

ACCT 597 – PARTNERSHIP TAXATION

Spring I – 2024

Instructor: James R. Hamill, CPA, Ph.D.
James.Hamill@tamuc.edu

See instructor bio information on the course site (D2L)

Textbook: There is none. I will post handouts throughout the semester, including various PowerPoint decks dealing with partnership tax issues. Several handouts will be articles I have authored in professional tax journals.

Course Overview:

This course deals with the taxation of partners and partnerships. The significant growth in the use of limited liability companies (LLCs), which are taxed as partnerships if they have two or more members, has greatly increased the interest of tax practitioners in partnership taxation. Many publicly traded corporations also have ventures with other parties that operate through an entity taxed as a partnership.

Partnership taxation is found in subchapter K of the tax law, and practitioners often refer to partnerships simply by that title. A unique aspect of the taxation of partnerships is the so-called “aggregate” approach to tax issues. This is a significant issue to understand if you want to deal with partnership tax issues.

Partnership taxation allows a flexibility not found in other entities, including S corporations. We will explore these areas of distinction between the two major types of “flow-through entities.”

There is no textbook for the course. You will need to be able to use both primary and secondary tax authorities. All course assignments, including both practice sets and research papers, will need to cite primary tax authorities in support of your answers or arguments. While your opinions are valued and appreciated as part of class discussions, professional tax communication is a more formal process and you need to cite primary authorities, and on rare occasions, secondary authorities, to support your discussions and conclusions.

Grading:

Grades will be a function of both formal research memos and smaller assignments. The grades will be based on a total of 250 points as follows:

(2) Research Papers	100 points
(8) Assignments	200 points

There is no final exam.

Assignments: All assignments must be submitted in the assignment folder on D2L. This tells me when the assignment was submitted. If an assignment is submitted late it cannot receive full credit.

Learning Objectives: At the end of this class you will be able to:

1. Determine the classification of a partnership
2. Identify tax consequences of formation of a partnership
3. Identify tax consequences of receipt of an interest for services
4. Distinguish ordinary and separately-stated items reported to partners
5. Identify key aspects of the "centralized" partnership audit provisions
6. Determine how to satisfy the regulatory safe harbor for partnership allocations
7. Distinguish recourse from nonrecourse tax deductions
8. Distinguish regulatory and "targeted" tax allocations
9. Determine how partners share liabilities of the partnership
10. Determine the tax consequences of partnership distributions
11. Identify anti-abuse provisions for certain partnership distributions
12. Determine the tax consequences of a Section 754 election

Students with Disabilities:

If you have any disability that you believe could adversely affect your performance in this class please let me know by the end of the first week. TAMUC has an office that handles student disabilities and I rely upon their guidance and expertise in structuring an appropriate response to your individual situation. Please let me know of any special accommodations that you may require so I can work with the university authorities.

CPA Exam Candidates - State of Texas

Candidates who desire to sit for the CPA in Texas must meet the following educational criteria:

1) Have a bachelor's degree; 2) Completed 150 semester hours of courses; 3) Included in the 150 semester hours, 30 of upper level accounting courses. 24 hours of upper level business courses; 3-semester credit hours of approved ethics; 2-semester credit hours of approved communication and 2-semester credit hours of approved accounting research. **You are no longer required to have any minimum number of hours in a face-to-face format.** For more information visit Exam/Qualification on the State Board's website: <http://www.tsbpa.state.tx.us/>

The Counseling Center at A&M-Commerce, located in the Halladay Building, Room 203, offers counseling services, educational programming, and connection to community resources for students. Students have 24/7 access to the Counseling Center's crisis assessment services by calling 903-886-5145. For more information regarding Counseling Center events and confidential services, please visit www.tamuc.edu/counsel

ASSIGNMENTS

Assignment 1 – Tax consequences of formation.

Assignment 2 – Receipt of an interest for services (carried or promoted interest)

Assignment 3 – Regulatory safe harbor for allocations

Assignment 4 – Section 704(c) allocations.

Assignment 5 – Section 752 debt shares

Assignment 6 –Tax consequences of distributions

Assignment 7 –Section 734 adjustments

Assignment 8 – Transfers of interests and Section 743 adjustments

Research Paper 1 – Targeted tax allocations

Research Paper 2 – Disregarded entity transfers

COURSE SCHEDULE BY WEEK (MONDAY TO FRIDAY)

Assignment due dates are FINAL due dates. The assignment folder will be set up in advance so you can always submit an assignment before the due date. This allows you to control the pace of the class, to some extent. I will not allow you to get too far ahead because it denies you access to feedback that will benefit future assignments. If there is no assignment folder on D2L then you will not be able to submit that assignment and I will control the assignment folders for that purpose.

I will be available for e mail responses to questions from Monday morning to Noon Friday. I make no commitment to being available on the weekend. You should plan your work schedule accordingly.

Week Ended	Topic	(Bolded) assignment due date
F 2-02	Course Description Aggregate versus entity	
F 2-09	Formation Interest for services	Assignment 1 – due 2/09
F 2-16	Ordinary-Separately stated Reporting	Assignment 2 – due 2/16
F 2-23	Allocations	Assignment 3 – due 2/23
F 3-01	Allocations	Assignment 4 – due 3/01
F 3-08	Centralized audits Research 1 discussion	
F 3-15	Shares of liabilities	Assignment 5 – due 3/15
F 3-22	Distributions	Research paper 1 – due 3/22
F 3-29	Distributions – Section 734	Assignment 6 – due 3/29
F 4-05	Disguised sales	Assignment 7 – due 4/05
F 4-12	Transfers of interests	
F 4-19	Section 743 adjustments Research 2 discussion	Assignment 8 – due 4/19
F 4-26	Work on research 2	
F 5-03		
F 5-10		Research paper 2 – due 5/06