

Professor Bret Wells

**Law Center
University of Houston**

Corporate Income Taxation

Syllabus

Spring Semester 2023

CORPORATE INCOME TAX

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1. **Purpose of this Syllabus.** The purpose of the syllabus is to provide details concerning the requirements applicable to this course, including the schedule for class sessions, examination policies, professor availability, and similar matters. Please note that the instructor may need to make modifications to the course syllabus and may do so at any time. Notice of such changes will be announced as quickly as possible through posting of a revised syllabus on Blackboard.
2. **Required materials for this course:**
 - a. MARTIN MCMAHON, DANIEL SIMMONS, CHARLENE LUKE, AND BRET WELLS, FEDERAL INCOME TAXATION OF CORPORATIONS (Foundation Press 5th ed. 2019) ISBN: 9781642425031. Students are strongly discouraged from trying to use a prior edition (e.g., the 4th edition) for this class. The casebook went through a significant revision, and so you do need the 5th edition.
 - b. Wolters Kluwer / CCH Publications, “Federal Income Tax — Code & Regulations, Selected Sections,” 2022-2023 Edition (ISBN: 9780808057345). This volume contains (i) provisions of the Internal Revenue Code of 1986 (the most recent complete “codification” of the tax statutes), as subsequently amended on numerous occasions, and (ii) selected important “regulations,” as promulgated by the U.S. Department of the Treasury. Students must have the actual paper copy of this statute book for class discussion.
 - c. Additional supplemental materials will be provided at various times and will be made available on the Blackboard assigned to the course.
3. **Course Objective.** This course will involve the comprehensive examination of the federal income tax laws applicable to corporations and their shareholders. Topics to be covered will include:
 - a. The formation of corporations and the transfers of assets to controlled corporations;
 - b. The capital structure of a corporation, including debt and equity;
 - c. Distributions from a corporation (e.g., dividends, stock redemptions & liquidations);
 - d. Corporate stock and asset sales;
 - e. Tax-free corporate reorganizations, mergers and other restructurings; and
 - f. Consequences of ownership changes on utilization of corporate tax attributes.

The objective of this class is to consider both (1) the technical federal income tax rules and (2) the underlying fundamental tax policy objectives of the federal corporate income tax rules. Where appropriate, the course will emphasize current corporate structuring transactions and related federal tax planning.

4. **Class Sessions Times and Attendance Policy.** This class will meet on Tuesday & Thursday at 2:30 p.m. to 4:00 p.m. Consistent with university policy, a minimum of 80 percent attendance is required for each student. An attendance list will be circulated at each class session. Those individuals not satisfying the attendance requirement will be reported to UH Law Center administrative officials to be dropped from the course. There are three known scheduled make-up classes as indicated in the attached reading assignment sheet.
5. **Class session coverage, focus & discussion.** The material to be covered during the anticipated 28 class sessions will be in the order as presented in the attached Reading Assignment sheet. You should be prepared to discuss

the reading assignment where we left off in the prior class and then be prepared to discuss the next succeeding reading assignment set forth in the Reading Assignment sheet. Please note that the dates for covering these materials may shift. If such changes in reading coverage or course objectives are made, I will post an updated **Reading Assignment (As Revised)** to Blackboard at least 24 hours before class. Thus, even if you missed the prior class, you can easily determine the scope of coverage for the upcoming class and the anticipated coverage for the remainder of the semester.

I employ a flipped class for the Problem Sets. In this regard, I lecture on the material that introduces the topics in each relevant session and then assign the Problem Sets as homework. I will post on Blackboard videos that cover my answers to the Problem Sets. Students are expected to work through the Problem Sets on their own and then listen to the video recorded answers to the Problem Sets that I post on Blackboard before the next class session. During the next class session after assigning a particular Problem Set, students then are expected to ask questions on any ambiguities or doubts they may have with respect to the assigned Problem Set. This format ensures that students come to class prepared to have a rigorous discussion of the Problem Sets instead of simply spending class time discussing the basic fact patterns of the Problem Sets. Thus, students are expected to **prepare their own answers to these problems, review the video answers to the Problem Sets before the next class session, and then come prepared to raise specific questions about the Problem Sets after their own self-study.**

