WILMINGTON UNIVERSITY
COLLEGE OF BUSINESS
BASIC COURSE INFORMATION

COURSE TITLE: Corporate Taxation
COURSE NUMBER: MBA 7295

I. RATIONALE:

The choice of the Internal Revenue Service (IRS) recognized business entities (Sole Proprietorship, C-Corp, S-Corp, Partnership or Trust) determines the taxability of income received. MBA Finance students require a sound basis in the principles of corporate taxation specific to the types of IRS-recognized organization structures. With reference to the Internal Revenue Code (IRC), this course highlights the tax treatment of various income items obtained throughout the course of business activities. In an environment of changing tax rates and non-tax strategies for choosing a specific entity, this course offers an essential focus on successful tax-planning strategies and transactions under various business scenarios.

II. MAJOR INSTRUCTIONAL GOALS:

GOAL A:

Students will gain an understanding of the differences between the various forms of business entities as defined by the IRS along with the non-tax benefits of choosing one entity over another.

Learning Outcomes: The student will:

A-1 Become familiar with the differences between Sole Proprietorships, C-Corps, Partnerships, S-Corporations and Trusts
A-2 Define the concept of double and triple taxation.
A-3 Utilize the corporate income tax rate tables to calculate taxable income based on revenues and expenses for a variety of business entities.
A-4 Compare and contrast the treatment of corporate taxes versus individual taxes.
A-5 Define and calculate capital losses, operating losses, capital gains, dividend received deductions and the tax liabilities of related corporations.
GOAL B:
Students will gain an understanding of the tax implications for corporations with a specific focus on the entity’s formation, organization, capital structure and operating rules.

Learning Outcomes: The student will:

B-1 Demonstrate knowledge of IRS section IRC 351 dealing with the tax consequences of a C-Corp formation.
B-2 Define the concept of *boot*.
B-3 Compute the basis of a corporation and a shareholder when liabilities are involved.
B-4 Define the concept of *holding period* and how this changes when assets are transferred to a new corporation.
B-5 Distinguish between debt versus equity and the tax implications and costs of each type of financing for the corporation

GOAL C:
Students will understand the concept of earnings and profits and the implications of dividend distributions under scenarios of sufficient and non-sufficient earnings and profits.

Learning Outcomes: The student will:

C-1 Define *earnings and profit* and distinguish the concept from retained earnings.
C-2 Distinguish when a corporate distribution is treated as a dividend, a nontaxable event, or a capital gain.
C-3 Calculate earnings and profits by adding or subtracting certain adjustments to net income
C-4 Distinguish between current and accumulated earnings and profits to determine the taxability of corporate distributions
C-5 Define *qualified dividends*, *constructive dividends*, and *property dividends*.

GOAL D:
Students will gain an understanding of the tax implications for partnerships with very specific focus on the tax law for partnership formation, operation and changing basis.

Learning Outcomes: The student will:

D-1 Calculate partnership income as a 2-step approach relating to net income and the segregation and separate reporting of partnership items
D-2 Distinguish between inside versus outside basis
D-3 Demonstrate how IRS section IRC 721 deals with the tax consequences of a partnership formation.

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D-4 Calculate the basis of a partnership interest for each partner with adjustments made for contributions, withdrawals, debt, as well as income.

GOAL E:
Students will demonstrate the ability to use tax-planning techniques with the tax – related concepts of the Federal Estate Tax and the Federal Gift Tax with a particular focus on wealth transfer within a family or business.

Learning Outcomes: The student will:

E-1 Evaluate IRS section IRC 2031 which pertains to the calculation and taxability of the *Gross Estate*.
E-2 Demonstrate an understanding of the formula for calculating both the Federal Estate Tax and Federal Gift tax.
E-3 Demonstrate an effective use of tax planning using tax-deferral techniques to decrease wealth transfer taxes for both a successful business and a wealthy individual.
E-4 Define the tax-planning benefits of using a Family Limited Partnership (FLP) when working with tax planning scenarios.