Introduction and Syllabus
I hope that you will learn a lot in this course and that you will enjoy the experience. If you have any questions, problems, concerns or any suggestions that would enhance your experience, please let me know asap.

Hours of Work per Class:
The American Bar Association standards for accrediting law schools contain a formula for calculating the amount of work that constitutes one credit hour. According to ABA Standard 310(b)(1), “a ‘credit hour’ is an amount of work that reasonably approximates: (1) not less than one hour of classroom or direct faculty instruction and two hours of out-of-class student work per week for fifteen weeks, or the equivalent amount of work over a different amount of time.” Since this class is online and there are no in-person meetings, the videos and ZOOM sessions are considered the equivalent of in-class hours. This is a 3-credit class, so that you should spend the equivalent of 3 hours per week of classroom time (ZOOM session and videos) and 6 hours per week outside of class for 15 weeks, for a total of about 135 hours. Since this class meets for only 7 weeks, you should spend not less than 20 hours each week for seven weeks on the class.

Course Description:
This course is an in-depth study of federal taxation of partnerships and partners. Coverage includes: classification of partnerships for tax purposes, transfers of property and services to partnerships, the treatment of partnership indebtedness, taxation of partner-partnership transactions, sales of a partnership interests, partnership distributions, liquidation of a partner’s interest, liquidation of a partnership, and death of a partner. Prerequisites: Federal Income Taxation

Course Materials:
Required:
*Fundamentals of Partnership Taxation, 10th ed, Schwarz et al (you may also use the 9th edition. It has virtually everything assigned (and I can make the rest available to you), with different pages (I can provide a Syllabus that has the pages for the 9th edition).
*Canvas
*Videos available online
*A printed version of Subchapter K of the IRC and corresponding Treasury Regulations
Recommended:
*Black Letter Law on Partnership Taxation, Schwarz et al
*The Logic of Subchapter C, Cunningham and Cunningham

Learning Outcomes
1. Know and understand, and apply the fundamentals of Partnership Taxation.
2. Read, understand, and analyze complex provisions of the Internal Revenue Code and Treasury Regulations in general, and with respect to Partnership Taxation in particular.
3. Identify tax issues that arise in business context
4. Problem-solve, and to apply the IRC and regulations to different fact situations involving partnerships.
5. Know and be commitment to professional and ethical responsibility.
6. Understand tax policy concerns in Partnership Taxation.

We will achieve many of these outcomes by doing problems in class and outside of class every week.

Overview of Assignments:
Each week, assignments include reading, videos, practice problems from the text, and Review Problems.

Videos There are videos for every topic we will cover, and the videos include virtually everything I would say in an in-person class. They cover everything that I think is most important for you to know (and everything that will be on the final). In addition, I answer all of the problems in the text in the relevant videos.

Transcripts of the videos and copies of the slides used in the videos are available on Canvas, so you need not take a lot of notes. It will help to have a copy of the Internal Revenue Code with you when you watch, so that you can follow along. I suggest jotting down the important concepts and any questions that you have about the videos. If there is anything that you are unclear about, go through those parts of the video a second time. If you are still unclear, jot down a note about it and ask me to explain. You can either wait for the weekly video-conference (see below) to ask me or just send me a message on Canvas asking for an explanation by email, video-conference or phone.

Two alerts for the videos:
(1) studies have consistently shown that people can take in information from a video for a period of somewhere between 5 and 10 minutes. Some of the videos are longer than that. I urge you to take a break every 5-10 minutes if you are watching a video that goes beyond 10 minutes. Otherwise you will likely just get bored and not learn;
(2) some references to specific pages may be off due to changing editions. The assignments note the pages referred to in the videos that correlate with the problems in the current text.
Grading: This course uses combination grading
Factors considered (and described below) are:
(1) 30%: Six Weekly Quizzes: each set will count for 5% of the grade.
(2) 70%: One final exam. Final exam period: February 25-27. Please check with the Law Registrar’s Office (lawregistrar@usfca.edu) for more information.

Weekly Quizzes
You can have unlimited time to do the quizzes, so long as they are submitted by the due date as indicated below. Each student may submit only one response for each quiz. After you submit your answers, you can have access to the correct answers.

Final Exam: In the final exam, you will be given problems similar to those in the text and similar to the ones in the weekly review questions. There will be no True/False or multiple choice questions. Instead, you will be asked “what is the result” or other similar questions, similar to the problems in the text. Your answers should explain briefly and cite appropriate Code and regulation sections. The answers that you can see to the weekly review problems are the kinds of answers you can give. You need not write in paragraphs, whole sentences, or even whole words as long as you show me that you understand and apply the concepts and provide proper citations.

