

Corporate Tax – LAWS 636 – Fall 2024
Prof. Clint Wallace

Syllabus

Class: Room 284, Mon. / Wed. 10:45am-12:10pm
Office Hours: Tuesdays 12:00pm-2:00pm, Wednesdays 4:30pm-6pm
([by appointment](#), in my office, Room 233)
Email: clint.wallace@sc.edu
Mobile: (803) 567-3929

Topics, Preparation, and Course Materials – the course will cover the following topics:

- A. Introduction and Corporate Tax Policy Issues
- B. Formation -- § 351
- C. Distributions & Redemptions -- §§ 301, 302, 304, 305
- D. Liquidations -- §§ 331, 332
- E. Taxable Acquisitions -- §§ 1060, 338
- F. Tax-Free Reorganizations -- § 368
- G. S-Corps -- § 1361

Starting in Topic B, the class will be divided up into “on-call” groups, with approximately ½ of the class on call, and some of the on-call group presenting analysis of the assigned problems to the class each week. At the end of each class or each week, I will preview the assignment and on-call groups for the next class and/or week. The numbered assignments (provided in a separate document) will often carry over across class periods. We will discuss this further in our first meeting.

We will use the Zoom Whiteboard in classroom discussions – the “board” will be displayed on the screen in class, and you will be able to access it outside of class as well. The [link is here](#), and it includes a diagram for our first assignment (listed below).

For each class there will be assigned readings and problems/questions from the book CORPORATE TAXATION EXAMPLES & EXPLANATIONS (5th edition), along with occasional cases or articles and additional assigned problems. Whether or not you are on call, you are expected to *carefully* read the relevant sections of the Code and regulations for each assignment (i.e., not just the summaries of the rules in the E&E), and prepare responses to the assigned problems. You should bring with you a hard copy of the Code (and regulations) for all class sessions. You can use whatever copy of the Code you already have, or purchase the Lathrope 2023 or later abridged code from the bookstore, or Dickinson, FEDERAL INCOME TAX: CODE & REGULATIONS – SELECTED SECTIONS, or you can compile and print the relevant materials electronically. The assignments will include some of Examples at the end of each chapter of the E&E—you will be expected to prepare your answer and also review the Explanations in the text for any assigned questions in advance of class.

In addition to the assigned materials, the treatise Bittker & Eustice, FEDERAL INCOME TAXATION OF CORPORATIONS AND SHAREHOLDERS is a particularly useful additional source of information, and it is available in hard copy in the law library or electronically via Westlaw. Further, I recommend using

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Checkpoint RIA for electronic tax law research—you have access to this via the law library website.

Grade— your final grade will be based primarily (80%) on a 4-hour exam consisting of short answer, word-limited questions, to be held at 9am on Monday, December 2. The exam will be closed book, and you can reference only your physical copy of the Code and regulations (you are permitted to make annotations in the margins). You will also be graded on a midterm question (20%), which will serve as a preview for the questions that will appear on the final exam.

Additionally, participation in class will be worth ½ of one letter grade (*e.g.*, B to B+ or vice versa). This will be based on your performance when called on if you are in the on-call group, your general participation as a volunteer when you are not on-call, and your preparation when asked to prepare and present problems to class. Please let me know by email in advance if you must miss a class for any reason. Absences are excused for emergencies or medical, religious, or similar reasons. Whether or not the absence is excused, you are expected to catch up on any missed material so that you can fully follow along and participate in the next class.

Early semester assignments— please prepare Assignment #1 for our first class. All students will be on call for the first two meetings (Tuesday 8/20 and Monday 8/26).

Assignment #1 (to begin on Wednesday 8/16) – Introduction to Corporate Tax

Reading:

E&E Ch. 1, pp. 3-27 – Introduction and Choice of Entity (read up to start of Corporations)

Problem:

Shane, an individual, runs a business, Train Corporation, which is operates in South Carolina as a C Corporation. In 2024, the business collects \$1,500,000 of gross income, spends \$450,000 on reasonable employee compensation (\$200,000 of which is paid to Shane), buys real property for \$125,000, make \$100,000 of interest payments, incurs \$50,000 of lobbying expenses, makes \$150,000 of charitable contributions, and distributes \$25,000 of cash to Shane as the corporation's sole shareholder. What is Train Corp's gross income and taxable income, and what is Train Corp.'s federal tax liability? What is Shane's gross income (assuming he has no income from any other sources)? Be prepared to explain your thought process and research process.

**** NOTE: The information provided in this syllabus is subject to change during the course of the semester ****