

San José State University  
Lucas College and Graduate School of Business  
BUS 227C

Tax Symposium: The Tax Cuts and Jobs Act –  
Its Impact on Individuals and Pass-through  
Entities

Semester: Early Spring  
Year: 2019

Instructor:	Prof. Joel Busch, CPA, Esq.
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Office Hours:	30 minutes before class and by appointment
Class Days/Time:	Thursdays, 1/3, 10 and 17; 6:00 – 10:00P
Classroom:	Lucas Graduate School of Business Silicon Valley Site 2933 Bunker Hill Lane - Suite 120 Santa Clara, CA 95054
Prerequisites:	Graduate standing in the MST Program or enrolled via Open University

### Course Description

The Tax Cuts and Jobs Act of 2017 made several changes for individuals and businesses, both permanent and temporary. The changes create new deductions, such as IRC Section 199A, Qualified business income, for 2018 through 2026, applicable to millions of non-corporate business owners. New loss limitations exist, along with changes in itemized deductions and more, which affect how old rules interact with the new ones and planning perspectives change. This symposium addresses the changes affecting individuals and flow-through entities, how they operate and what new planning considerations are relevant.

## **MST Program Administrative Guidelines**

- Please see the 2018/2019 New Student Handbook at:  
<http://www.sjsu.edu/lucasgsb/docs/MST-New%20Student%20Handbook%20Fall%202018.pdf>

### **Assignments and Grading Policy**

#### **READING ASSIGNMENTS:**

Class readings for each class session will be posted on the Canvas website and/or provided in class. Students are to read the assigned materials *before* the beginning of the applicable class session. No formal textbook is required for this course.

#### **EXAMS:**

There is a final exam which will be administered in the last class session. The final is based on the material presented in class and assigned in the readings (and videos, if applicable). Under almost all circumstances there are no make-up exams. On rare occasions and at my discretion, students may be allowed to make up an 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 will be zero under almost all circumstances. Point adjustments may be applied to exams not taken on the last class session.

#### **CANVAS ONLINE QUIZZES**

There will be two quizzes that will be taken on the Canvas website outside of class hours. Each quiz is to be completed *individually*. The quizzes will be undertaken online via the course Canvas website.

The due dates for the two quizzes are as follows:

- Quiz #1 - Thursday, January 10, 2019 @ 6:00 p.m.
- Quiz #2 - Thursday, January 17, 2019 @ 6:00 p.m.

A significant loss of points may apply for quizzes submitted after the deadline.

POINTS:	Quizzes	40 (20 points each x 2)
	Final	<u>60</u>
	Total	100

#### **GRADING POLICY:**

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 (rounded) of the grade breakpoint. I may lower the percentage required to earn a certain grade, however, the percentage needed to earn a certain grade will not be increased.

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

## University Policies

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](http://www.sjsu.edu/gup/syllabusinfo/) at:  
<http://www.sjsu.edu/gup/syllabusinfo/>

## Lucas College and Graduate School of Business:

**Mission:** We are the institution of opportunity in Silicon Valley, educating future leaders through experiential learning and character development in a global business community and by conducting research that contributes to business theory, practice and education.

## Course Learning Outcomes

Upon completion of this course students will be able to:

CLO 1: Understand and identify the application of the Qualified Business Income deduction under IRC Sect. 199A, applicable regulations and other legal authority.

CLO 2: Understand the impact to clients on various individual and pass-through entity reporting and tax determination changes pursuant to P.L. 115-97.

CLO 3: Have a basic understanding of how California and selected other states conform (or do not conform) to various changes made under P.L. 115-97.

CLO 4: Have a detailed understanding of expanded due diligence penalties for tax preparers under P.L. 115-97.

CLO 5: Develop conceptual and analytic skills with real world applications.

CLO 6: Identify, understand and resolve complex and multijurisdictional tax issues within the context of our global economy and society.

CLO 7: 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 8: Appreciate tax policy issues and foundations of the tax law.

CLO 9: Understand the ethical implications of tax practice.

CLO 10: Develop skills for effective tax practice including keeping current, interacting with others, and career advancement.

# Schedule

(Subject to Change with Fair Notice)

Topic	Presenter	Time (Est.)
<b>Thursday January 3, 2019</b>		
Introduction to the Course	Joel Busch, San Jose State University	6:00 – 6:15
<p>The QBI deduction of Section 199A</p> <p>The details of how it works, who it applies to, how to maximize its benefits and outstanding issues.</p> <p>Various tax compliance and planning strategies will be covered – including 2017 fiscal year reporting for partnerships and S corporations, Sect. 1231 asset capitalization thresholds, and lines of business issues – including aggregation rules.</p>	Joel Busch	6:15 – 10:00
<p><b><u>Assigned Readings:</u></b></p> <p><a href="https://www.irs.gov/newsroom/tax-cuts-and-jobs-act-provision-11011-section-199a-qualified-business-income-deduction-faqs">https://www.irs.gov/newsroom/tax-cuts-and-jobs-act-provision-11011-section-199a-qualified-business-income-deduction-faqs</a></p> <p><a href="https://www.journalofaccountancy.com/news/2018/aug/business-income-deduction-irs-regs-201819494.html">https://www.journalofaccountancy.com/news/2018/aug/business-income-deduction-irs-regs-201819494.html</a></p> <p><a href="https://www.mwe.com/en/thought-leadership/publications/2018/08/irs-publishes-proposed-section-199a-regulations">https://www.mwe.com/en/thought-leadership/publications/2018/08/irs-publishes-proposed-section-199a-regulations</a></p>		