Attendance:
Policy:
The School of Law requires students to attend classes regularly, complete assignments in a timely manner, and be prepared for and participate in class. The law school attendance policy follows the ABA standard that students must attend at least 80% of the scheduled class sessions for any given course in order to receive credit. For this course, the class sessions include the videos and the ZOOM sessions. If a student has exceeded the allowable class absences, she/he may be administratively withdrawn and/or receive a failing grade for the course. For full policy details, please see: https://myusf.usfca.edu/sites/default/files/Academic_Policies_2017.pdf (Sec. XIII)

Tracking:
Taking attendance is required at the School of Law. Your attendance at each ZOOM session will be automatically recorded. Compliance with attendance rules is regulated by the Honor Code and failure to attend may have consequences in grading and receipt of class credit.

Americans with Disabilities Act Accommodations:
USF affords all students with disabilities equal access under the law. If you are in need of accommodation under the Americans with Disabilities Act (ADA) or similar enactment, you must contact the University Student Disability Services Office at 415.422.2613 or sds@usfca.edu to obtain the appropriate accommodation.
Academic Dishonesty
Defined as engaging in any dishonest conduct in connection with any examination, written work, or other academic activity. The University of San Francisco takes academic dishonesty very seriously. You are responsible for knowing and adhering to the explicit details of our policy as listed here in the Student Honor Code:
https://myusf.usfca.edu/system/files/Student%20Honor%20Code.pdf (pages 4-5)

Bring a copy of Subchapter K of the IRC and corresponding regulations, as well as the text, to every ZOOM session and whenever you watch a video

ASSIGNMENTS:
All reading is from Fundamentals of Partnership Taxation, 10th edition. The assignments include IRC sections and Treas. Reg. sections. These are listed before the reading, and are usually the same ones referred to in the text at the beginning of the reading. Some of these are very long and very complicated. I suggest that initially you briefly look at these to get an idea of what they are about. Then look more closely at them if/when they are discussed in the reading and the videos.

Below are reading, problems, and videos and ZOOM sessions assigned for each class.

Week 1
January 8 at 10:00 am PST: Introductory ZOOM session https://usfca.zoom.us/j/5165885448
Expected learning outcomes: Understand how the pass-through nature of partnership taxation (including timing) works, the required and possible taxable years of a partnership, and limits on the deductibility of losses. Understand and be able to apply the tax consequences (including inside and outside bases and holding periods) of contributions of property for a partnership interest. Understand the fundamentals of inside basis, book value, outside basis and capital accounts and how they relate to and differ from each other. Understand the effects of both recourse and nonrecourse partnership liabilities on partners’ outside bases, as well as the consequences of a partnership taking on a partner’s liability. Understand the tax consequences (for the partner and for the partnership) of receipt of a capital interest for services both from an existing partnership and as part of the formation of a partnership. Understand the tax consequences of a receipt of a profits interest for services

Introduction
1-17 (top)
26-first 2 lines on 28 (not on final)
77-79 “Tax Consequences to the Partners”
Video 1, Introduction

The taxable year
73-76 “The Taxable Year”

Limitations on Losses
80-81 “Limitations on Partnership Losses”
81 Problem (a)-(c) (p. 111 in videos)
Video 1a Introduction continued

Formation

Formation
31-33 “Contributions of Property.”
33-36 Rev. Rul. 99-5 sit. 2 only (we will look at sit. 1 later),
Skim Note, 36-38 (not on final or videos)
38-39 Problem
Videos 2 Formation, part 1
3 Formation, part 2

Liabilities
45-48 “Impact of Liabilities on Partner’s Outside Basis”
48 Problem
48-52 “Contributions of Encumbered Property” (through carryover paragraph [COP] only)
53 Problem 1(a)-(c), 2 (p. 52 in videos)
Videos 4 Liabilities
5 Liabilities, part 2

Contributions of Services

Capital Interest
232-235 (COP only) Partnership Equity Issued in Exchange for Services
Pre-existing partnership- “Nonrecognition of Gain or Loss By the Partnership “ 257 (last 4 lines)-258 (through first full par – “Deduction....”)
Newly formed partnership– McDougal, 236-241; 33-36 Rev. Rul. 99-5, sit 1
242 Problem (p. 61 in videos) (before doing the problem as written in the book, do a version of the problem in which the building was not owned by a partnership but was owned by A as an individual. Every place in the problem where it says “the partnership,” substitute “A.” This will show you the results when there is no pre-existing partnership (like in McDougal and Rev. Rul 99-5. Then, when you do the actual problem, pay attention to Last paragraph on 257-COP on 258 “Nonrecognition of Gain or Loss By the Partnership “ to see how the results differ under the proposed reg.s if it is a pre-existing partnership.
Video 6 Capital Interest for Services

