

SOUTHERN ILLINOIS UNIVERSITY
CORPORATE TAXATION
PROFESSOR MORRIS

GENERAL INFORMATION

Credits: 3
Course No.: Acct 543/Law 514
Section Nos.: 001 & 002
Class Schedule: Tuesday & Thursday-2:00pm-4:45pm
Classroom: Rehn Hall 24

OFFICE HOURS

Room 232A
Email: memorris@business.siu.edu

REQUIRED TEXT:

Stephen A. Lind, Stephen Schwarz, Daniel J. Lathrope & Joshua D. Rosenberg, *Fundamentals of Corporate Taxation* (9th ed. 2016) (Foundation Press)

SUGGESTED RESOURCES:

Access to Checkpoint, LexisNexis, Westlaw, etc. for AUTHORITIES NOTED AT BEGINNING OF SECTIONS (E.G. P.3, "CODE...", "REGULATIONS...")

OBJECTIVES:

This is a graduate level course on the taxation of Corporations. Topics include: corporate formations, distributions, redemptions, liquidations, corporate income tax, accumulated earnings tax, personal holding company tax and affiliated corporations. The concepts in this course are extremely complex and can only be grasped with a substantial amount of effort. Consequently, your participation in the class discussions is required.

Learning Objectives:

At the completion of this course, students will be able to:

- 1) Identify and explain the tax aspects of forming, operating, selling, and liquidating an entity classified as a corporation for federal income tax purposes.
- 2) Read and interpret the Internal Revenue Code and Treasury Regulations to solve corporate tax problems.
- 3) Articulate the major tax policy issues relating to the taxation of corporations and shareholders.
- 4) Appreciate corporate tax planning and compliance issues.
- 5) Understand the ethical issues associated with providing professional tax services in the corporate arena.

At times, the path will seem rugged and dark. But, we will learn a lot along the way—about the tax law, about thinking critically in addressing tax and business issues, and about our ability to be resilient. At journey's end, you will have attained sought-after skills that are useful in the real world of tax practice.

CLASS PARTICIPATION:

Each assignment addresses one or more specific corporate tax issue that will be the basis for that class and discussion. Typically, a portion of the class will involve a summary presentation regarding the assignment's subject matter. Next, class will take the form of a group discussion regarding that assignment's problem(s) and its solution(s). I will expect you to analyze code sections or regulations, cases, problems, and various factual situations to determine the proper tax treatment and to be prepared to present your findings orally in a convincing manner.

Since we will use class to evaluate problems and cases, you will have to do your reading and prepare problems, code sections/regulations and cases before class. Occasionally, the problems in the book may direct you to some Code section or regulation that is not in the suggested codebook. If you encounter this situation, please look up the code or regulation section on Westlaw, LexisNexis, Checkpoint (RIA), etc. so you can complete the problem. **Always bring your text and Selected Code and Regulations** to class with you. To prepare for class, follow this guideline: (1) study the assigned chapter material and related IRC and Regulation sections; (2) work each problem at the end of an assigned topical discussion in the Fundamentals of Corporate Taxation text; (3) be prepared to give an oral response to questions asked in class at random.

I expect you to be present and prepared for each class session. I will evaluate class participation on the basis of my perceptions of your preparation for class, as well as the quality and quantity of contributions to class discussion. I expect each of you to attend class regularly and punctually, prepared to participate in class discussions. Absences due to work assignments or job interviews are not excused. **Class attendance, preparation, and participation will be considered in determining your final grade.**

EVALUATION:

Final grades will be based on:

- Presentation/Problems (40%). Each student will lead a class discussion regarding the assignment's topic. Each student will also lead the class in a discussion of the problem for the assignment.
- Participation in Class Analysis and Discussion (20%). Because of the nature of the class, each student must attend class regularly, read and understand the assigned materials, work through the assigned problems, and actively participate in the discussion of the topic. Such discussion should include questions and comments regarding the topic generally and the presenting student's presentation/problem analysis.
- Comprehensive Final Exam (40%).

Class performance components will be evaluated as follows:

10 - Outstanding Contributor: Contributions in class reflect thorough preparation. Ideas offered are usually substantive, provide one or more major insights as well as direction for the class. Arguments when offered, are well substantiated and persuasively presented.

9 - Good Contributor: Contributions in class reflect thorough preparation. Ideas offered are usually substantive, provide good insights and sometimes direction for the class. Arguments, when presented, are generally well-substantiated and are often persuasive.

