Required Texts and First Week Reading Assignment:

The texts for this class are:

1. **Required**: CUNNINGHAM & CUNNINGHAM, THE LOGIC OF SUBCHAPTER K (5th ed); West Academic Publishing.

2. **Recommended**: BANK AND STARK’S SELECTED SECTIONS CORPORATE AND PARTNERSHIP INCOME TAX CODE AND REGULATIONS, 2018–2019; Foundation Press; ISBN 9781640209275. Students can use an alternative statutory Internal Revenue Code supplement (with statutes and the regulations), either a more comprehensive one or one for the prior year. If a student opts to use last year’s version, it will be up to him or her to identify any updates.

   It is currently anticipated (meaning the plan from what is currently anticipated) that an exam may limit reference to the Cunningham & Cunningham text and one supplement containing only code provisions and the Service’s regulations. Loose sheets, and sheets not bound by commercial publishers may be excluded. So, a student ought to have some commercially published, paper version of the code and the regulations (or at least be able to borrow that, from someone not enrolled in the class, at the times exams are scheduled).

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Materials to Take to Class

We will be doing problems at times during the class period. **To participate in these, students will need to take to each class:** (i) the Cunningham & Cunningham text; (ii) a Statutory supplement or online or other access to statutes/regs—the phone app. “TouchTax” may not be satisfactory, but it may; (iii) pencils; (iv) paper; and (v) means to do basic calculations, e.g., a computer, a phone app or a calculator. We will be doing exercises in class during the first class, so these will be needed even on the first class. At times, students will be sharing their analyses at the blackboard. So, a computer (other than, potentially, a tablet with a stylus) likely will not substitute for pencils and paper.

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Course Website

A website, created using the Canvas course management system, will be available for this course starting on or about January 10. To get to the site, navigate: https://courses.missouri.edu | select “Canvas” | enter your pawprint.

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Assignments

Readings are from Cunningham & Cunningham, The Logic of Subchapter K (5th ed.), unless otherwise indicated.

A note on page numbers in reading assignments: If a page number is shown with a decimal point, that means to read part of the way down the page—the amount being the indicated fraction after the decimal point. So, “2.3” means two-tenths down page 2. These fractions of a page are not measured.

Occasionally a student will find the specification ambiguous—a natural break may, to the student, appear slightly before that percentage or slightly after. In such a case, it takes much less time for a student simply to read the possibly included material, than it does for a student to email the instructor about precisely where to stop, have the instructor reply, and then have the student attempt to pick-up where he or she left off. Doing something very inefficient is not a suitable use of either student or instructor time, and your instructor is not inclined to entertain using our time inefficiently. So, in such a case, a student should simply read the greater of the possible alternatives.

Assignment for Class 1:

Read, in addition to this document, the syllabus. Watch the following videos posted on the course website:

- Introduction to Partnership Tax, Part I (Basic construct).
- Introduction to Partnership Tax, Part II (Reasons for complexity).

These recordings are posted on the course website, available through the page named “Media.” Note that these recordings, which last in total about 11 minutes, provide an overview of the entire course. Some parts of them will be more clear than others, in light of the fact that you are watching them at the beginning of the course.

It is to be expected that you will have many questions about the details of some of the matters the recordings discuss. It won’t work to try to figure out all the details now—that’s what we will be doing for the next 14 weeks.

Rather, it is recommended that you watch them now and get what you can from one viewing. Then, as the course progresses,
you can watch them again at your convenience. This may assist you in keeping track of the big picture as we discuss the details.

Do the reading set forth below from Chapters 1 and 2. Please note that, at the end of the listing of the assignment for Class 1, I have identified code and regulation provisions that your text’s authors have identified as for possible reference in connection with reading Chapters 1 and 2.

Read or skim, as indicated, the parts of Chapter 1 indicated below:
(Note: We will read approximately 4 pages in this chapter; the remainder is to be skimmed.)
Read 1–2.3.
Skim 2.3–4.7.
All we really need to know at this point is the partnership form of business is the default where two or more persons agree to pursue a business for profit as co-owners.
Skim 4.7–8.3.
All we really need to know at this point is:
The rules typically governing taxation of corporations, Subchapter C, provide that the corporation pays taxes on its income, and the owners pay tax on income distributed to them by corporations. Some corporations are authorized to elect to be treated for tax purposes in a fashion similar to what we will be examining in this class in partnership tax, under Subchapter S. Limited liability companies (LLCs) are authorized to elect whether they wish partnership tax treatment or corporate tax treatment, under provisions referenced starting at 8.3.
Read 8.3–10.

Read or skim, as indicated, the parts of Chapter 2 indicated below:
(Note: We will read approximately 15 pages in this chapter.)
Read 11–15.
Skim 16–18.2.
The text identifies special treatment for accounts receivable and accounts payable, and inventory items, on pages 16–18.2 and 22.5–23.7. It is your instructor’s view that this information is best addressed after we have fully discussed the general contours of capital accounting (which will not occur for a number of weeks). So, your instructor is not going to discuss that level of detail at this time.
Read 18.2–22.5.
Skim 22.5–23.7.

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The text’s authors have identified the following code and regulation provisions as possibly for reference in connection with reading the Chapters 1 and 2:

Chapter 1:
Code: §§ 701, 761(a), 7701(a)(2) & (3). Skim §§ 702, 703(b), 706 (a) and 7704. See also § 1411.
Regulations: §§ 1.761—1(a)—(c), –2(a), §§ 301.7701—1(a), —2(a) & (b), and —3(a) & (b)(1) and —4(a) & (b).

Chapter 2:
Exercise 2: Code §§ 704(c)(3), 731(a), (b), (c)(1), 733, 752(a) & (b); Reg. §§ 1.752—1(a)—(f), 1.752—2(a).

Note the references to Exercises 1 and 2 are to problems the text’s authors have prepared. These problems will be done in either the second or third lass meeting, or they will be assigned as homework for one of those classes. Which is the case will depend on the pace of coverage in the first class.

Note that the recommended supplement, containing selected code provisions and regulations, is abbreviated. Using that one has the benefit of mitigating the weight one has to carry to class, and decreasing cost. A disadvantage is it may not include each provision that our text’s authors seek to reference. That has happened, in this case, as to section 1411. In such a case, a student wishing to reference the indicated code provision should take the initiative of accessing it in Westlaw or Lexis or some other website or an app with the code and regulations.

**Assignment for Class 2:**

Some exercises have been prepared by our text’s authors to do in connection with chapter 2. Depending on the pace of coverage in Class 1, we will either
do those problems in Class 2, or they will be posted on the website, and doing them will be part of a homework assignment for Class 2.

Read the following parts of Chapter 3:
We are skipping the material on the partnership’s tax year. There are rules governing what the partnership’s tax year can be. Those rules, although important, are not necessary to grasp in order to understand the basic structure of the taxation scheme. So, we won’t be discussing that issue now.
Skim 36.8–38.
The approach to audit of partnership activity has changed over time. Although those rules are important, we will have our plate full over the course of the term in grasping the primary components of how the taxation scheme works. So, it is planned that the audit process won’t be covered in this class.

Skim the following part of Chapter 4:
Skim 39–47.5.
Those pages will be assigned for full reading in respect of a later class.

**Tentative Assignment for Class 3:**

Read Chapter 4.