

PROFESSOR WENDY GERZOG
Spring 2015
Office: Room 1104
Class: Room 1002

FEDERAL INCOME TAX
Email: wgerzog@ubalt.edu
Phone: 410-837-4522

SYLLABUS

Text: Livingston and Gamage, Taxation: Law, Planning and Policy (2d ed. Lexis/Nexis 2010); Bank & Stark, Selected Sections Federal Income Tax Code and Regulations (Foundation, latest edition). *N.B. When reading code sections, be sure to read the relevant sections of the regulations along with the statute (e.g., §61-also read Reg. 1.61).*

ATTENDANCE POLICY, GRADING, AND INFORMATION ABOUT THE FINAL EXAM

To conform to ABA and law school attendance policies, students are permitted no more than five absences. **If you have exceeded this number of absences, you will not be able to take the final exam.** I take the attendance requirement very seriously, so unless the Director of Students or the Associate Dean tells me that exceptional circumstances exist, the five absence limit is a strict rule. It is the student's responsibility to keep track of his/her absences. Students will be graded on the final exam and on class participation. Class participation consists primarily of one good or excellent recitations (see sign-up list on TWEN) and may affect your final grade by a maximum of one partial grade (e.g., from B to B+ or from B to B-). It is particularly significant when your final exam is on the margins between two such grades.

*****Read the following BEFORE you write anything in your Code book!*****

Students may bring **ONLY** a "lightly" annotated (**defined in this paragraph**), tabbed (**defined in this paragraph**), Code and a very basic calculator (no formulas) into the exam. You can underline, circle, or highlight some phrases in the text as much as you like. The syllabus and your exam directions allow you to "lightly" annotate and tab your Code book. You can tab the Code sections (**one tab per statute**) and **include a word or two on the tab.** "Lightly" annotating the Code allows for a word or 2 on a page, **but no notes.** One Code section = One Word when written on a statute or regulation page, but it is ignored as a word (thus, counting as zero words) on a Tab where it is just identifying that particular Code section. However, **your own table of contents or index is not OK.** So, a one or 2-word reference to a case name is fine-- notes about the case **are NOT ok.** You may also staple or clip any extra Regs or Statutes **posted on TWEN** into your statutes and regs book, but these statutes and regs are subject to the same restrictions outlined above.

Your exam is a 3-hour **All Multiple Choice exam.** Sample multiple choice questions are in the "Customized Polling" section of TWEN. They are also an integral part of your class assignments.

Course Description: Federal Income Tax LAW 723, 3 credits

Structure of the income provisions of the Internal Revenue Code of 1986 as amended, including their applicability to individuals; capital gains and losses; identification of the taxpayer; timing of tax liability; certain deferral and non-recognition problems; and the basics of federal tax procedure.

Course Organization:

- I. Overview--Introduction (Class #1)
- II. Who is the taxpayer? (Class #2)
- III. What is Income? (Class #3)
- IV. Sample of Income Tax Benefits: Introduction to Exclusions, Deductions, and Credits (Classes #4-7)
- V. Business Deductions/Credits (Classes 8-12)
- VI. The Importance of Timing in Taxation (Classes 13-17)
- VII. Definition of Capital Asset and Capital Transactions (Classes 18-20)
- VIII. Debt and Income Taxes (Classes #20-22)
- IX. Depreciation and Recapture (Classes #23-24)
- X. Capital Transactions in the Contexts of Marriage and Divorce and Charitable Donations (Classes #25-28)

Assignments:

1/13 (T) Overview: Read text (Livingston & Gamage, Taxation: Law, Planning and Policy (2d ed.)), Background and Basic Themes, pp. 1-20. Pick one of the three hypothetical taxpayers on pages 19-20 and applying the rates in section 1 of the Internal Revenue Code (IRC), take your best guess and fill out a Form 1040 tax return (either use the form in the text or the one on TWEN) for one of the taxpayers. *Do not spend more than 15-20 minutes to fill out the return.* The purpose of the exercise is to consider what might be taxable income, tax deductions, and in what bracket the income is taxed.

Please also take a look at the first sentence of the following I.R.C. sections in your Income Tax Code book (Bank & Stark): 61, 62, 63, 1012, 1014(a)(1), 1015 (until ", except"). We'll cover these sections later. You'll just get a brief introduction to them today. For each class, check "Course Documents" on TWEN (you must sign up for the course on TWEN) Do the *Customized Polling* for today's class and for each class during the semester!!!!

1/15 (TH) Chapter Ten: Taxation of the Family Unit: Read Text, pp. 582-596 and *Windsor*, pp. 1-5, 13-26 (on TWEN-course materials). Consider questions 1 & 2, p. 584 in "Understanding *Earl*" and question 1, p. 589. How is *Windsor* relevant to a TAX course? *Customized Polling!*

1/20 (T) Income; Income in Kind; Windfalls and Prizes: Read Text, 45-50. Answer questions b & c, "Using the Sources," p.47; "Understanding Turner," p. 51, question 1. Do Income Tax Section 61 problems on TWEN. Please also read [I.R.C. section 61](#), Reg. section 1.61-2(a)(1)[look in back of book for regulations]; 1.61-2(d)(1); 1. 61-21(b)(2); I.R.C. sections 74(a),(b),(c)(1)& (2); 274(j)(3)(A). *Customized Polling!*

1/22 (TH) Exclusions for Meals and Lodging, for Gifts, & Exclusion of Gain from Sale of Principal Residence: Read Text, pp. 33-41; 56-68. Answer questions 1 & 2 of "Understanding *Kowalski*," p. 41; "Using the Sources," p. 41 a & b; "Using the Sources," p. 43, question 1; read and consider the questions in "Understanding *Duberstein*,"p. 67 #4. Do extra 119 and 102 problems on TWEN. [IRC §§ 102](#), 119; 121; 1015; Reg. sec. 1.119-1(f) *Examples*. *Customized Polling!*