Online Quizzes (7)</th>
<th>70 points</th>
<th>(10 points each)</th>
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</thead>
<tbody>
<tr>
<td>In-Class Assignments (4)</td>
<td>80 points</td>
<td>(20 points each)</td>
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<tr>
<td>Final Exam</td>
<td>150 points</td>
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</table>

**Total Possible Points** 300 points

Grades will follow the pattern of 90% or higher for an A, 80% or higher for a B, 70% or higher for a C, etc. Plus and minus grades will be used for scores within two percentage points of the grade breakpoint.

**Class Participation:** While you are encouraged to ask or answer questions in class, points will not be awarded for class participation.

**University Policies**

**Academic integrity**

Your commitment as a student to learning is evidenced by your enrollment at San Jose State University. The University’s Academic Integrity policy S07-2, located at http://www.sjsu.edu/senate/S07-2.htm, requires you to be honest in all your academic course work. Faculty members are required to report all infractions to the office of Student Conduct and Ethical Development. The Student Conduct and Ethical Development website is available at http://www.sjsu.edu/studentconduct.
Instances of academic dishonesty will not be tolerated. Cheating on exams or plagiarism (presenting the work of another as your own, or the use of another person’s ideas without giving proper credit) will result in a failing grade and sanctions by the University. For this class, all assignments are to be completed by the individual student unless otherwise specified. If you would like to include your assignment or any material you have submitted, or plan to submit for another class, please note that SJSU’s Academic Integrity Policy S07-2 requires approval of instructors.

**Campus Policy in Compliance with the American Disabilities Act**

If you need course adaptations or accommodations because of a disability, or if you need to make special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. Presidential Directive 97-03 at http://www.sjsu.edu/president/docs/directives/PD_1997-03.pdf requires that students with disabilities requesting accommodations must register with the Accessible Education Center (AEC) at http://www.sjsu.edu/aec to establish a record of their disability.

**Consent for Recording of Class and Public Sharing of Instructor Material**

University Policy S12-7, http://www.sjsu.edu/senate/docs/S12-7.pdf, requires students to obtain instructor’s permission to record the course.

- Common courtesy and professional behavior dictate that you notify someone when you are recording him/her. You must obtain the instructor’s permission to make audio or video recordings in this class. Such permission allows the recordings to be used for your private, study purposes only. The recordings are the intellectual property of the instructor; you have not been given any rights to reproduce or distribute the material.

- Course material developed by the instructor is the intellectual property of the instructor and cannot be shared publicly without his/her approval. You may not publicly share or upload instructor generated material for this course such as exam questions, lecture notes, or homework solutions without instructor consent.

- You may request permission, either in writing or orally, at any time during the semester.

- If students or guests may be on the recording, permission of those students or guests should be obtained as well.

**Accommodation to Students’ Religious Holidays**

San José State University shall provide accommodation on any graded class work or activities for students wishing to observe religious holidays when such observances require students to be absent from class. It is the responsibility of the student to inform the instructor, in writing, about such holidays before the add deadline at the start of each semester. If such holidays occur before the add deadline, the student must notify the instructor, in writing, at least three days before the date that he/she will be absent. It is the responsibility of the instructor to make every reasonable effort to honor the student request without penalty, and of the student to make up the work missed. See University Policy S14-7 at http://www.sjsu.edu/senate/docs/S14-7.pdf.
# Taxation of Partnerships

**Bus. 223B – Late Spring 2016**

**Mondays 6:00 p.m. to 10:00 p.m.**

(Saturday Session on May 7)

(SCHEDULE IS SUBJECT TO CHANGE WITH FAIR NOTICE)

(Any changes will be announced in class and/or on Canvas)