Profits Interest
253-255 Rev. Proc. 93-27
256-259 (COP) Proposed Regulations
255-256 Problems (p. 75 in videos) (answer under the new proposed regulations). What would the partnership have to do under the new regulations to qualify for the safe harbor?
259-262 Taxation of Carried Interests
Video 7 Profits Interest

Operations
104 (bottom)-107 (review) “Explanation of Provisions”

ZOOM SESSION Friday, January 11 at 11:00 am PST https://usfca.zoom.us/j/5165885448
Quiz due by midnight Sunday, January 13
Week 2

Expected learning outcomes: Understand how partnership profits and losses are allocated if the partnership agreement does not provide allocations that have substantial economic effect. Understand what is required for allocations to have economic effect (including the alternate test for economic effect and partial economic effect) and how to tell whether the economic effect of an allocation is substantial. Understand the 704(b) regulations regarding the maintenance of capital accounts, liquidating distributions and deficit restoration obligations and how their presence or absence impacts economic effect.

Allocations
Introduction,
95-97 (COP)
Video 8 Intro to Allocations

Special Allocations
Code section 704(b)

Default Rule
130-131 (through last full paragraph) “Default Allocations: The Partners’ Interest in the Partnership”

Economic Effect
106-118 “The Section 704(b) Regulations: Basic Rules”
Video 9 Allocations part 2
10 Allocations part 3
131 (last 2 lines)-133 (COP)
133-134 “Special Rules”
Begin 134-135 Problem 1 (p. 161-162 in videos) (skip 1(f)-(g))
Video 11 Allocations part 4
12 Allocations part 5

Substantiality
118-130 “Substantiality”
135 Problem 2 (p. 161 in videos)
Video 13 Allocations part 6

ZOOM SESSION Thursday, January 17, at 11:00 am PST https://usfca.zoom.us/j/5165885448
Quiz due by midnight Sunday, January 20
Week 3

Expected learning outcomes: Understand the concept of minimum gain and its impact both on formation of a partnership and on allocations to limited partners. Understand the concept of targeted allocations. Understand how items are allocated when partners’ interest change during the taxable year. Understand the taxation of guaranteed payments

Nonrecourse Debt
136-146 “Allocations Attributable to Nonrecourse Debt”
146 Problem (p. 172 in videos)
Video 14 Intro to Nonrecourse deductions and Minimum Gain
15 Nonrecourse debt and Minimum Gain
16 more NR debt and MG
17 MG chargeback, completion of problem

Targeted Allocations
147-151 “A Different Approach: Target Allocations”
Additional reading (available online)
Video 18 Targeted Allocations

Allocation of Liabilities
51 (first full paragraph)-53 “Nonrecourse Liabilities: In General”
184-198 “Recourse Liabilities”
203-204 Note
53 Problem 1(d) (p. 52 in videos)
Video 19 Allocation of Liabilities

Allocations where Partners Interests Vary
175-180 “Allocations Where Partners’ Interests Vary During the Year”
180 Problem 1(a)-(c)(ii) (p. 180 in videos)
Video 20 Varied Interests

Family Partnership Rules
172-174 “Partnership Interests Acquired by Gift, or Purchase from a Family Member”

Transactions Between Partners and Partnerships

Guaranteed Payments
207-208 Payments for Services General Rules”
222-223 “Guaranteed Payments”
229 Example 2 only
265-266 “Section 707(c) Guaranteed Payments for Property
231 problem 1(a)-(c) (p. 246 in videos)
Video 21 Guaranteed Payments

ZOOM SESSION Friday, January 25, at 11:00 am PST https://usfca.zoom.us/j/5165885448
Quiz due by midnight, Sunday, January 27
Week 4

**Expected learning outcomes:** Understand how partnership payments for otherwise capitalized assets, or for purchases of assets or services may be disguised as distributive shares, and how those payments will be recharacterized under 707. Understand the tax consequences of the sale or exchange of a partnership interest to the selling partner (including the seller’s distributive share of partnership income for the year of sale, the partner’s ordinary income on the sale and the seller’s capital gain on the sale). Understand the impacts of a 754 election for the purchasing partner and the possible (limited) application of 732(d) in the absence of a 754 election. Understand the results of nonliquidating distributions of cash and property to the distributee.

