

# San José State University

Lucas Graduate School of Business  
**BUS 225S Consolidated Income Tax Return**  
 Late Spring 2018

<b>Instructor:</b>	<i>Jill Harding, JD, LLM</i>
<b>Office Location:</b>	Lucas School Silicon Valley Site
<b>Telephone:</b>	415.490.2279
<b>Email:</b>	<a href="mailto:jmharding@alvarezandmarsal.com">jmharding@alvarezandmarsal.com</a>
<b>Office Hours:</b>	20 minutes after class + by appointment. Also, please feel free to email me with any questions at any time.
<b>Class Days/Time:</b>	<p><b>Wednesdays:</b> 4/18-6/6 (No class 5/9, 5/16)</p> <p><b>Tuesdays:</b> 5/8, 5/22</p> <p>6:00 - 10:00PM</p> <p><b>Saturday:</b> 4/28</p> <p>9:00AM - 5:00PM</p> <p>Lucas Business Complex          2933 Bunker Hill Suite 120          Santa Clara CA 95054</p>
<b>Prerequisite:</b>	BUS 223A
<b>Co-requisite:</b>	BUS 223G (or 223C)

## Course Description

Income tax treatment of transactions involving corporations that file consolidated returns with their subsidiaries, including the ability to file consolidated returns, the determination of stock basis, intercompany transactions, disallowed losses, and other operating rules.

## Student Learning Objectives

- To understand the various tax rules related to the filing of consolidated tax returns.
- To understand the tax treatment on the disposition or acquisition of a subsidiary.
- To understand the determination of consolidated taxable income.
- To understand the tax treatment of intercompany transactions between consolidated tax return members.

## Required Texts/Readings

### Textbooks

- BNA Portfolios (available on the King Library database for MST students)
  - **Portfolio 754:** Consolidated Returns — Elections and Filing, provides an introduction to the subject of consolidated returns and a discussion of filing and administrative requirements;
  - **Portfolio 755:** Consolidated Returns — Investment in Subsidiaries, covers the stock basis (and earnings and profits) adjustment requirements for consolidated returns;
  - **Portfolio 756:** Computation of Consolidated Tax Liability, covers (1) the computation of separate taxable income; (2) the computation of consolidated income items, such as capital gain or loss and §1231 gain or loss; and (3) the computation of consolidated tax credits;
  - **Portfolio 757:** Consolidated Return Regulations — Limitations on Losses, analyzes the problems relating to the limitations on losses imposed by the consolidated return regulations on an affiliated group of corporations filing a consolidated return.

### Other Readings

- Primary Sources noted on the syllabus: The Internal Revenue Code, the Treasury Regulations, case law and administrative rulings (available from RIA Checkpoint and CCH, among other sources).
- Slides / Lecture Outlines to be distributed to enrolled students via email and Canvas

## ASSIGNMENTS AND GRADING POLICY

The course will be graded on a curve, with grades following 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.

In-Class Quiz (4 short tests x 5 points each)	20
Final Exam	60
Group presentations (based upon in-class projects)	20
<b>Total</b>	<b>100</b>

In-class group work will consist of a series of discussion problems, calculations, etc., that will be done together in groups as part of class time to reinforce the concepts in class. Each student should hand in a written response.

The final exam will be a closed book exam held on Wednesday June 6<sup>th</sup>.

Group presentations will be given in groups of 2-3 students. With your group, you will be responsible for presenting an aspect of *Basis Adjustment* and *Unified Loss Rules*, and preparing a PowerPoint presentation to explain the topic. The grade will be the same for group members and based on quality of your explanation, written PowerPoint materials (please hand in a copy), and oral presentation.

## 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 on your own unless otherwise specified.

### University Policies (Required)

Per University Policy S16-9, university-wide policy information relevant to all courses, such as academic integrity, accommodations, etc. will be available on Office of Graduate and Undergraduate Programs' [Syllabus Information web page at http://www.sjsu.edu/gup/syllabusinfo/](http://www.sjsu.edu/gup/syllabusinfo/)

### MST Program Goals

*(Not all program learning goals are covered in every course)*

1. To identify and understand complex tax issues within the context of the global business world.
2. To learn research skills that will assist in exploring both familiar and new areas of the tax law and communicate the findings clearly.
3. To be aware of multi-jurisdictional tax issues.
4. To develop conceptual and analytic skills with real world applications.
5. To develop an appreciation for tax policy issues that underpin our tax laws.
6. To understand the ethical implications of tax practice.

