I. Course Description

This class is an introduction to the taxation of corporations and their shareholders. The class will focus on the nature and formation of a corporation, the treatment of corporate distributions, redemptions of stock, and liquidations. The goal of the course is to provide an overview of the relevant U.S. tax law, emphasizing not only the applicable rules but also the relevant policy considerations.

II. Prerequisites

Income Tax

III. Course Materials


- Optional: Stark & Klein, CORPORATE AND PARTNERSHIP INCOME TAX CODE AND REGULATIONS, Selected Sections. Alternatively, you may choose to access the relevant sections electronically (for example, via Westlaw or Lexis).
• Supplementary readings (to be made available).

• If you wish to consult additional resources to supplement the assigned materials, the seminal treatise is Bittker & Eustice, FEDERAL INCOME TAXATION OF CORPORATIONS AND SHAREHOLDERS. This treatise is available in the library and can be accessed via Westlaw.

IV. Examination Procedures, Grading and Attendance

The course will be graded based upon a final examination, scheduled for 6:00 pm, May 3rd, 2016. Constructive class participation, such as insightful comments or questions, may increase your final examination grade to the next higher grade (for example, from a B to a B+).

The final examination will be anonymously graded, open-book, and taken in-class. You will be permitted to consult any written materials during the examination, including S&L and other course materials. However, you may not copy into your examination answers any passages from materials brought by you into the examination room or otherwise accessed. In addition, you will not be permitted to confer or otherwise collaborate with anyone else -- classmates or otherwise -- in answering the examination questions. Your answers to the examination questions must be entirely your own, written during the in-class examination session.

Expected class participation includes regular attendance and arrival on time (subject to health issues or other unforeseen circumstances). Attendance will be taken at the beginning of each class.

V. Class Assignments

Set forth below is a tentative schedule of assignments. The instructors may adjust the assignments periodically over the course of the semester.

At the beginning of each assigned section S&L lists the relevant Code and regulations sections that you should read and on which you should focus. You are expected to complete all assigned readings and problems, and review the relevant Code and regulations sections, before each class. You should also be prepared to discuss assigned problems in class.

Class 1 (January 12th): Introduction to Corporate Tax; Entity Classification and Treatment [Merrick]

S&L: Chapter 1: A, B.1, C.1 and 2, and D.
Problem on pages 26-27.


**Class 2 (January 19th): Formation of a Corporation: Introduction and Requirements [Sewall]**

S&L:  Chapter 2: A and B.
Problems on pages 60 (ignore consequences to E), 67, and 69-70 (skip e).


**Class 3 (January 26th): Formation of a Corporation: Treatment of Boot [Merrick]**

S&L:  Chapter 2: C.
Problem on page 79 (question (a) only).

**Class 4 (February 2nd): Formation of a Corporation: Assumption of Liabilities and Other Issues [Merrick]**

S&L:  Chapter 2: D, E and F.

**Class 5 (February 9th): Capital Structure – Debt/Equity [Sewall]**

S&L:  Chapter 3: A and B.
Problems on pages 142-143.


**Class 6 (February 16th): Distributions of Cash; Earnings and Profits [Merrick]**

S&L:  Chapter 4: A-C.
Problems on pages 158 and 162-163.

**Class 7 (February 23rd): Distributions In Kind and Constructive Distributions [Sewall]**
S&L: Chapter 4: D-E. Problems on pages 167-168 ((a)-(d) only).


Class 8 (March 1\textsuperscript{st}): Dividends Received Deduction and Extraordinary Dividends; Bootstrap Sales [Sewall]

S&L: Chapter 4: F-G. Problems on page 181 and 193.

March 8\textsuperscript{th} – No Class, Spring Recess

Class 9 (March 15\textsuperscript{th}): Redemptions of Stock [Merrick]


Class 10 (March 22\textsuperscript{nd}): Redemptions of Stock (Cont’d) [Merrick]

S&L: Chapter 5: D-F.2.b (skip F.2.c and F.3). Problems on page 204-205, 221-222 (problem 1 only), and pages 235-236.

Class 11 (March 29\textsuperscript{th}): Redemptions Through Related Corporations (Section 304 Sales) [Sewall]


Other: Rev. Rul. 74-605

Class 12 (April 5\textsuperscript{th}): Stock Dividends and Section 306 Stock [Sewall]

S&L: Chapter 6. Problems on pages 303-304 (problem 1 only) and 316 (problem 1 only).

**Class 13 (April 12th): Complete Liquidations [Merrick]**

S&L: Chapter 7. Problems on pages 322-323 ((a) and (b) only), 335 ((a)-(e) only) and 347-348.


**Class 14 (April 19th): Make-Up/Review [Sewall]**

Final Exam: May 3, 2016, at 6:00 pm