**Disguised Payments for Services and Property: abuses and responses**


Avoiding Partner-level gain: 707(a)(2)(B), 267-281 “Disguised Sales”

Changing partner-level character: Note, 212-215, 263 (from last full paragraph)-264 (midpage)

263-266 “Payments Disguised as Distributive Shares”

282 Problem 3(a), (b), (e) (p. 253 in videos)

221 problem 1 (p. 235 in videos)

Video 22 Transactions between Partnerships and Partners

23 Transactions Between Partnerships and Partners part 2

24 Transactions between partnerships and partners part 3

**Sales and Exchanges of Partnership Interests**

**The Seller**

283-287 (Through COP)

305 (last paragraph -306 “Holding”

306-307 “Note”

299-300 Problems 1, 2(a),(b) (p. 271 in videos)

Video 25 Sales and Exchanges

26 Sales and Exchanges, part 2

**The Buyer**

307- through COP on 314 “Consequences to the Buying Partner” (don’t really sweat the stuff from 310 1st full paragraph-314)

315-316 Problems 1(a)-(e), (g)-(i) (p. 287, 288 in videos)

Video 27 The Buyer

**Operating Distributions**

**Introduction**

319-320 “Introduction”

339-340 “Impact on Capital Accounts”

**The Distributee**

321-331 “Nonrecognition Rules on the Distribution

331-332 Problems 1, 3 (p. 300-301 in videos)

332-334 “Consequences on Subsequent Sales of Distributed Property”
Video 28 Distributions
29 Distributions, part 2
30 732(d) and 735

ZOOM SESSION Friday, February 1, at 11:00 am PST
Quiz due by midnight Sunday, February 3
Week 5

Expected learning outcomes: Understand the impact of pro-rata distributions on the partnership (including the consequences to the distributing partnership of a 754 election. Understand when and how 751(b) applies under both the current and the proposed regulations. Understand the taxation of 736(b) liquidating distributions on both the partner and the partnership.

Operating Distributions
The Partnership
335-340 “Consequences to the Distributing Partnership”
340 Problems (a), (b) (p. 309 in videos)
Video 31 754 and distributed property
751(b)
346-358 “Distributions Which Alter the Partners’ Interests in Ordinary Income Property”
359 Problems 1,2,4,5 (p. 324 in videos)
32 751(b)
33 751(b) part 2
34 751(b) part 3
35 751(b) part 4
35a 751(b) part 5
35b 751(b) part 6

Liquidating Distributions and Terminations
Introduction
361-363
Liquidation of a Partner’s Interest
363-369 “Section 736(b) Payments”
369 Problems 1(a)-(c), 3(a) (p. 335 in videos)
Video 36 Liquidations
37 Liquidations, part 2
38 Liquidations, part 3

ZOOM SESSION Friday, February 8, at 11:00 am PST https://usfca.zoom.us/j/5165885448
Quiz due by midnight Sunday, February 10
Week 6

Expected learning outcomes: Understand when and how 736(a) applies both to partnerships in which capital is a material income-producing factor and to general partners in a service partnership (including the options available to the service partnership). Understand the different tax consequences of liquidating distributions and sales of a partnership interest. Understand the tax consequences of the liquidation of an entire partnership and of the different ways that a partnership may be converted into a corporation.

Section 736(a) Payments
370-385 “Section 736(a) Payments
385 Problems 1(a)-(d),(f), 2(a), (b) (p. 347 in videos)
Video 39 Section 736(a)
40 736(a), part 2

Liquidation vs. Sale
386-391 (until Rev. Rul. 93-80) “Liquidation vs. Sale or Abandonment of a Partnership Interest”
395 Problem (p. 357 in videos)
Video 41 Liquidation versus Sale

Partnership Terminations and Mergers
397-402 “Voluntary Terminations”
402 problem (p. 363 in videos)
Video 42 Liquidation of the partnership
403-408 “Incorporation of a Partnership”
408 Problem (p. 368 in videos)
Video 43 Incorporating a partnership
409-410 “Partnership Mergers”

Death of a Partner
431-436 (through COP)

ZOOM SESSION Friday, February 15, at 11:00 am PST https://usfca.zoom.us/j/5165885448
Quiz due by midnight Sunday, February 17
Week 7
Final exam period: February 25-27. Please check with the Law Registrar’s Office (lawregistrar@usfca.edu) for more information.

Expected learning outcomes: Understand how gain, loss and depreciation with respect to contributed property are allocated. Understand that built-in loss cannot be used by anyone other than the contributing partner, and understand the tax consequences of contributions of property followed by either distributions of the contributed property or distributions of other property to the partner.

Special Problems with Contributed Property
Allocations
  153-169 (COP)
  170-172 Problems
  Video 44 Contributed property, sale
  45 Contributed property, depreciation
  46 Contributed property, depreciation part 2
  47 Contributed property, depreciation part 3
  48 704(c) with new partner

Sales and Exchanges of Partnership Interests
  169-170 “Anti-Abuse Rules for Loss Property”
  317 Problem 3
  Video 49 More on contributed property

Mixing Bowl Transactions
  215-221 Review
  341-345
  345 Problem (a)-(e)
  Video 50 Mixing bowl provisions

ZOOM SESSION Friday, February 22, at 11:00 am PST https://usfca.zoom.us/j/5165885448
Quiz due by midnight Sunday, February 24