

COURSE ASSIGNMENTS PART III

NOTE:

- Focus on the Code and Regulation sections listed below (rather than the code and Regulation sections listed in each header in the casebook)
- You are responsible for preparing (prior to class) all assigned problems

PART THREE – IDENTIFICATION OF THE PROPER TAXPAYER

27. Computations

A. Tax Rates

Text: pp. 929-930 (stop at the *Classifications of Individual Taxpayers* heading near the bottom of p. 930); 935-939 (beginning with the *Rate Schedules* near the bottom of p. 935); 947-948 (*Net Investment Income Tax* paragraphs); 949-950 (*Bracket Creep, Tax Tables, Filing Requirement* paragraphs)

Code: §§ 1(j)(1)-(3); 7703(a)(1). Note §§ 1(h), (j)(5).

Regs.: 301.7701-18

Problems: pp. 939-940 (Problems 1(a) & (b) only, using the 2022 rate schedule printed on pp. 935-936 of the casebook). In addition, consider the following:

In the *Old Colony Trust Co.* case, discussed earlier in the semester, the company's original 1916 resolution (bottom of casebook p. 45) declared that the company would "pay any and all income taxes ... that may hereafter become due and payable upon the salaries of all the officers...." In 1918 the company amended the resolution (top of casebook p. 46) to provide a specific "method of computing said taxes." Why was this 1918 amendment necessary (*i.e.*, why was the 1916 language not sufficient), and was it helpful or harmful to the officers?

12. Assignment of Income

A. Introduction

Text: pp. 229-231

Code: §§ 1(j)(2); 6013(a). Note §§ 1(g); 73

B. Income from Services (including a discussion of the “marriage penalty” and “marriage bonus”)

Text: pp. 231-242; 930-935 (*Classification of Individual Taxpayers* paragraphs).

Problems: p. 242

13. Income Producing Entities

A. Introduction

Text: pp. 265-269 (stop at the *Trusts* heading on p. 269)

Code: § 11.

Tax Rates on Income from Pass-Through Entities (also addressed in Chapters 14 & 27)

Text: pp. 387 (*Qualified Business Income Deduction*); 940-944 (*Tax Rates on Income from Pass-Through Entities*). We will only cover the basics of this material, based on my brief summary in class.

Code: Skim § 199A.

Problems: none

PART FOUR – DEDUCTIONS IN COMPUTING TAXABLE INCOME

14. Business Deductions

A. Introduction

Text: pp. 303-305

Code: Note §§ 1; 63; 212; 262(a)

B. The Anatomy of the Business Deduction Workhorse: Section 162

1. “Ordinary and Necessary”

Text: pp. 305-308

Code: § 162(a)

Regs: § 1.162-1(a)

Problem: p. 308 (Problem 1 only)

2. “Expenses”

Text: pp. 308-328

Code: §§ 162(a); 263(a)

Regs: §§ 1.162-4(a); 1.263(a)-1(a); 1.263(a)-3(d); 1.263(a)-3(i)(1); 1.263(a)-3(j)(1); 1.263(a)-3(k)(1); 1.263(a)-3(l)(1).

Problems: none

3. “Carrying On” Business

Text: only read pp. 335-336 (*Limitations on the Deductibility of Employee Business Expenses* paragraphs)

Problems: none

D. Other Business Deductions

2. Business Losses

Text: pp. 384-386 (only through the first two lines on p. 386; skip the two full paragraphs on p. 386 regarding § 280B)

Code: §§ 165(a), (b), and (c)(1); 1016(a)(1)

Regs: § 1.165-7(b)(1)

Problems: pp. 386-387

E. Depreciation

1. Introduction

Text: pp. 388-397 (stop at the “Related Concept of Depletion” heading). View this as a conceptual overview; do not get caught up in the details. I will provide an overview of relevant concepts in class.

Code: §§167(a), (c). Note §§ 168 (which will be covered in more detail below); 263(a); 263A

Problem: none

2. Depreciation and Amortization Rules for Personal Property

Text: pp. 412-420. Focus on the pp. 412-413 and p. 415 discussion of the impact of the 2017 tax law’s expansion of § 168(k). Because of the importance of § 168(k), we will not be doing any detailed calculations of MACRS depreciation, so you can merely skim the discussion of those calculations on pp. 413-415, as well as the other parts of this reading. I will summarize the main contours of the area in class.

Code: §§ 167(a), (b), (c)(1); 168(k)(1), (2)(A), (6)(A). Note §§ 168(a)-(e); 179; 197; 280F(a), (b), (d).

Problems: none

3. Depreciation Rules for Realty

Text: pp. 421-422 (stop at the *Qualified Improvement Property* heading). Here, too, we will not be doing any detailed depreciation calculations.

Code: §§ 168(a), (b)(3)(A), (b)(3)(B), (b)(4), (c), (d)(2), (d)(4)(B), (e)(2).

Problem: none