

**FEDERAL INCOME TAXATION (723)
PROFESSOR WALTER SCHWIDETZKY**

Fall, 2014

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**PLEASE FEEL FREE TO STOP BY OR TO MAKE AN APPOINTMENT TO SEE ME
AT ANY TIME, AND/OR TO EMAIL ME.**

Course Information

Required Materials

Bank and Stark, Selected Sections, Federal Income Tax Code and Regulations,
Foundation Press

Freeland, Lathrope, Lind, and Stephens, Fundamentals of Federal Income
Taxation (17th Edition—you can get by with the 16th edition, but the syllabus is
keyed to the 17th Edition)

Recommended

Cali Exercises (highly recommended for developing facility with the tax rules)

and/or

Federal Income Tax: Examples and Explanations, Bankman, Griffith, and Pratt
(Most Recent Edition), Aspen

Class Preparation

It is important to keep your class preparation current. Much of the course will be built on subjects previously discussed, and many statutes work in conjunction with one another. If you miss and/or do not prepare for one class, the next class may use terms and concepts you do not understand, which will compound the difficulty of understanding the area under discussion.

Exams/Grading

You will be given “push points” (up to a half-grade) for doing an especially good (or bad) job in class.

There will be one three-hour, multiple choice exam given at the end of the semester. Your grade will be based on your performance on the final exam, plus or minus push points, if any. You may bring the following to the exam: Your memory, the code/reg book, a 10–page outline, single sided, on 8 ½ x 11 paper (or 5 pages double sided) of your own authorship, and a calculator.

Attendance

Class attendance is a primary obligation of each student whose right to continued enrollment in the course and to take the examination is conditioned upon a record of attendance satisfactory to the professor. Students are required to abide by the Law School’s attendance policy. A student who exceeds the maximum allowable absences may be compelled to withdraw from the course or may be barred from sitting for the final exam. Students who are forced to withdraw for exceeding the allowed absences should receive a grade of WA (withdrawal due to excessive absences), unless the faculty member believes that a grade of WF is warranted.

A sign-in sheet will be handed out in each class. You may sign the sign-in sheet during class or at the end of class while I am still in the classroom, but not after I have left the classroom.

TWEN Site

This course has a TWEN webpage that links to this syllabus, announcements, Powerpoint slides, and other class materials.

You are required to register for this course on TWEN, and you must use your UBALT email address as your TWEN e-mail address as per University Policy. You are responsible for all information posted on or disseminated from TWEN. To sign up for TWEN, take the following steps:

- 1) Log on to Twen (via lawschool.westlaw.com)
- 2) Click ADD COURSE
- 3) Select the course page

4) Scroll and click SUBMIT

Computers

You may use computers in class and on the exam.

Class Cancellation

If I must cancel a class, notices will be sent to students via email and posted on the classroom door. If there is inclement weather, students should visit the University of Baltimore web page or call the University's Snow Closing Line at (410) 837-4201. If the University is not closed, students should presume that classes are running on the normal schedule.

Academic Integrity

Students are obligated to refrain from acts that they know or, under the circumstances, have reason to know will impair the academic integrity of the University and/or the School of Law. Violations of academic integrity include, but are not limited to: cheating; plagiarism; misuse of library materials; use of another's book or study materials without consent; unapproved multiple submissions; material misrepresentation of one's academic history or standing; misrepresentation of any academic matter; intentionally giving another student false or inaccurate information about class requirements; inappropriate discussion of exams; and misrepresenting or falsifying class attendance reports.

Disability Policy

If you are a student with a documented disability who requires an academic accommodation, please contact Leslie Metzger, Director for Student Support in the Office of Academic Affairs at 410-516-5623 or via email at lmetzger@ubalt.edu.

CLASS 1 (also first class assignment)

I. Introduction

Freeland: pp. 3-21, 27-35

CLASS 2

II. Gross Income

Code: §61

Regs: §§1.61-1, -2(a)(1), -2(d)(1), -14,-2(d)(2)(i)

Freeland: pp. 39-56

Problems: p. 54 #'s 1-5, 6(a), (b), p. 57 #'s 1 & 2

CLASS 3

III. Exclusions of Gifts and Inheritances

Code: §§102, 274(b)(1), 274(j), skim 74(c),

Regs: §§1.102-1(a)

Freeland: pp. 59-77

Problems: p. 70 #'s 1-3, pp. 77-78 #'s 1 and 2

IV. Exclusions and Inclusions For Employees

Code: §§ skim 132, read 107, 119(a), (b)

Regs: §§1.61-1, (skim 1.61-21), 1.119-1

Freeland: pp. 79-91 (the discussion of fringe benefits will be brief.)