**Thursday January 10, 2019**

<p><b>(Online Canvas Quiz #1 Due at 6:00 p.m.)</b></p> <p>Impacts on individuals and businesses under the TCJA – including:</p> <ul style="list-style-type: none"><li>• Changes in the deductibility on residential mortgage interest (including HELOCs)</li><li>• (Former) miscellaneous itemized deductions</li><li>• State and local taxes</li><li>• Itemized deductions for high-income clients</li><li>• Child tax credits</li><li>• Alimony</li><li>• Changes in the standard deduction and (former) personal and dependency exemptions</li><li>• Meals and Entertainment</li><li>• Business interest expense limitations</li></ul>	<p>Bill Abel (Sensiba San Filippo LLP)</p>	<p>6:00 – 8:45</p>
<p>Additional changes under the TCJA and a practical review of the QBI deduction, including:</p> <ul style="list-style-type: none"><li>• Excess business losses</li><li>• Moving expenses</li></ul> <p>(Assigned pre-class reading on the following page)</p>	<p>Joel Busch</p>	<p>9:00 – 10:00</p>

**Assigned Readings:**

**Part I:** Follow-up and in-depth reading on the QBI deduction and outstanding issues:

- 1) IRS Notice 2018-64, I.R.B. 2018-35, 347
- 2) Proposed Reg. §1.199A-4 (on aggregation of businesses)
- 3) October 1, 2018 letter from the AICPA Tax Executive Committee to the Department of Treasury re: recommendations for additional guidance on the QBI deduction.

Available at:

<https://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/20181001-aicpa-reg-107892-18-199a-qbi-deduction-comment-letter.pdf>

**Part II:** Reading for non-Sect. 199A changes under the TCJA:

- 4) Tax Cuts And Jobs Act – Professor Annette Nellen Highlights Changes In Tax Legislation On Existing Tax Code (Tax Connections).

Available at:

<https://www.taxconnections.com/taxblog/tax-cuts-and-jobs-act-professor-annette-nellen-highlights-changes-in-tax-legislation-on-existing-tax-code/#.XCPriVxKiUk>

- 5) Other potential readings posted on Canvas

<p><b>(Online Canvas Quiz #2 Due at 6:00 p.m.)</b></p> <p><b><u>Thursday, January 17, 2019</u></b></p> <p>Review of Prior Course Sessions</p> <p>Tax practitioner penalty changes for lack of due diligence for the child tax credit and for those filing as head of household (in addition to pre-existing due diligence areas) under the TCJA</p> <p>Additional business tax changes, including</p> <ul style="list-style-type: none"> <li>• Expanded depreciation deductions</li> <li>• Transportation benefits for employees</li> </ul> <p>Additional individual tax changes, including:</p> <ul style="list-style-type: none"> <li>• Changes in how applicable rates for long-term capital gains and qualified dividends are determined.</li> <li>• Changes to the applicable rates for the “Kiddie” tax</li> <li>• Foreign property taxes</li> <li>• Limits on current year deductibility on charitable contributions</li> <li>• Expansion of the use of Sect. 529 plans</li> <li>• Casualty losses</li> <li>• Changes to the Federal estate tax</li> <li>• Overview of the changes to the individual AMT</li> </ul> <p>Overview of State Tax Conformity to the TCJA</p> <p><b>Final Exam</b></p> <p>(Assigned pre-class readings are on the following page)</p>	<p>Joel Busch</p> <p>Joel Busch</p>	<p>6:00 – 6:20 p.m.</p> <p>6:20 – 6:30 p.m.</p> <p>6:30 p.m. to 7:00 p.m.</p> <p>7:15 to 8:45 p.m.</p> <p>8:45 to 9:15 p.m.</p> <p><b>9:25 – 10:00 p.m.</b></p>
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**Assigned Readings:**

1) IRC §6695(g)

2) “The Tax Cuts and Jobs Act: State tax considerations, impacts, and responses” – The Tax Advisor – available at:

<https://www.thetaxadviser.com/issues/2018/jun/tcja-state-tax-considerations-impacts-responses.html>

3) “TCJA Expanded Preparer Due Diligence Beyond What Congress and IRS Highlight” 21<sup>st</sup> Century Taxation

Available at:

<http://21stcenturytaxation.blogspot.com/2018/12/tcja-expanded-preparer-due-diligence.html>

(Make sure to also read through the additional resources at the bottom of the article / post)