8 - Adequate Contributor: Contributions in class reflect thorough preparation. Ideas offered are usually substantive, provide generally useful insights, but seldom offer a major new direction for the discussion. Arguments are sometimes presented, and are fairly well substantiated and sometimes persuasive.

0 - Non-participant: This person has said little or nothing in this class to date. Hence, there is not adequate basis for evaluation

0 - Unsatisfactory Contributor: Contribution in class reflects inadequate preparation. Ideas offered are seldom substantive; provide few, if any, insights; and never a constructive direction for the class. Integrative comments and effective arguments are absent. Class contributions are, the best, “cherry-picking” efforts making isolated, obvious, or confusing points

Please be on time. If you come in late or leave early, please make every attempt to minimize the disruption. Repeated tardiness will result in a lowering of your participation grade. If you come in late, it is your responsibility to ensure that you are marked present.

I spend many hours preparing each week’s class. I will not prepare or teach a class more than once. If you are not present, you will miss out. In-class materials will be provided to those who are in class. I will not post them or make them generally available. If you want them, come to class or ask another student (I have no objection to students sharing materials with other students, but I am not responsible for keeping you up to date).

TO ANSWER THE MOST FREQUENTLY ASKED QUESTIONS ABOUT MISSING CLASS – YES, YOU MISSED SOMETHING; YES, IT WAS IMPORTANT; AND YES, IT WILL BE ON THE EXAM.

Many of you are working. Many of you are taking heavy course loads or taking the CPA exam in an effort to accelerate graduation and enhance your career prospects. I understand your situations and it is not my goal to make unreasonable demands of you or to make you miserable. There are, simply, topics that must be covered and over which you must show mastery. Your future employers expect that, if you have passed this course, you understand these topics. If your time is

limited, be realistic in your grade expectations. The course materials and requirements are what they are. This is not a matter of me being “fair” or “unfair.” This is just how it is. Come to class. Do your best. Seek help early if you have questions.

POLICY ON THE USE OF ELECTRONIC DEVICES IN CLASS

The study of taxation requires attention to detail and focus. Texting or web surfing during class is rude and will cause you to miss important details and concepts. Also, employers have stated that they are having problems with new graduates texting, web surfing, Facebooking, etc. when they should be working. Some of these employees have been fired for such behavior.

Technological distractions are not a “college student problem” or a “millennial generation problem.” The issue affects us all. I routinely see distracting technology use by faculty members and business professionals in meetings and at conferences. Furthermore, I realize you are all adults and are capable of making your own decisions about whether technology use during class is a good or bad thing for you personally. The concern I have is that **when one student opts to use technology in class it distracts those around them (including the instructor)—which makes the classroom less conducive to learning.** A professor at the Massachusetts Institute of Technology put it this way:

A lot is at stake. Where we put our attention is not only how we decide what we will learn, it is how we show what we value....In classrooms, the distracted are a distraction: **Studies show that when students are in class multitasking on laptops, everyone around them learns less. Distraction is contagious.**

One college senior says, "I'll be in a great lecture and look over and see someone shopping for shoes and think to myself, 'Are you kidding me?' So I get mad at them, but then I get mad at myself for being self-righteous. But after I've gone through my cycle of indignation to self-hate, I realize that I have missed a minute of the lecture, and then I'm really mad."

Even for those who don't get stirred up, when your classmates are checking their mail or Amazon, it sends two signals: This class is boring, and you have permission to check out — you, too, are free to do other things online.¹

The use of smartphones is just as distracting—for both students and the instructor. As a professor at the Rochester Institute of Technology put it:

I could not bear to look at one more student smiling at his or her crotch — the universally preferred location to keep one's phone for "surreptitious" texting. (Note to students: If you're smiling in that direction, your attempts at stealth are going to get noticed.)²

Recent research has shown that even legitimate uses of technology in the classroom—like to

¹ Sherry Turkle, *How to Teach in an Age of Distraction*, THE CHRONICLE OF HIGHER EDUCATION, Oct. 2, 2015 (emphasis added).

