

TAXATION I
SPRING 2017

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INTRODUCTION

The required texts for the course are: Bankman, Shaviro, Stark, *Federal Income Taxation* (16th ed., 2012) (Wolters Kluwer) and either *Selected Federal Taxation Statutes and Regulations* (2016 Edition, West Academic) or *Federal Income Tax Code and Regulations Selected Sections* (2015-2016 Edition, Wolters Kluwer). Although not required, many students find helpful: Chirelstein and Zelenak, *Federal Income Taxation* (12th ed.), and Kahn and Kahn, *Federal Income Tax* (Foundation Press, 7th Ed., 2015).

This course will be taught by use of the problem-method approach. The focus of the classroom discussion will be on problems that raise specific questions related to a particular topic.

The student's final grade will be primarily, if not exclusively, based on the final exam. In a few cases, class discussion and attendance can increase or decrease a student's grade. The final exam will be open book.

LEARNING OUTCOMES

At the end of this course, students should have a greater understanding of the substantive law in the federal tax area. They should also develop and improve skills (such as statutory interpretation) necessary to practice in any area of law involving a regulatory regime.

CODE OF CONDUCT

The College of Law's Student Conduct Code, available online at http://law.fsu.edu/current_students/rules/studentconduct.pdf, governs the academic conduct of students at the Florida State University College of Law. Students are bound by the College of Law's Code in all their academic work. The Code outlines the College of Law's expectations for the integrity of students' academic work, the procedures for resolving alleged violations of those expectations, and the rights and responsibilities of students and faculty members.

ADA STATEMENT

During the first week of class, students with disabilities that require academic accommodation should (1) register with and provide documentation to the Student Disability Resource Center (their phone number is 644-9566) and then (2) bring a letter to Nancy Benavides, Associate Dean for Student Affairs at the College of Law (her phone number is 644-7338), indicating the need for accommodation and the type of accommodation needed. Please contact me or Dean Benavides if you need a copy of this syllabus in an alternative format.

ASSIGNMENTS

References to pages are to pages of the Bankman, Shaviro, Klein casebook. References to “Supp” are to the supplement materials (available for download on the class website: www.professordougkahn.com). The problem sets referred to on the syllabus are also available for download on the website. References to “IRC” numbers are to sections of the Internal Revenue Code of 1986, as amended. When a Code section is assigned, the student should also read the regulations that apply to that section unless there is a large number of regulations under that section (as is the case, for example, in IRC § 61). Regulations will be listed in the assignments below if only selected regulations under a Code provision are to be read or if the listed regulation is promulgated under a Code provision that is not assigned in that unit. If an assigned provision is not included in the volume of the Selected Statutes and Regulations that you are using, you can locate that provision through Lexis, Westlaw or in the library.

Note that the assignments are grouped by subject matter, and the student should not assume that each grouping represents a one-day assignment. Assignments to “note” material ask the student to look at the material but not to study it in depth. Noted material typically will not be discussed in class.

1. Introduction

Pp. 2-16, 18-21, 31-43
Minzer (Supp)
Rev. Rul. 80-58 (Supp)

2. Fringe Benefits and BarTERS

Pp. 45-49, 52-60, 61-65, 66-77, 99
IRC §§ 61, 119 (omit 119(c) and (d)), and 132
Treas. Reg. §§ 1.61-2(a)(1), 1.61-2(d)(1) and (2), 1.61-14(a), 1.61-21(a)(1)-(4), (b)(1) and (2)
Problems
Problem Set #1 [In answering these questions, ignore IRC § 4977(c)]

3. Realization

Pp. 35, 196-204
Treas. Reg. § 1.61-6(a)
Problems
Problem Set #1.5

4. Damages

Pp. 78-82
PLR 200041022 (Supp)
PLR 200121031 (Supp)
Chief Counsel Advisory 200809001 (Supp)
IRC § 104(a) [Note: IRC § 130]
Problems
Problem Set #2

5. Recovery of Loss

Pp. 122-127

6. Tax Benefit Rule

Pp. 139-142

IRC § 111(a) and (c)

Problems

Problem Set #3

7. Basis of Gifts and Inheritances

Pp. 103-109

IRC §§ 102, 267(a)(1), (b)(1), (c)(4), 1014(a), 1015(a), (e), 1041(a), (b)

[Note: IRC §§ 84(a), and 1015(d)]

Treas. Regs. §§ 1.1001-1(e), 1.1015-4

Problems

Problem Set #4 [Answer these questions without regard to IRC § 1015(d)]

8. Standard for Determining Gifts and Devises

Pp. 82-91, 99-103

Olk v. United States (Supp)

IRC § 102, 1041(a), (b) [Note: §§ 85, 86(a)-(c), 274(b)]

Prop. Reg. § 1.102-1(f)(2) [Note: Treas Reg. § 1.74-1(a)(1)]

Problems

Problem Set # 5

9. Cancellation of Debt

Pp. 146-159

IRC §§ 108(a), (b)(1), (2)(E), (3)(A), (5), (d)(1), (3), (5), (e)(1), (2), (5), and (6) and 1017

Treas. Reg. § 1.61-12(a)

Problems

Problem Set # 7

10. Claim of Right and Illegal Income

Pp. 132-139, 181-186

IRC § 1341

Problems

Problem Set # 8

11. Annuities, Life Insurance and Time Value of Money

Pp. 37-40, 113-120

12. Nonrecognition and Encumbrances

Pp. 165-173, 228-234

IRC §§ 1031 and 1033 [Omit §§ 1031(e)-(h), 1033((c)-(f), (g)(3), (h) and (i)]

[Note: IRC § 121(a) and (b)]

Treas. Reg. § 1.1001-2, 1.1031(a)-1, 1.1031(b)-1(c), 1.1031(d)-1 and -2, 1.1033(a)-2.

