The George Washington University School of Business
Department of Accountancy
Federal Income Taxation of Partnerships
Professor Wendy Kribell
Spring 2017

Course Number:  Accountancy 6402

Class Time and Place:  1957 E Street, Room 212; 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).

Internal Revenue Code and Regulations:

Links to relevant Internal Revenue Code and regulation sections will be posted on Blackboard. We will go over Code and regulation sections in class; however, it will be helpful to skim them in advance.

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 tax accounting for partnerships and partners. Financial accounting for partnerships will also be discussed. Time permitting, the course 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 tax law or GAAP, and effectively communicate those answers.
Method of Grading: Note: Exams will be in class, open book.

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<tr>
<th>Method</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Midterm</td>
<td>50%</td>
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<td>Final</td>
<td>50%</td>
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Schedule of Topics and Assignments:

The schedule of topics and assignments below is tentative and may be adjusted as the semester progresses. I will address any changes to the schedule at the end of every class and will also identify the problems that you should try to work before the next class. I will also post this information on Blackboard.

Time Commitment:

Over the course of a 15-week semester, it is expected that students will spend 35 hours of in-class instruction and 77.5 hours outside of class-- preparing for class, doing assignments and taking the final exam.

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
Email: wkribell@gwu.edu (preferred method of contact)
Telephone: (240) 281-0856

Office Hours: After class or by appointment. I am also happy to answer questions by e-mail and will do my best to respond within 24 hours.

Cellular Phones:

Please turn cellular phones off or set to silent mode during class.
1. January 18

Choice of Entity and Entity Classification
• What is a partnership?
• What is an S corporation?
• Choice of entity
• Check the box rules
Read: Cunningham Chapter 1
IRC: §§ 761(a) and (b)
Regulations: §§ 301.7701-1; 301.7701-2; 301.7701-3

2. January 25

Partnership Formation and Operations
• Partnership formation
  o Contributions of property
  o Basis
  o Holding period
• Partnership operations
  o Calculation of income
  o Taxable year of the partnership
  o Varying interests
Read: Cunningham Chapters 2 and 3
IRC: §§ 706(a) and (b); 721 -724, 752; 1223; see also §§ 351, 444, and 448
Regulations: § 1.752-1(a) thru (f)

3. February 1

Financial Accounting, Intro to Capital Accounts
• Financial accounting for partnerships
• Capital accounts
Read: Cunningham Chapter 4
IRC: §§ 704(b) and (c), 706(a) & (b); 721(a), 722, 723, 752;
Regulations: §§ 1.704-1(b)(1) [omit (ii)]; 1.704-1(b)(2)(iv)(a)-(i); 1.704-1(b)(4)(i)
4. February 8

**Partnership Allocations: Substantial Economic Effect**

Read: Cunningham Chapter 5
IRC: §§ 704(b), 761(c)
Regulations: § 1.704-1

5. February 15

- Finish SEE

6. February 22

- **Allocation of Nonrecourse Deductions**
- Read: Cunningham Chapter 6
- Regulations: §§ 1.704-2(b) thru (j), (m) Ex. (1) [omit part (v)]; see also § 1.752-3

7. March 1

- Catch up and review

8. March 8

- Midterm Exam

9. March 15

- Spring break week, NO CLASS

10. March 22

**704(c) – Contributions of Property**

Read: Cunningham Chapter 7
Regulations. § 1.704-3 [omit -3(e)(3)]

11. March 29

**Liabilities and Guaranteed Payments**

- Partnership Liabilities
- Transactions Between a Partnership and Its Partners
Read: Cunningham Chapters 8 and 9
IRC: §§ 704(d), 707(a)(1), 707(a)(2)(A), (c), 722, 731(a)(1), 733, 752;
12. April 5

Sales and Distributions

- 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)
  Regulations: §§ 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)
  Regulations: §§ 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 12

- 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)
  Regulations: §§ 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 19

Tax Practice – Procedural and Anti-Abuse Rules

- Partnership procedural rules
- Disguised sales
- Partnership anti-abuse rules
  Read: Chapters 15 and 16; handout.

15. April 26

- Catch up and review