V. Awards and Scholarships

Code: §§74, 117, 127(a),(b)(1), 274(j)

CLASS 4

VI. Dispositions of Property, Basis

Code: §§1001(a)-(c),1011(a), 1012, 109, 1016(a)(1), (2), 1019,
1015(a), (skim 1015(d)(1)(A), (4),(6)), 1041(a)-(c),
1014(a)(1),(b)(1),(e)

Regs: §§1.1001-1(a), 1.1015-1(a),-4, 1.1014-1(a),

Freeland: pp. 103-117

Problems: pp. 106-107 # 1 (a), (e), (h), p. 113 # 1,

CLASS 5

Freeland: pp. 118-135

Problem pp. 135-136 # 1

CLASS 6

VII. Life Insurance Proceeds

Code: §§101(a),(c),(d), (g),

Freeland: pp. 137-140

VIII. Discharge of Indebtedness

Code: §§61(a)(12), 108(a),(b)(1)-(3),(c),(d)(1)-
(5),(e)(1),(2),(5)and(6), (f)(1) 1017(a),(b)(1),(2), (3)(A),(B)

Regs: §1.1001-2(a)

Freeland: pp. 147-162

Problems: pp. 162-163 #'s 2 and 3(a),(c),(d)

CLASS 7

IX. Damages, etc.

Code: §§104(a), 105(a)-(c) and (e), 106(a), 79(a), 213(d)(1),and(9)
Regs: §§1.104-1(a),(c),(d),
Freeland: pp. 165-175
Problems: p. 168 #1(a)-(c), p. 175 # 1

CLASS 8

X. Separation and Divorce

Code: §§71 (skip (c)(2),(3), skim(f)), 215(a),(b), 7701(a)(17), 1041,
Regs: §§1.71-1T(a)-(c) (skip Q 11, and 12), 1.1041-1T(b)
Freeland: pp. 177-204 (skip IT 4001)
Problems: pp. 184-185 # 1 (a)-(g)

XI. Other Exclusions: Sale of Principal Residence, Education

Code: §§ 121 (omit (d)(4), (5), (8), (e), (g)), §§ 25A(f), 222 See §§
25A, 135, 151(d)(2), 529, 530, 127
Freeland: pp. 205-210, 213-219

Assignment of Income, etc.

Code: §§6013(a), 73
Freeland: pp. 227-234, 238-246

CLASS 9

Problems: p. 255 # 1 (a)-(c), (e),(f)

XIII. Business Deductions and Losses

Code: §§63(a), 162(a), (m), (skim 198),
Regs: §§1.162-4
Freeland: pp. 289-302

CLASS 10

Problems: p. 310 #1

Code: §§ 263(a), (skim 195), 262, 274(a)-(g), (k), (n)(1),(2),
165(a)-(c),

Regs: §1.1.263(a)-1

Freeland: pp. 311-324, 331-346

CLASS 11

Freeland: pp. 352-358, 359-365

Regs: §1.162-2

Problems: pp. 358-359 #1, p. 365 # 1

CLASS 12

Freeland: pp. 366-368

Problems: p. 368 #1

XIV. Depreciation

A. Introduction

Code: §§167(a),(c), 168(a)-(c), 1016(a)(2), 263(a)

Freeland: pp. 368-391

CLASS 13

B. Personal Property

Code: §§ 179 (except (d)(4)-(9)), (skim 280F(a), 197(a)-(e))

Freeland: pp. 391-400

C. Real Property

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

Freeland: pp. 402-404

XV. Nonbusiness Income Producing Activities

Code: §§212, 165(a)-(c), 274(h)(7)

Regs: §§1.212-1(g),(h),(k),(l),(m), 1.165-9(b)

Freeland: pp. 407-413, 418-428

CLASS 14

Problems: p. 425 #1

XVI. Deductions Not Limited to Business or Profit-Seeking Activities

Code: §§163(a),(d)(1)-(4)(D),(h)(1)-(3)(C),(4)(A), 461(g),
264(a)(2),(3), (skim 7872, 221, 265(a)(2)-(4)), 164(a),(b)(1)-
(3),(c),(d)(1), 1001(b)(2)

Freeland: pp. 435-439, 452-464

CLASS 15

Catch-up

CLASS 16

Problems: pp. 465-466 #'s 3 (a)-(e) and 5

Freeland: pp. 466-467

CLASS 17

XVII. Restrictions on Deductions

Code: §§ 465(a), (b), (c)(1),(3),(d),(e), skim 469, 183(a)-(d);
280A(a),(b),(c)(1),(3),(5),(d)(1), skim (e)-(g) (read gently)

Freeland: 471-506 (read gently, skip Engdahl)

