

Tax I
Fall 2016

LawT 953/491- LL.M --- Law 953/512 – J.D. -- TaxA 651/185 - M.S.

Arturo Estrada
Email: AEstrada@ubalt.edu

"Office" Hours
by appointment
(703) 409-2895

Required Course Materials

Freeland, Lathrope, Lind & Stephens, *Fundamentals of Federal Income Taxation*
(Foundation Press, 18th ed., 2016)

Lathrope, Daniel J., *Selected Federal Taxation Statutes and Regulations*
(2017 Edition)

Days / Time: Tuesday evenings: 6:15 to 9:00 p.m.

Catalog Description & Student Learning Outcomes

This course will cover the basic concepts in federal income taxation, including gross income, exclusions, adjusted gross income, deductions, exemptions, credits, assignment of income, identification of the taxpayer, tax rates, depreciation, and the alternative minimum tax. By the end of the semester, students will be expected to analyze factual narratives (or short descriptions), determine the underlying federal income tax concepts and issues, fully describe the tax consequences and provide citations to the underlying Internal Revenue Code sections, regulations and relevant cases or rulings.

Grading, Class Participation Computers and Final Examination

Ninety percent of the final grade will be based on a final examination and ten percent will be based on class participation. Class participation includes discussions of the assigned reading materials (including the Internal Revenue Code and regulations) and participation in the resolution of problems at the end of each subchapter. Meaningful participation is difficult without regular attendance.

Students may use laptop computers for class related purposes. For the final examination, students must use a computer with software designated by the law school. Such software will temporarily disable most computer functions and convert the laptop into a basic word processor.

A three hour examination will include a combination of multiple choice, fill in the blank and essay questions. The Internal Revenue Code and regulations (single volume Lathrope edition) may be used. Other materials will not be permitted.

Attendance Policy for J.D. Students

Class attendance is a primary obligation of each student whose right to continued enrollment in the course and to take the examination is conditioned upon a record of attendance satisfactory to the professor. A student who exceeds the maximum allowed absences (two absences) may be compelled to withdraw from the course, or may be barred from sitting for the final exam. Students who are forced to withdraw for exceeding the allowed absences may receive a grade of FA (failure due to excessive absence). This policy is consistent with American Bar Association Standards for Law Schools.

While LL.M. and M.S. students should endeavor to attend each class, there is no attendance policy applying to these students.

Academic Integrity:

Students are obligated to refrain from acts that they know or, under the circumstances, have reason to know will impair the academic integrity of the University and/or School of Law. Violations of academic integrity include, but are not limited to: cheating, plagiarism, misuse of materials, inappropriate communication about exams, use of unauthorized materials and technology, misrepresentation of any academic matter, including attendance, and impeding the Honor Code process. The School of Law Honor Code and information about the process is available at http://law.ubalt.edu/academics/policiesandprocedures/honor_code/.

Class Cancellation

If the instructor must cancel a class, notices will be sent to students via email and posted on the classroom door. If there is inclement weather, students should visit the University of Baltimore web site or call the University's Snow Closing Line at (410) 837-4201. If the University is open, students should presume that classes are running on the normal schedule.

Disability Policy

If you are a student with a documented disability who requires an academic accommodation, please contact Leslie Metzger, Director of Student Services, at 410-837-5623 or lmetzger@ubalt.edu.

Title IX Sexual Misconduct and Nondiscrimination Policy:

The University of Baltimore's Sexual Misconduct and Nondiscrimination policy is compliant with Federal laws prohibiting discrimination. Title IX requires that faculty, student employees and staff members report to the university any known, learned or rumored incidents of sex discrimination, including sexual harassment, sexual misconduct, stalking on the basis of sex, dating/intimate partner violence or sexual exploitation and/or related experiences or incidents. Policies and procedures related to Title IX and UB's nondiscrimination policies can be found at: <http://www.ubalt.edu/titleix>.

First Class Assignment:

Chapters one and two will be discussed during the first class. Skim sub-chapters 1A, 1B, 1C, 1D and 1F. Read chapter two, I.R.C. § 61 and Treas. Reg. §§ 1.61-1, -2(a)(1), -2(d)(1) and -14(a). Be prepared to discuss the following problems in chapter two:

page 62 -- 1 - 2, 4 – 6;

page 66 -- 1 – 2.

Assignments for the entire semester are attached.

