

Partnership Taxation

Professor Barondes

Fall 2021

[Version of 8/12/20]

Required Texts and First Week Reading Assignment:

The texts for this class are:

1. **Required:** CUNNINGHAM & CUNNINGHAM, THE LOGIC OF SUBCHAPTER K (6th ed., 2020); West Academic Publishing. Older editions, which do not reference the 2017 tax act, won't be suitable.
2. **Strongly Recommended:** SELECTED SECTIONS CORPORATE AND PARTNERSHIP INCOME TAX CODE AND REGULATIONS, 2021–2022; Foundation Press; ISBN 9781647088804. Students can use an alternative statutory Internal Revenue Code supplement (containing statutes and the regulations)—either a more comprehensive one or one for the prior year.

Because I direct students' attention in class to code and regulation sections by referencing the page number in the recommended statutory supplement, students who initially opt not to obtain this text have, in prior years, generally ultimately acquired the recommended text.

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Please note that these same texts will be used in the class in Tax Planning in the following term. So, if you are going to take Tax Planning, it would not be economic to rent the texts in this class for a single term. Separately, if you intend to practice tax law, I would recommend you keep your copy of the Cunningham and Cunningham text as a reference to use during practice. It is a very good reference source.

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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 Tuesday, August 17*. To get to the site, navigate: <https://missouri.instructure.com>.

Note that the university has opted to make a variety of changes in its hosting of Canvas sites starting the week of August 9. I do not know whether those changes will give rise to technical problems from time to time. University IT is the suitable contact if a student has problems accessing Canvas.

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Assignments

Readings are from CUNNINGHAM & CUNNINGHAM, THE LOGIC OF SUBCHAPTER K (6th 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. So, in such a case, a student should simply read the greater of the possible alternatives.

Assignment for Class 1:

Note this class meets once a week. So, the assignment for the first class contemplates that, as of the end of the synchronous meeting on Thursday, we will have completed one week of class. For a typical class, it is anticipated students will work three or more hours for each credit hour. For this class, that would sum to 9 or more hours, consisting of 2 hours in class and 7 or more hours outside class.

Please note that it is particularly important to success in this class that one is prepared for the content of the first week of class. In some classes, much of the first week is taken-up with administrative matters or other things that one can quickly catch-up on if one cannot devote full attention during the first week of classes. I believe class is not one of those classes.

- Scan the syllabus, which will be posted on the course website on or before Friday, August 20.
 - You are to read it by the end of the first week of classes. However, because there may not be enough time to read it and do other preparation in advance of the class meeting, its due date is postponed to the end of the week.
- Review the following recordings before the first class meeting. (I recommend you watch them at a 1.25x recording speed, a slightly faster speed than the pace at which I speak. One can make the choice by clicking on “1X” in the lower-right corner of the window for each video.):

- Under: Module 1, at the link “Media for Module 1-Combined”:
 - Recording 02: Overview of Partnership Taxation
 - Note: Recording 01 is not assigned this term.
 - Recording 03: Choice of Entity
 - Recording 04: Basics of Inside Basis and Outside Basis
 - Recording 05: Basics of Inside Basis and Outside Basis During Operations
 - Recording 06: Additional Details of the Relationship Between Inside Basis and Outside Basis
 - Recording 07: Overview of Capital Accounts
 - Recording 08: Basic Details of Capital Accounts
 - Recording 09: Tax Capital Accounts on Formation
- Do the reading set forth below from Chapters 1 and 2.

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Observation about Order of Preparation: I cannot say whether an individual student would find it best to read the text before the recordings, or vice versa. The recordings were designed to be viewed by someone who had read the assigned portions of the text first. However, a different order may be more efficient for a student who prefers to hear material as opposed to reading it. Were I recommending it to someone with my study habits, I would recommend starting with the recordings, and then shifting to specific portions of the text when I wanted additional clarification, and, finally, assuring I had read or skimmed, as indicated, the entire assignment.

Reading from the Text

- Read or skim, as indicated, the parts of Chapter 1 indicated below:
 - Read 1–2.3.
 - Skim 2.3–4.7.
 - Of most salience at this time is the partnership form of business is the default where two or more persons agree to pursue a business for profit as co-owners.
 - Read 4.7–9.2.
 - Skim 9.2–15.9.
 - Read 15.9–17.10.

- Read or skim, as indicated, the parts of Chapters 2 through 4 indicated below:
 - Read 19–23.10.
 - Skim 24–26.2.
 - The text identifies special treatment for accounts receivable and inventory items here. 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 26.2–30.3.
 - Skim 30.3–31.7; 47–54.5.