## BUS 225S – Consolidated Returns – Late Spring 2018

Class#	Date	Topic
1	<b>Wednesday 4/18</b>	<u>INTRODUCTION TO CONSOLIDATED RETURNS/OVERVIEW OF THE COURSE</u> <ul style="list-style-type: none"> <li>• History and evolution of Consolidated Returns</li> <li>• Subsidiaries v. Single-member LLCs</li> <li>• Statutory Authority - §§ 1501, 1502, 1503(a)</li> <li>• Affiliated Groups - § 1504(a) – (d), Rev. Ruls. 69-126, 84-79, 63-104</li> <li>• § 1.1504-4 and Notice 2004-37</li> </ul>
2	<b>Wednesday 4/25</b>  Quiz (covers Class 1 material)	<u>CONTINUING EXISTENCE OF A GROUP</u> <ul style="list-style-type: none"> <li>• Election to File                             <ul style="list-style-type: none"> <li>◦ Definitions §1.1502-1</li> <li>◦ Reg. §§ 1.1502-75(a) and (b), (e) and -77(a)</li> <li>◦ Reg. §§ 1.1502-11(a) and -12</li> <li>◦ Reg. §§ 1.1502-6 and -17</li> </ul> </li> <li>• Reverse Acquisition - §1.1502-75(d)(3)</li> <li>• “Fs” and Downstream Merger - §1.1502-75(d)(1) and (2), Rev. Ruls. 82-152, 73-303, 73-322, 72-30</li> <li>• Group Structure Changes – Reg. §§1.1502-31, -33(f), -30 and Reg. § 1.358-6</li> </ul>
3	<b>Saturday 4/28 Morning Session</b>  Group Presentations In-Class Problem	<u>BASIS ADJUSTMENTS, ELAs, E&amp;P AND CIRCULAR BASIS</u> <ul style="list-style-type: none"> <li>• Reg. § 1.1502-32, investment adjustments</li> <li>• Reg. § 1.1502-19, excess loss accounts</li> <li>• Reg. § 1.1502-33, earnings and profits</li> <li>• Reg. § 1.1502-11(b), circular basis</li> <li>• Joining or Leaving a Group – Reg. § 1.1502-76(a), (b), (c)</li> <li>• The Next Day Rule and AM 2012-10</li> </ul>

<b>Class#</b>	<b>Date</b>	<b>Topic</b>
4	<b>Saturday 4/28</b> <b>Afternoon Session</b> Group Presentations In-Class Problem	<u>UNIFIED LOSS REGULATIONS</u> <ul style="list-style-type: none"> <li>• Reg § 1.1502-36</li> <li>• Section 362(e)(2)</li> </ul>
5	<b>Wednesday 5/2</b> Quiz (all prior materials)	<u>INTERCOMPANY TRANSACTIONS</u> <ul style="list-style-type: none"> <li>• Reg. § 1.1502-13</li> <li>• Section 267(f)</li> </ul>
6	<b>Tuesday 5/8</b> Quiz (Intercompany transactions)	<u>INTERCOMPANY TRANSACTIONS</u> <ul style="list-style-type: none"> <li>• Continued</li> </ul>
7	<b>Tuesday 5/22</b>	<u>UTILIZATION OF NOLs</u> <ul style="list-style-type: none"> <li>• Reg. § 1.1502-21(a) and (b)</li> <li>• SRLY Reg. §§ 1.1502-21 (c) and (g) and -78(a) and (b)</li> <li>• Section 382 – Reg. §§ 1.1502-91 through 99</li> <li>• CERTs</li> </ul>
8	<b>Wednesday 5/23</b> Quiz (all prior materials)	<u>EXCLUDED COD AND SECTION 338 ELECTIONS</u> <ul style="list-style-type: none"> <li>• Sections 108(a) and (b) and 1017</li> <li>• Reg. §§ 1.1502-28 and -11(c)</li> <li>• Section 338(a), (b), (d) and (h)(3) and (h)(10)</li> </ul>
9	<b>Wednesday 5/30</b>	<u>MISCELLANEOUS RULES</u> <ul style="list-style-type: none"> <li>• Reg. § 1.1502-34, Section 337(c), Reg. § 1.1502-13(j)(9) Ex. 6 &amp; 7</li> <li>• Reg. § 1.1502-80(a), (b), (c), (d), (e) &amp; (f).</li> <li>• Consolidated Groups and Partnerships</li> <li>• Consolidated Return Issues in Acquisitions and Dispositions</li> </ul>

225S Syllabus – Late Spring 2018

<b>10</b>	<b>Wednesday 6/6</b>	<b>Final Exam</b>