Federal Income Tax I
Class Topics & Reading Assignments
Fall 2016

1. **August 23, 2016**

Chapter 1: Orientation

Overview

Research

Skim Subchapters 1A, B, C, D & F

Chapter 2: Gross Income

Entire chapter

Code § 61

Treas. Reg. §§ 1.61-1, -2(a)(1), -2(d)(1), -14(a)

2. **August 30, 2016**

Chapter 18: Deduction for Individuals Only

Adjusted Gross

Personal & Dependency

Standard

Income

Exemptions

Deduction

Subchapter 18A, Skim Subchapters E, F (pp. 620 - 627)

Code § 62(a) & (c)

Chapter 3: Exclusion of Gifts & Inheritances

Gifts

Bequests

Entire chapter

Code § 102(a), (b) – 1st sentence, (c)

Treas. Reg. § 1.102-1(a), (b)

3. **September 6, 2016**

Chapter 4: Employee Benefits

Exclusion for

Exclusion for

Fringe Benefits

Meals & Lodging

Entire chapter

Code §§ 107; 119(a); 132 (omit (j)(2), (j)(5), (m) & (n))

Treas. Reg. §§ 1.61-1(a), -2(a)(1) & (2), (b)(1) & (2); 1.119-1

Chapter 11: Other Exclusions from Gross Income

Sale of Principal

Income Earned

Higher Education

Federal Taxes &

Residence

Abroad

Expenses

State Activities

Entire chapter

Code §§ 121 (omit (d)(4), (d)(5) & (e)); 911; 25A; 135; 529-530; 103; 115;
141(a), (e)

Treas. Reg. §§ 1.121-1(a), (b)(1), (2) & (4) Example 1, (c)(1), (d);

-2(a)(1) - (4) Example 2; -3(b), (c)(1) - (4) Example 1, (d)(1) - (3)

Example 1, (e)(1) and (2), (f), (g)(1)-(2) Example 1.

4. September 13, 2016

Chapter 5: Awards

Prizes

**Scholarships &
Fellowships**

Entire chapter
Code §§ 74; 117; 127(a), (b)(1), (c)(1)
Treas. Reg. § 1.74-1;
Prop. Reg. §§ 1.74-1(b); 1.117-6(b), (c)(1) – (4), (d)(1) – (3)

Chapter 6: Gain from Dealings in Property

Gain Computation

**Basis – General Basis
Cost, Gift, Bequest, Divorce**

Amount Realized

Entire chapter
Code §§ 1001(a) – (c); 1011(a); 1011(a); 1012(a); 109;
1014(a)(1), (b)(1) & (6), (e), (f); 1015(a);
1016(a)(1); 1019; 1041(a) & (b)

Treas. Reg. §§ 1.1001-1(a), -2(a)-(b), (c) Examples 1 & 2; 1.61-2(d)(2)(i); 1.1012-1(a);
1.1015-1(a); 1.1014-3(a); 1.1041-1T(a) & (d); 20.2031-1(b)

5. September 20, 2016

Chapter 6: Gain from Dealings in Property – Cont'd.

6. September 27, 2016

Chapter 6: Gain from Dealings in Property – Cont'd.

Chapter 21: Capital Gains and Losses (Overview)

Subchapters 21A; 21D; 21F (pp. 777-779); 21H (pp. 806-808, 811-815)
Code §§ 1221(a); 1222, 1223(1) – (3); Sec §§ 1233, 1234(b), 1259
Treas. Reg. § 1.1221(a)(5) – (8), (b)

7. October 4, 2016

Chapter 7: Life Insurance Proceeds and Annuities

Entire chapter
Code §§ 101(a), (c), (d) & (g); 72(a)(1), (b) & (c)
Treas. Reg. §§ 1.101-1(a)(1), (b)(1), -4(a)(1)(i), (b)(1), (c); 1.72-4(a), -9 (Table V)

Chapter 8: Discharge of Indebtedness

Entire chapter
Code §§ 61(a)(12); 102(a); 108(a), (b)(1) – (3), (d)(1) – (3), (e)(1) & (5), 1017(a)
Treas. Reg. §§ 1.61-12(a); 1.1001-2(a), 2(c) Ex. 8

8. October 11, 2016

Chapter 9: Damages & Related Receipts

**Damages in
General**

**Damages for
Personal Injuries**

Entire chapter
Code §§ 104(a); 105(a) – (c) & (e); 106(a)
Treas. Reg. §§ 1.104-1(a), (c), (d); 1.105-1(a); 1.106-1

Chapter 10: Separation & Divorce

**Alimony & Separate
Maintenance**

**Property
Settlements**

Child Support

Chapter 10 (except Subch. 10.C.2 – Alimony Payments by a Third Party)
Code §§ 71 (omit (c)(2) & (3)); 215(a) & (b); 7701(a)(17); 1041; See § 1015(e)
Treas. Reg. §§ 1.71-1T(a) & (b) (omit Q 11, 12), (c); 1.1041-1T(b)

9. October 18, 2016

Chapter 12: Assignment of Income

Income from Services **Income from Property**

Entire chapter

Code §§ 1(a) – (e), (h); 6013(a); Scan §§ 1(g); 63, 66; 73

Chapter 16: Deductions Not Limited to Business

Interest, Taxes **Bad Debts, Charity** **Casualty, Theft**

Subchapter 16A; Scan subchapters B, C & D and 17F

Code §§ 163(a), (h); 280A(d)(1); 7872; 164(a), (b)(1) & (5), (c), (d)(1); 275;