6. **Video Recording of Lectures.** Barring a technological glitch, I anticipate posting an archive of all class sessions to Blackboard for student viewing after the end of each particular class session. This resource is intended for the benefit of students enrolled in this course only and is not to be reproduced or downloaded. Students may not record all or part of class, livestream all or part of class, or make/distribute screen captures, without advanced written consent of the instructor. If you have or think you may have a disability such that you need to record class-related activities, please contact the the [Justin Dart, Jr. Student Accessibility Center](#). If you have an accommodation to record class-related activities, those recordings may not be shared with any other student, whether in this course or not, or with any other person or on any other platform. Students may use my video recordings for your own studying and notetaking. Instructor's recordings are not authorized to be shared with anyone without the prior written approval of the instructor. Failure to comply with requirements regarding recordings will result in a disciplinary referral to the Dean of Students Office and may result in disciplinary action.
7. **Powerpoint Slides.** Professor Wells will regularly use Powerpoint slide presentations in class. These slides will be available after completion of the relevant chapter on Blackboard.
8. **Personal Computers.** The permitted use of personal computers in the classroom is **solely** for the purposes of (i) reviewing preparation notes and (ii) taking notes during class. Specifically **excluded** from in-class computer usage is anything beyond these activities, e.g., “surfing the web” and messaging. Nonparticipation due to diversionary uses of your personal computer constitutes an absence from the class. In the event this occurs, you are not eligible to sign the attendance sheet and are subject to appropriate action as the professor may determine

in his sole discretion.

- 9. Course Modality.** This course is designated to be taught in-person. It is my desire to teach this course in-person. There may be instruction mode changes to this course up through two weeks before the first day of classes for the term. If such change in modality were made, then notice of this change will be sent to then-registered students. For this course, students are expected to normally be physically present in the classroom. This course has a final examination, and it will be administered as an in classroom examination requiring your physical presence. Although my preference is to allow students the option to participate via remote presence by Zoom on an occasional basis, it is not known whether or not such flexibility will be authorized. So, students should not rely on an expectation that remote presence will be available. Even if this remote presence modality were available, my desire is to teach this course through an in-person modality, so please do expect to regularly attend classes in-person. If remote presence were allowed, I would allow you to attend via remote presence if my prior approval is obtained at least two hours before the particular class session is to commence. For those who do obtain my prior approval and are then allowed to attend remotely, please note that the course will be streamed and available online via the Zoom video conferencing software assigned to the class as indicated in Blackboard. Student using the classroom's internet videoconferencing capability must adhere to the following requirements:
- a) you must be connected to the internet videoconference five minutes before class starts;
 - b) your computer must have a working video camera and quality audio capability; joining by audio-only due to your lack of video capability will be treated as an absence (you may need an external mic or headset for sufficient audio quality);
 - c) if your computer is a laptop, you must not be distracted by traveling or other activities when you join the internet videoconference;
 - d) you may not join the class internet videoconference from a phone;
 - e) you must identify yourself with your class roll name in the internet videoconferencing software;
 - f) you must have your video feed on so that your face and upper body area are visible in gallery mode in Zoom; you must present yourself professionally in the video stream (for example, eating "on-camera" is not a professional presentation);
 - g) you must be able to fulfill your responsibilities if called on to discuss a case, a Problem Set, or any of the assigned course materials; and
 - h) you must place your audio on "mute" until called upon or until you have a question to ask.
- 10. Attendance.** Consistent with university policy, 80 percent attendance is required. Attendance will be taken via an electronic attendance sheet. I will give you a code at the beginning of class, and you need to log-in to the electronic attendance sheet to register your attendance and input "Today's Code" at this link: <https://forms.gle/CLfCidPUgruPufqU7>. Those individuals not satisfying the attendance requirement will be reported to UH Law Center administrative officials to be dropped from the course.
- 11. Grading for the course:**
- a) Final Examination. The grade in this course will be entirely dependent upon the final examination (except note 11(b) below). Course materials will be permitted in the examination room but will be limited to: (i) the student's casebook, (ii) the CCH code and regulations volume, (iv) this syllabus, (iv) any course

supplemental materials handed-out during class (as provided during the semester), and (v) student prepared outlines. Not permitted in the examination room are commercially prepared materials and outlines (including but not limited to the reading materials referenced in ¶10 below).