Problems

Problem Set # 9

13. Taxable Income and Consumption

Pp. 383-384

Note: IRC §§ 1, 3, 61-63, 67, 68, 151-152, 6013(a), 7703

14. Medical Expenses

Pp. 349-356

IRC §§ 213 [Omit §213(c), (e)], 104(a), 105 [Omit § 105(g)-(j)], 106, 274(n)(1), (2)

Treas. Reg. § 1.213-1(a)(1), (e)

[Note: IRC §§ 162(l), 223, 7702B(c)]

Problems

Problem Set #10

15. Alimony

Pp. 300-304

IRC §§ 71, 215 and 682, 1015(e), and 1041

[Note: IRC §§ 62(a)(10), and 453B(g)]

Problems

Problem Set # 11

16. Deduction for Losses

Pp. 335-349

IRC §§ 165(a)-(c), (e), (h) [Omit (h)(3)], 280B, 1016(a)(1)

[Note: IRC § 123]

Treas. Reg. § 1.161-1

Problems

Problem Set # 12

17. Limitations on Loss Deductions

[Note: IRC §§ 465, 469]

18. Business and Nonbusiness Expense Deductions I

Pp. 452-461

Rev. Rul. 75-120 (Supp)

IRC §§ 62, 67, 68, 162(a), 183, 212, 262

[Note: IRC §§ 165(a)-(c), 274, (b) and (d), 280A, and 1016(a)(2)]

Problems

Problem Set # 13

19. Business and Nonbusiness Expense Deductions II

Pp. 415-427, 433-452

IRC §§ 21, 62, 67, 68, 82, 162(a, (c)), 183, 212, 217, 262, 263A(a), (b), (c)(1), (h), 274(a),(b), (e), (k), and (n)

[Note: IRC §§ 165, 274(b) and (d), 280A]

Problems

Problem Set # 14

20. Ordinary and Necessary

Pp. 489-502, 393-414

IRC §§ 162(a), (f), 195, 263(a), 263A(a)-(c), (f)

Temp. Reg. § 1.263(a)-1T

Problems

Problem Set # 15

21. Frustration of Public Policy, Illegal Payments and Fines

Pp. 502-504

IRC § 162(c), (f)

Treas. Reg. §§ 1.162-1(a), -21, 1.212-1(p)

22. Depreciation

Pp. 504-512

Simon (Supp)

Depreciation Tables Taken From Rev. Proc. 87-57 (Supp)

IRC §§ 167(a)-(c), 168(a)-(e), (f)(1), (g)(1)-(3), (7), (i), 179, 183, 197, 263(a)(1)(G), and 1016(a)(2)

[Note: §§ 280A, 280F]

Problems

Problem Set # 16

23. Recapture of Depreciation

IRC §§ 1017(d), 1245 [Omit IRC § 1245(a)(4) and (b)(5)-(8)]

[Note: IRC §§ 1041, 1223(9)]

Treas. Reg. 1.179-1(e)(1), (3)

Prop. Reg. § 1.168-5(b), (f)(3), (4), 1.1016-3(a)(3)

Problems

Problem Set # 17

24. Realization Revisited and Open Transactions

Pp. 249-254, 111-113

IRC §§ 1001, 1011, 1015(e), 1041, 7701(g)

Treas. Reg. § 1.1001-2

Problems

Problem Set # 18

25. Capital Gain - General

Pp. 609-614

IRC §§ 1(h), 62(a)(3), 1221(a), 1222, 1223(1),(2) and (9), 1211, 1212(b), and 165(f)

Treas. Reg. § 1.1012-1(c)

26. Definition of Capital Asset

Pp. 615-633, 701

IRC § 1221(a)

[Note: IRC § 1237]

27. Judicially Created Exceptions to Capital Gain Treatment

Pp. 633-642, 697-700

Note: § 1221(a)(7)

28 Sale of a Business

Pp. 694-697

29. Quasi Capital Assets

International Shoe (Supp)

IRC §§ 1231, 165(h), 1(h)

[Note: § 64]

Problems

Problem Set # 19

30. Anticipatory Assignment of Income

Pp. 551-561, 569-582

Treas. Reg. § 1.61-2(c)

[Note: IRC §§ 1(g), 269, 482, 446(b), and 61]\

31. Marriage and Domestic Partners

Pp. 561-569

[Note: IRC §6013]

32. Anticipation of Income

Pp. 642-659

IRC §§ 1241, 273, 1001(e), 167(e)

Treas. Reg. § 1.1001-1(f)

Problems

Problem Set # 20

33. Wash Sales and Sales to Related Parties

IRC §§ 267(a)(1), (b), (c)(4), (d), (g) and 1091

Problems

Problem Set # 21

34. Original Issue Discount

Pp. 245-249

35. Stock Options and Deferred Compensation

Pp. 275-282

IRC § 83

36. Net Operating Loss

[Note: IRC § 172(a), (b)(1)(A), (2), (3), (c), (d), (e)]