

# Bus 225H – Taxation of Property Transactions

Professor Nellen

Spring 2018

<b>Office Location:</b>	Main campus: BT 955
<b>Telephone:</b>	(408) 924-3508
<b>Email:</b>	<a href="mailto:annette.nellen@sjsu.edu">annette.nellen@sjsu.edu</a>
<b>Office Hours:</b>	Via email anytime
<b>Class Days/Time:</b>	Online from January 3 – March 10, 2018
<b>Location:</b>	Online Except for final exam – Bunker Hill, Saturday March 10 from 8:30AM - noon
<b>Pre- or co-requisites:</b>	Bus 223A – Tax Research
<b>Course website</b>	Canvas login - <a href="http://www.sjsu.edu/at/ec/canvas/">http://www.sjsu.edu/at/ec/canvas/</a>

## Course Description

Tax aspects of property transactions: real estate, intangibles, tangible property. Other topics include Corn Products, Arkansas Best, Arrowsmith court doctrines, passive activity losses, like kind exchanges and involuntary conversions, patents, and franchises, etc.

## Student Learning Objectives

1. To understand the various definitions and policies relevant to the taxation of property transactions.
2. To understand the various types of tax rules that can apply to the purchase, creation, ownership and disposition of property.
3. To learn considerations in advising on the tax treatment and planning options for property transactions.
4. To critique various proposals that would change a current rule on the taxation of property.

## Required Reading Materials

1. Course Reader (one for each module).

2. IRC, regulations, IRS rulings and court cases. You can obtain these using RIA Checkpoint or CCH. They are mentioned throughout the course reader.
3. Additional materials on the Canvas website.

## Grading

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.

Assignment	Points
Quizzes (5)	40
Research questions	80
Discussion board	20
Final exam	<u>100</u>
Total	240

## Professor Nellen's Philosophy for Graduate Tax Study

- The best way to learn the material is to actually apply it.
- Students can learn from working with fellow students in small groups to try to solve problems and come up with solutions and planning ideas. Everyone thinks and approaches problems differently and has something to offer to the group.
- Students must come to class prepared in order to get the most of out class discussions and to be an effective group member.
- Signing up for a class means that the student is committed to devoting the requisite time to successfully complete the course and contribute to class discussions. Missing a class should be a rare and unusual event.
- Graduate-level study should be challenging!

## University Policies

### Academic integrity

Students should know the University's Academic Integrity Policy that is available at <http://www.sjsu.edu/senate/docs/F15-7.pdf>. Your own commitment to learning, as evidenced by your enrollment at San Jose State University and the University's integrity policy, require 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 website for Student Conduct and Ethical Development 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 in your assignment any material you have submitted, or plan to submit for another class, please note that SJSU's Academic Policy F06-1 requires approval of instructors.

Be sure to read the following additional information on academic integrity and avoiding plagiarism from Professor Nellen at:

<http://www.sjsu.edu/people/annette.nellen/website/ClassInfo.html#Integrity>

### **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 requires that students with disabilities requesting accommodations must register with the DRC (Disability Resource Center) to establish a record of their disability.

## **Course Schedule**

The course website has the reading posted for each topic listed below.

<b>Module #</b>	<b>Topics</b>
1	<p>Introduction to the course</p> <p>Introduction to the topic</p> <p>What is property? What is the relevance of property for various types of taxes?</p> <p>Property classifications</p> <p>Depreciation/MACRS basics</p> <p>NOTE: P.L. 115-97 (12/22/17), Tax Cuts and Jobs Act, made significant changes to Section 179, 280F and 168(k). There is a link to the conference report and new language on Canvas (and <a href="#">here</a>). RIA Checkpoint and CCH have IRC sections as changed.</p> <p>Forms of ownership</p>
2	<p>Basis</p> <ul style="list-style-type: none"> <li>▪ Basis of property – general and special rules</li> <li>▪ Relevance of debt</li> <li>▪ Capitalization basics</li> <li>▪ Adjustments to basis other than depreciation (credit adjustments, casualty losses, other)</li> </ul>
3	<p>Realization/Sales/Other Transfers</p> <ul style="list-style-type: none"> <li>▪ Definitions</li> <li>▪ Calculations</li> <li>▪ What is a realization event?</li> <li>▪ What is a sale and its significance?</li> <li>▪ Relevance of debt</li> <li>▪ Abandonment</li> <li>▪ Worthlessness</li> <li>▪ Leases</li> </ul>

4	<p>Effects of Debt on Property Transactions</p> <ul style="list-style-type: none"> <li>▪ Effects of debt related to property</li> <li>▪ COD income and its relevance to property transactions</li> <li>▪ Workouts</li> <li>▪ Planning considerations</li> </ul>
5	<p>Capital Assets</p> <ul style="list-style-type: none"> <li>▪ Definition</li> <li>▪ Significance</li> <li>▪ <i>Corn Products</i> and its progeny</li> <li>▪ IRC §1202 and §1045</li> <li>▪ Tax policy and capital gains / losses</li> </ul>
6	<p>Intangible Assets</p> <ul style="list-style-type: none"> <li>▪ §197 intangibles</li> <li>▪ Domain names</li> <li>▪ Carbon offsets and emission allowances</li> <li>▪ Current issues</li> </ul>
7	<p>Special Disposition Rules</p> <ul style="list-style-type: none"> <li>▪ Sale of an entire business</li> <li>▪ Loss limitations including §469</li> <li>▪ Related party transactions</li> <li>▪ Rescission</li> <li>▪ Reporting obligations</li> </ul>
8	<p>Special Rules on Exchanges, Conversions and Sales</p> <ul style="list-style-type: none"> <li>▪ §121 sale of a principal residence</li> <li>▪ §1031 like-kind exchanges [Note: Significantly changed by PL 115-97 (12/22/17); modified text link is on Canvas]</li> <li>▪ §1033 involuntary conversions</li> <li>▪ §1041 transfers incident to divorce</li> <li>▪ Other tax-deferred transactions</li> </ul>
9	<p>Timing Considerations</p> <ul style="list-style-type: none"> <li>• Deferred Sales - Installment sales, OID</li> <li>• Repair v capitalization &amp; the tangible property regulations (TPP)</li> </ul>
10	<p>Property Taxes and Other State Tax Considerations</p>
<b>Saturday March 10</b>	<b>Final Exam in person at Bunker Hill - 8:30 am - noon</b>