1001(b)(2); Scan §§ 163(d) & (f); 221; 263A; 265(a)(2) – (a)(4); 266

Treas. Reg. §§ 1.164-3(a) – (d)

Prop. Reg. §§ 1.7872-1(a)

10. October 25, 2016

Chapter 18: Deductions for individuals Only

Moving Expenses **Extraordinary Medical Expenses** **Qualified Tuition Expenses** **Attorney's Fees**

Subchapters 18B, C & D; Skim *Banks* case

Code §§ 25A(f); 62(a)(15) & (18); 274(n)(1); 82; 132(a)(6) and (g); 135; 151(d)(2); 217; 213(a), (b), (d)(1) – (4) and (9); 222; 263(a)(1); 529; 530

Treas. Reg. §§ 1.217-2(b)(2) – (4), (8); 1.213-1(a)(1), (e)(1) – (4)(i)(a)

Chapter 14: Business Deductions

§ 162 Overview **Salaries, Travel, Rental, Education** **Miscellaneous** **Depreciation**

Entire chapter

Code §§ 1; 63; 162(a); 165(a), (b) & (c)(1); 167(a) & (c);

168(a) - (c), (d)(1) - (3) & (4)(A) - (C), (e)(1) – (2), (f)(1), (5)(B)(i), (g)(1)(E), (2), (3)(D), (7), (i)(1), (k), (1), (2)(A), (5);

179 (omit (b)(5)), (d)(4) – (10); 280F(a), (b), (d)
-- omit § 179 (a)(1)(C), (d)(6)(C) & (D) and (9) & (10);

195; 262; 263(a); 274(a), (d), (e), (k), (l), (m)(2), (n); 280B; 1016(a)(2)

Scan §§ 42; 46(1); 47(a), (c); 62(a)(1), (4); 168(d); 162(h), (m); 197;
263A(a), (b)(1), (c)(1); 274(c), (h) & (m)(1) & (3); 280G

Treas. Reg. §§ 1.162-1(a), -2 (omit -2(c)), -4(a), -5(a), (b)(1), 2(i), 3(i), (c), (e)(1), -7, -8, -9, -11(a);

1.167(a)-1(a), -10;

1.167(b)-0(a), -1(a), -2(a); 1.195-1(b);

1.263(a)-1(b), (d), -2(d)(1) & (2) Examples 1, 5, 6 & 8, (f)(1) & 2(i), (ii)

1.263(a)-3(d), (e)(2)(i) and (e)(3)(i), (i)(1),

3(j)(1) and (j)(3) Examples 1, 2, 5, 12 & 13,

(k)(1), (7) Examples 14 & 15, (l)(1), (l)(3) Examples 1 & 2;

1.263(a)-4(a), (b)(1), (c)(1), (d)(1), (e)(1)(i), (e)(4)(i)

Scan §§ 1,162-20(a)(2); 1.274-2(a)(1), (c) & (d);

11. November 1, 2016

Chapter 14: Business Deductions – Cont'd

12. November 8, 2016

Chapter 15: Deductions for Profit-Making, Non-Business Activities

§ 212 Expenses **Transactions Entered
Into for Profit**

Entire chapter
Code §§ 212, 274(h)(7); 121(a), (d)(6); 165(a), (b), (c)(2); 167(a)(2); 168(a), 212
Scan §§ 195, 280A
Treas. Reg. §§ 1.212-1(g), (k), (l), (m); 1.262-1(b)(7); 1.165-9(b); 1.167(g)-1;
1.212-1(h)

13. November 15, 2016

Chapter 17: Restrictions on Deductions

Not for Profit **Illegal Activities**
Activities - § 183

Subchapters 17A, C, D,
F -- (Skip at-risk discussion in 17B and passive activity loss rules in 17E)
Code §§ 183(a) – (d); 280A(a), (b), (c)(1), (3) & (5), (d)(1), (e) – (g);
Treas. Reg. § 1.183-2(a) & (b)

14. November 22, 2016

Chapter 18: Deductions for Individuals Only

Adjusted Gross **Personal & Dependency** **Standard**
Income **Exemptions** **Deduction**

Subchapter 18A, E & F (but not the *Banks* case)
Code §§ 62(a), (c) & (e); 71(a) & (c); 151 (omit (d)(3)); 152 (omit (f)(6)); 63; 67;
274(n)(1); 6103; 7703
Treas. Reg. §§ 1.62-1T(b) & (d); 1.151-1(b) & (c)(2); 1.162-17(b), (e)(3); 1.67-1T(a)

Chapter 27: Alternative Minimum Tax

Subchapter 27C (pp. 1020-1023, Scan 1024-1026)
Code §§ 55(a) - (d); 56(a)(1), (3), (4) & (6), (b)(1) & (3);
57(a)(5), (7); 58(b)

Study Period: December 3 to December 4

Final Exam Period: December 5 to December 14