## Course Schedule

<table>
<thead>
<tr>
<th>Class</th>
<th>Date</th>
<th>Class Topic</th>
<th>Reading Due Before Class</th>
<th>Homework and Other Activities to Complete Before Class</th>
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<tbody>
<tr>
<td>1</td>
<td>4/18</td>
<td>Introduction to the course and topic Partnership Overview and Definitions Partnership Formation and Basis Fundamentals Introduction into Federal reporting compliance rules Overview of LLCs</td>
<td>Text: Chapter 10: Sections 10-1a; 10-1b; 10-2a; 10-3c [through Example 30]; 10-5a; 10-5b; 10-5d; Chapter 11: 11-7b (LLCs); 11-7c (LLPs) IRC §§701; 721; 722; 723; 761(a) through (c); 7701(a)(1) and (a)(2) Treas. Reg. §§301.7701-1(a)(1) and (a)(2); 301.7701-3(a) and -3(b)(1)(i) BNA Portfolio 1550 (in the State Portfolios Section) – Section 1550.02.C (the General Partnership – incl. The Limited Liability Partnership); 1550.02.D (The Limited Partnership); 1550.02.H (LLCs); 1550.03.C.3; 1550.03.C.4; and 1550.03.C.7 Supplemental reading materials posted on Canvas regarding new Federal tax return due dates <strong>IRS v. Culbertson, 337 US 733</strong> (1949) [U.S. Supreme Court Case]</td>
<td>Online Canvas Quiz #1</td>
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<td>2</td>
<td>4/25</td>
<td>Additional Issues Related to Contributed Property</td>
<td>Text: Chapter 10: Sections 10-2b (Services portion only); 10-2c, 10-2e; 10-2f; 10-2g; 10-4a; 10-4b</td>
<td>Online Canvas Quiz #2</td>
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<td>Start-up, Organizational and Syndication Costs</td>
<td>IRC §§195 [skip §195(b)(3)]; 267(a)(1), (a)(2); 448(a)(2), (b)(1), (b)(2), (b)(3), and (c); 702; 703;706; 707; 709; Treas. Reg. §1.707-1</td>
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<td>Partnership Interests in Exchange for Services</td>
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<td>Calculation of Partnership Income</td>
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<td>Payments to Partners</td>
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<td>Periods and Methods</td>
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<td>3</td>
<td>5/2</td>
<td>Other Transactions Between Partners and Partnerships</td>
<td>Text: Sections 10-3a; 10-3b; 10-3d; IRC §§704</td>
<td>Online Canvas Quiz #3</td>
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<td></td>
<td>Character and Presentation of Partnership Income</td>
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<td>4 &amp; 5</td>
<td>5/7 Sat.</td>
<td>Allocation of Income and Deductions on Transfer or Change in Partnership Interests</td>
<td>Text: Section 10-3e</td>
<td>Online Canvas Quiz #4</td>
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<td>(9:00 a.m. to 5:00 p.m.)</td>
<td>Partner’s Share of Partnership Debt</td>
<td>IRC §465(b)(6); 469(a), (c)(1), (g) and (h); 704(d); 752</td>
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<td>Partnership Loss Deductibility Limitations</td>
<td>Treas. Reg. §1.706-1(c)</td>
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<td>Reading Due Before Class (See links above under “Readings”)</td>
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| 6     | 5/9  | Partnership Distributions  
Sales of Partnerships Interests | Text: Section 11-1(a) through (e) (Distributions); 11-3 (Sales of Partnership Interests)  
IRC §§732; 733; 751 | Online Canvas Quiz #5 |
| 7     | 5/16 | Partnership Assets - Basis Adjustments  
Disguised Sales  
Partnership terminations – including technical terminations | Text: Sections 10-2b (Disguised sale portion only) and 11-1d (Disguised sales); 11-5 (Optional basis adjustments under §754); 11-6 (Partnership terminations)  
IRC §§ 708(a) and (b)(1); 734 [skip §734(e)]; 743 [skip §§743(e) and (f)]; 754 | Online Canvas Quiz #6 |

[Syllabus Continued on the Following Page]
<table>
<thead>
<tr>
<th>Class</th>
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| 8 & 9 | 5/23 | Tax Elections  
Death or Retirement of Partners  
Allocation of Partnership Income – Substantial Economic Effect  
Allocation of Income and Deductions from Contributed Property  
California taxation of partnerships and LLCs - including California tax withholding, taxes and fees  
California, Interstate and Other State-Related Issues (Online Class Lecture)  
Review for Final Exam |
|       |      | Text: 10-2d; 11-2 (Retirement and Death of Partners); 11-4c  
1) California FTB – 2015 Partnership Tax Booklet (Skip sections on credits)  
2) California FTB – Withholding on Partnerships and LLC’s  
3) California FTB – Limited Liability Company (LLC) Filing Information Publication (FTB 3556)  
4) California FTB – Publication 1017 (Pages 14-17 - Domestic Pass-Through Entities Section: Partnership and LLCs) |
|       |      | 1) View California, Interstate and Other State Tax Issues via Online Class Lecture (Posted on Canvas)  
2) Online Canvas Quiz #7 |
| 5/30  | No Class – Memorial Day |
| 6/6   | Final Exam |