- b) **Impact of Class Participation.** Class participation is expected in this class. Significant class participation may positively impact your grade.
- 12. Questions to professor.** My office hours are Tuesday and Thursday from 10:30 am to noon, or at mutually convenient times. If you have questions, please contact me at 343N, or by telephone at 713-743-2502, or by email at bwells@uh.central.edu. I am available to answer questions until the end of the last class day.
- 13. Honor Code.** Students may be asked to sign an honor code statement as part of their submission of any graded work including but not limited to projects, quizzes, and exams. Students acknowledge the following: "I understand and agree to abide by the provisions in the Law Center Honor Code. I understand that academic honesty is taken very seriously and, in the cases of violations, penalties may include suspension or expulsion from the University of Houston."
- 14. Counseling Options.** Counseling and Psychological Services (CAPS) can help students who are having difficulties managing stress, adjusting to the demands of a professional program, or feeling sad and hopeless. You can reach CAPS (www.uh.edu/caps) by calling 713-743-5454 during and after business hours for routine appointments or if you or someone you know is in crisis. No appointment is necessary for the "Let's Talk" program, a drop-in consultation service at convenient locations and hours around campus. http://www.uh.edu/caps/outreach/lets_talk.html
- 15. COVID-19.** Students are encouraged to visit the University's [COVID-19](#) website for important information including diagnosis and symptom protocols, testing, vaccine information, and post-exposure guidance. Please check the website throughout the semester for updates.
- 16. Reasonable Academic Adjustments/Auxiliary Aids.** The University of Houston complies with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, pertaining to the provision of reasonable academic adjustments/auxiliary aids for disabled students. In accordance with Section 504 and ADA guidelines, UH strives to provide reasonable academic adjustments/auxiliary aids to students who request and require them. If you believe that you have a disability requiring an academic adjustments/auxiliary aid, please contact [the Justin Dart Jr. Student Accessibility Center](#) (formerly the Justin Dart, Jr. Center for Students with DisABILITIES).
- 17. Sexual Misconduct Policy.** The University is committed to maintaining and strengthening an educational, working and living environment where students, faculty, staff, and visitors are free from discrimination and sexual misconduct. If you have experienced an incident of discrimination or sexual misconduct, there is a confidential reporting process available to you. For more information, please refer to the University system's Anti-Discrimination Policy SAM 01.D.07 and Sexual Misconduct Policy SAM 01.D.08, available here:

<http://www.uhsystem.edu/compliance-ethics/uhs-policies/sams/01-general-information/index.php>
<http://www.uhsystem.edu/compliance-ethics/docs/sam/01/1d7.pdf> (antidiscrimination)
<http://www.uhsystem.edu/compliance-ethics/docs/sam/01/1d8.pdf> (sexual misconduct)

Per the UHS Sexual Misconduct Policy, your instructor is a “responsible employee” for reporting purposes under Title IX regulations and state law and must report incidents of sexual misconduct (sexual harassment, non-consensual sexual contact, sexual assault, sexual exploitation, sexual intimidation, intimate partner violence, or stalking) about which they become aware to the Title IX office. Please know there are places on campus where you can make a report in confidence. You can find more information about resources on the Title IX website at <https://uh.edu/equal-opportunity/title-ix-sexual-misconduct/resources/>.