² Hinda Mandell, *No Phones, Please, This Is a Communications Class*, THE CHRONICLE OF HIGHER EDUCATION, July 6, 2015.

take notes—is counterproductive. Consider the following abstract of a study done by researchers at Princeton and UCLA:

Taking notes on laptops rather than in longhand is increasingly common. Many researchers have suggested that laptop note taking is less effective than longhand note taking for learning. Prior studies have primarily focused on students' capacity for multitasking and distraction when using laptops. The present research suggests that even when laptops are used solely to take notes, they may still be impairing learning because their use results in shallower processing. In three studies, we found that students who took notes on laptops performed worse on conceptual questions than students who took notes longhand. We show that whereas taking more notes can be beneficial, laptop note takers' tendency to transcribe lectures verbatim rather than processing information and reframing it in their own words is detrimental to learning.³

For the above reasons, some law schools and business schools—including **Harvard Business School**—have banned technology from many of their classrooms. I have decided to follow this example and prohibit student use of technology in the classroom as follows:

- In the absence of a pre-approved emergency situation, **all electronic devices including, but not limited to, cell phones, smart phones, tablets, smart watches, and laptops must be turned off and put away during class.** Student violating this policy will experience the following consequences:
 - First-time violation: A warning.
 - Subsequent violations: Students violating this rule will be asked to leave the class and will be considered absent for that class.
- Exceptions: If you get permission from me for a compelling reason (e.g, you are the “on call” parent for your kids, a family member is ill or about to go into labor, etc.) You must let me know in advance if you have these situations and keep your phone on vibrate.

Thanks for your cooperation!

EMERGENCY PROCEDURES

Southern Illinois University Carbondale is committed to providing a safe and healthy environment for study and work. Because some health and safety circumstances are beyond our control, we ask that you become familiar with the SIUC Emergency Response Plan and Building Emergency Response Team (BERT) program. Emergency response information is available on posters in buildings on campus, available on the BERT's website at www.bert.siu.edu, Department of Public Safety's website www.dps.siu.edu (disaster drop down) and in the Emergency Response Guidelines pamphlet. Know how to respond to each type of emergency.

³ Pam A. Mueller & Daniel M. Oppenheimer, *The Pen is Mightier Than the Keyboard: Advantages of Longhand Over Laptop Notetaking*, 25 PSYCHOLOGICAL SCIENCE 1159 (2014).

Instructors will provide guidance and direction to students in the classroom in the event of an emergency affecting your location. **It is important that you follow these instructions and stay with your instructor during an evacuation or sheltering emergency.** The Building Emergency Response Team will provide assistance to your instructor in evacuating the building or sheltering within the facility.

SUNDRIES

Laptop computer policy – You may use a laptop computer to take notes during class. However, you may not use computers in a way likely to distract other students from their classroom activities (e.g. surfing the web, playing games or instant messaging, as well as displaying wallpaper, screen savers, or other material you can reasonably expect to be offensive to other students). Students violating this rule will be asked to leave the class and will be considered absent for that class. A second violation will lead to loss of in-class computer privileges for the remainder of the semester.

Communication Devices - I expect you to act professionally in this class. Assume you are in court. Kindly set on vibrate and refrain from using cell phones, pagers, and any other communication device other than your laptop computer. Also, turn off all beeper watches prior to class.

Class visitors are allowed.

I retain all intellectual property rights in my lectures and slides. No recording devices are permitted in the classroom at any time.

Academic Integrity:

Anyone committing an act of academic dishonesty will be given an “F” in this course and reported to the Dean for further disciplinary action.

ACCT 543/LAW 514 – FALL 2019 SCHEDULE
NOTE: SCHEDULE SUBJECT TO CHANGE

October 15	Syllabus Review & Overview	Chapter 1
October 17	Formation of a Corporation 1	Chapter 2 (A-C)
October 22	Formation of a Corporation 2	Chapter 2 (D-F)
October 24	The Capital Structure of a Corporation	Chapter 3
October 29	Nonliquidating Distributions 1	Chapter 4(A-D)
October 31	Nonliquidating Distributions 2	Chapter 4(E-G)
November 5	Redemptions and Partial Liquidations 1	Chapter 5(A-D)
November 7	Redemptions and Partial Liquidations 2	Chapter 5(E-H)
November 12	Stock Dividends & Section 306 Stock	Chapter 6
November 14	Stock Dividends & Section 306 Stock	Chapter 6
November 19	Thanksgiving Break	
November 21	Thanksgiving Break	
November 26	Complete Liquidations	Chapter 7
November 28	Complete Liquidations	Chapter 7
December	Finals Weeks	

READING ASSIGNMENT INCLUDES AUTHORITIES NOTED AT BEGINNING OF SECTIONS (E.G. P.3, "CODE...", "REGULATIONS...")