XVIII. Deductions for Individuals Only

A. Adjusted Gross Income

Code: §§62(a)-(c)

Regs: §§ 1.162-17(b), skim 1.62-2

Freeland: pp. 511-513

Problem: p. 513 #1(a)-(c)

CLASS 18

Problem: p. 514 #1 (f)-(m)

B. Moving Expenses

Code: §§62(a)(15), 82, 217(a)-(f), 132(a)(6), (g)

C. Medical Expenses

Code: §§ 213(a),(b),(d)(1)-(4) and (9), 162(l)

D. Personal, Dependency Exemptions, Standard Deduction

Code: §§ 151, 152, 7703, 63, 67(a)-(d), 68

Freeland: pp. 530-543 (skip Banks)

CLASS 19

XVIX. Capital Gains and Losses

Code: §§1(h)(1)-(6), 1222,1211, 1212(b), 1221(a), 1222(10)

Freeland: pp. 635-662 (skim Malat), skim 662-671

Problems: pp. 646-647 #1

CLASS 20

Code: §§ 1223(1), (2), (11), 1241, (skim 1234, 1235, 1236, 1237, 1253, 1259)

Freeland: 672-686 (skim Metropolitan), skim 691-696

XX. Sales and Exchanges of Depreciable Property

Code: §§1231, 64

Freeland: pp. 696-702

Problem: p. 705 #1(a), (c)

CLASS 21

Problem: p. 706 #3, Supplemental § 1231 Problem (on Twen site)

Code: §§ 1245(a)(1)-(3),(b)(1) and(2),(c),(d), (skim1239, 267(b)(1),(3),(10),(11), (12),(c), 318(a)(3)(b)(i)), 1250(a)(1)(A), (B)(v), (b)(1),(3),(5),(c), (d)(1), (2),(g),(h))

Freeland: skim pp. 707-712, read pp. 712-720

CLASS 22

Problems: p. 717 # 1 (a),(b),(e)

XXI. Bad Debts and Worthless Securities

Code: §§165(g)(1)and(2), 166, 6511(d)(1), (See §§ 111(a), 271(a))

Freeland: pp. 723-734 (skim cases)

CLASS 23

XXII. Charitable Deductions

Code: §§170(a)(1),(b)(1)(A),(B),(C),(D)and(F),
(b)(2),(c),(e)(1),(2)and(5), (f)(8), (i), (j), 1011(b)

Freeland: pp. 736-754 (skim rulings)

Problems: p. 755 #1(a) (assume donation to a public charity),(e) and
#2(a),(c)

CLASS 24

XXIII. Casualty and Theft Losses

Code: §§165(a),(b), (c), (h), 67(b)(3), 123

Regs: §§1.165-7(a)(1),(2),(3),(5),-8(a)(1),(d),-1(d)(1)-(3), -7(b)(1), -
8(a)(2),

Freeland: pp. 756-765 (skim cases and rulings)

XXIV. Installment Sales

Code: §§ 453(a),(b),(c),(d),(f)(3),(6),(7),(i),(j)(2), 453B(a)-(c),(g)

Freeland: pp. 769-771, 773-783

Problem: p. 783 #1(a), (c)

CLASS 25

XXV. Imputed Interest

Freeland: skim pp. 793-801

XXVI. I.R.C. § 83

Code: §§ 83(skip (c)(3) and (g))

Freeland: pp. 801-807

XXVII. Disallowed Losses

Code: §§ 267(a)(1),(b),(c),(d),(g), 1091(a),(d), 1223(4)

XXVII. Tax Free Exchanges

Code: §§ 1001(c), 1031(a)-(d), 1223(1), skim 1033, 1038

Freeland: pp. 823-825, 835-841

CLASS 26

Problem: pp. 841-843 ##2 (skip (b)(4)) and 4

XXIII. Converting Taxable Income Into Tax Liability

Code: §§1, 2, 6013(a)and(d), 67, 68, 151(d), skim §§ 3, 63, 66, 73,
6012, 7703

Freeland: pp. 859-871

CLASS 27

XXIV. Tax Credits

Code: §§21, 31, (See other provisions §§ 21-52 and 129)

Freeland: pp. skim 873-879

XXV. Alternative Minimum Tax

Code: §§55(a)-(d), 56(a)(1),(4),(6), (b)(1), (e), 57(a) (5), (6)and(7),
53, skim §§58 and 59

Freeland: pp. 879-889 (skim discussion of items we have not
otherwise covered previously in the course)

Problem: pp. 889-890 (regular depreciation on newly acquired
property is \$20,000, I.R.C. § 168(g) rate is \$13,750)

CLASS 28

Catch-up