Corporate Tax Reading Assignment

	Class Date	Topic	Reading Material
1	Tuesday, January 17, 2023	Introduction	McMahon Ch. 1 (pp. 3-54)
2	Thursday, January 19, 2023	Formation of Corporation: Basics of §351	McMahon Ch. 2 (pp. 55-84)
3	Tuesday, January 24, 2023	Formation of Corporation: Assumption of Liabilities	McMahon Ch.2 (pp. 85-115)
4	Thursday, January 26, 2023	Formation of Corporation: Basics of §351 (Control Requirement & Stock-for-Services Issues)	McMahon Ch.2 (pp. 115-135)
		Make-Up Class	
5	Friday, January 27, 2023	Capital Structure	McMahon Ch.3 (pp.137-185; omit pp. 186-201 Bond Discount & Premium)
6	Tuesday, January 31, 2023	Dividends Distributons	McMahon Ch.4 (pp.203-265)
		Cancelled Class	
	Thursday, February 2, 2023		
		Cancelled Class	
	Tuesday, February 7, 2023		
7	Thursday, February 9, 2023	Dividends Distributons (cont.)	McMahon Ch.4 (pp.203-265)
		Make-Up Class	
8	Friday, February 10, 2023	Stock Redemptions	McMahon Ch.5 (pp.267-294)
9	Tuesday, February 14, 2023	Stock Redemptions (cont.)	McMahon Ch.5 (pp.295-344)
10	Thursday, February 16, 2023	Stock Redemptions (cont.)	McMahon Ch.5 (pp.295-344)
11	Tuesday, February 21, 2023	Stock Dividends	McMahon Ch.6 (pp.345-368; omit pp. 368-386)
12	Thursday, February 23, 2023	Corporate Liquidations	McMahon Ch.7 (pp. 387-429)
		Make-Up Class	
13	Friday, February 24, 2023	Taxable Acquisitions	McMahon Ch.8 (pp. 431-471)
14	Tuesday, February 28, 2023	Continue Taxable Acquisitions; Begin Bootstrap Acquisitions	McMahon Ch.9 (pp. 473-506)
15	Thursday, March 2, 2023	Continue Bootstrap Acquisitions	McMahon Ch.9 (pp. 473-506)
16	Tuesday, March 7, 2023	Tax-Free Acquisitions	McMahon Ch.10 (pp. 507-562)
		Cancelled Class	
	Thursday, March 9, 2023		
	Tuesday, March 14, 2023	Spring Break	
	Thursday, March 16, 2023	Spring Break	
17	Tuesday, March 21, 2023	Tax-Free Acquisitions (cont.)	McMahon Ch.10 (pp. 562-599)
18	Thursday, March 23, 2023	Tax-Free Acquisitions (cont.)	McMahon Ch.10 (pp. 562-599)
19	Tuesday, March 28, 2023	Tax-Free Acquisitions (cont.)	McMahon Ch.10 (pp. 599-614)
20	Thursday, March 30, 2023	Tax-Free Acquisitions (cont.)	McMahon Ch.10 (pp. 615-647)
21	Tuesday, April 4, 2023	Tax-Free Acquisitions (cont.)	McMahon Ch.10 (pp. 656-694)
22	Thursday, April 6, 2023	Non-Acquisitive Reorganizations	McMahon Ch.11 (pp. 697-727)
23	Tuesday, April 11, 2023	Tax-Free Corporate Divisions	McMahon Ch.12 (pp. 729-770)
24	Thursday, April 13, 2023	Tax-Free Corporate Divisions (cont.)	McMahon Ch.12 (pp. 770-812)
25	Tuesday, April 18, 2023	Tax-Free Corporate Divisions (cont.)	McMahon Ch.12 (pp. 812-835); Begin Ch. 13 (pp.839-864)
26	Thursday, April 20, 2023	Corporate Attributes	McMahon Ch.13 (pp. 870-895); Skip Notice 2003-65 (pp.864-870)
27	Tuesday, April 25, 2023	Corporate Attributes	McMahon Ch.13 (pp. 870-895)
28	Thursday, April 27, 2023	Review Session?	
	Tuesday, May 2, 2023	Final Exam (2:00 pm - 6:00 pm)	