Course Number: Accountancy 6402-10

Class Time and Place: Duques 359; Wednesdays 3:30 to 6:00.

Course Description:
This course covers basic accounting for partnerships from both tax and financial accounting perspectives. It will cover formations, operations, distributions, transfers of interests, and liquidations.

Prerequisite: Accountancy 6401

Required Textbooks:

2. *Learning the Logic of Subchapter K, Problems and Assignments for a Course in the Taxation of Partnerships* by Laura E. Cunningham and Noel B. Cunningham (West Publishing).

Suggested Reference/Study Aide:
The following text is not required reading for this course. I list it only for the convenience of students who wish to learn more about the taxation of passthrough entities.


Course Objective:
The course intends to provide students with an understanding of financial and tax accounting for partnerships and partners. Time permitting, it will also touch on S corporations, although not extensively. By the end of the semester, the student should be able to identify the issues for a given situation, resolve them by applying the controlling principles of GAAP or law, and effectively communicate those answers.

Method of Grading: Note: Exams will be in class, open book.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Midterm</td>
<td>50%</td>
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<tr>
<td>Final</td>
<td>50%</td>
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Method of Instruction:

Classes will generally begin with a review of the previous week’s homework assignment followed by a lecture on the topic to be covered. The remaining time will be devoted to examples. Students are strongly encouraged to work the problems prior to class.

Students will be expected to participate in class. Also, questions are always welcome; however, in the interest of time management, questions regarding topics, transactions, situations, etc. outside of the scope of the materials relevant to the class will be deferred to after class.

Office:

Location: 600 Funger Hall  
Telephone: (202) 531 – 0565 
Email: jvetting@gwu.edu

Office Hours: By appointment.

Cellular Phones:

Please turn cellular phones off or set to silent mode during class.
1. January 13

Financial Accounting for Partnerships

- Partnership formations
- Partner capital accounts
- Profit/loss sharing arrangements
- Changes in partnership interests
- Retirements
- Changes in interest review
- Liquidation of a partnership interest

Read: No reading assignment

2. January 20

Begin Tax Aspects of Partnerships

- Choice of Entity
- Partnership Formation
- Corporate formations comparison

Read: Cunningham Chapters 1 and 2

IRC: §§ 721-724, 752 1223; see also § 351

3. January 27

- Partnership Operations
- Capital Accounts

Read: Cunningham Chapters 3 and 4

IRC: §§ 704(b) and (c), 706(a) & (b); 721(a), 722, 723, 752; see also §§ 444 and 448;

Regs: §§ 1.704-1(b)(1) [omit (ii)]; 1.704-1(b)(2)(iv)(a)-(i); 1.704-1(b)(4)(i); see also § 1.752-1(a) thru (f)
4. February 3
   • Capital Accounts (cont’d)
   • Partnership Allocations: Substantial Economic Effect
     Read: Cunningham Chapter 5
     IRC: §§ 704(b), 761(c)
     Regs: § 1.704-1

5. February 10
   • Finish SEE
   • Allocation of Nonrecourse Deductions
     Read: Cunningham Chapter 6
     Regs: §§ 1.704-2(b) thru (j), (m) Ex. (1) [omit part (v)]; see also § 1.752-3

6. February 17
   • Finish Allocation of Nonrecourse Deductions

7. February 24
   • Catch up and review

8. March 2
   • Midterm Exam

9. March 9
   • Spring break week, NO CLASS

10. March 16
    • Review midterm
    • Begin Section 704(c)
      Read: Cunningham Chapter 7
      Regs: Reg. § 1.704-3 [omit -3(e)(3)]

11. March 23
    • Finish section 704(c)
    • Partnership Liabilities
Read: Cunningham Chapter 8
IRC: §§ 704(d), 707(a)(1), 707(a)(2)(A), (c), 722, 731(a)(1), 733, 752;
Regs: §§ 1.704-1(d), 1.752-0 thru -4, 1.704-1(b)(2)(iv)(c), 1.707-1(a), (c); 1.704-
1(b)(1)(v), (2)(iv)(o); 1.721-1(b)

12. March 30
   • Sale of a Partnership Interest
       Read: Cunningham Chapter 10
       IRC: §§ 705(a); 706(a), (c); 708; 732(a), (c); 741; 751(a), (c), (d), (f); 752(c), (d);
            761(e); 453(i)
       Regs: §§ 1.741-1; 1.751-1(a), (c), (d), (e), (g) ex.(1); 1.708-1(b)(1); 1.732-2(b);
            1.752-1(g); 1.1245-1(e)
   • Distributions
       Read: Cunningham Chapter 11
       IRC: §§ 707(a); 731; 732(a), (c); 733; 734(a); 735; 751(b); 752(a), (b), (c)
       Regs: §§ 1.731-1(a)(1), (3), -1(c); 1.732-1(a), (c); 1.752-1(e), (f); 1.704-1(b)(2)(iv)(e),
            -1(b)(5) Ex.(14)(v); 1.761-1(d)

13. April 6
   • Finish Distributions
   • Optional Basis Adjustment – §734(b)
       Read: Chapter 12
       IRC: §§ 706(c); 707(c); 734; 736; 741; 751(b); 754; 755; 761(d) and (e)
       Regs: §§ 706-1(c)(2); 1.707-1(c); 1.734-1, -2; 1. 1.736-1; 1.741-1; 1.751-1(b), -1(g)
            exs. (2); thru (4); 1.754-1; 1.755-1(a) & (c); 1.704-1(b)(2)(iv)(m)(1), (4) & (5);
            1.761-1(d)

14. April 13
   • Tax controversy lecture
       Read: Handout posted to BlackBoard

15. April 20
   • Catch up and review