

**UNIVERSITY OF PUERTO RICO  
RIO PIEDRAS CAMPUS  
BUSINESS SCHOOL  
ACCOUNTING DEPARTMENT**

**TAXATION OF CORPORATIONS AND FLOW-THROUGH ENTITIES**

**SYLLABUS  
Second Semester 2019-20**

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**TITLE**

Taxation of Corporations and Flow-Through Entities

**COURSE CODE**

CONT 4079

**HOURS/ CREDITS**

45 hours / 3 Credits

**PREREQUISITE**

CONT 3106

**DESCRIPTION**

Discussion of the basic concepts of the taxation of corporations and pass-through entities both at the federal and state level with special attention to income tax. Study of the concepts of income, exclusions, exemptions, deductions and transactions with properties. Computation of income tax and tax credits. Analysis of the tax consequences of capital contributions, results of operations, distributions and entity liquidation. Analysis of tax practice and procedures. The course will be offered in face-to-face, hybrid or distance mode.

**OBJETIVES**

At the end of the course the student will:

1. Identify the basis of the Federal and Puerto Rico tax system.
2. Distinguish the business classifications of entities doing business in Puerto Rico and the United States.
3. Identify the concept of gross income and distinguish between taxable income and exempt income.
4. Examine the rules of tax accounting and distinguish the accounting methods and accounting periods applicable in the tax area.
5. Apply the rules to calculate the gains or losses in the transactions with properties and will determine the corresponding tax bases.
6. Identify the requirements to claim an ordinary and necessary expenses.
7. Calculate the corporation income tax.

8. Distinguish the tax effect of forming a corporation and its partial or total liquidation, and the tax effect of corporate distributions and redemptions for both the corporation and its shareholders.
9. Identify tax practice and procedures.
10. Distinguish the different types pass-through entities and the rules of income taxation applicable to the entity's owners.
11. Distinguish the tax effects in distributions and liquidation of a pass-through entity.
12. Calculate the tax bases of owner's participation and contributed assets for both corporations and pass-through entities.
13. Evaluate the importance of tax planning and its impact on the decision making of corporations and pass-through entities.
14. Evaluate, through the analysis of cases and exercises, the scope of professional and ethical responsibility of the tax practitioner.
15. Develop teamwork strategies and cooperative learning.
16. Value reaching consensus in different scenarios.

## **OUTLINE OF CONTENT AND DISTRIBUTION OF TIME**

<b><u>TOPICS</u></b>	<b><u>Hours</u></b>
<b><u>INTRODUCTION, INCOME AND DEDUCTIONS</u></b>	
1. Introduction	1.50
2. Entities Overview	3.00
3. Gross Income and Exclusions	3.00
4. Business deductions and Accounting Methods	3.00
5. Practice and Procedures	1.50
<b><u>C CORPORATION</u></b>	
6. Taxable Income, Income Tax and Credits	9.00
7. C Corporation: Formation	1.50
8. C Corporation: Distribution and Liquidation	4.50
<b><u>PROPERTY TRANSACTIONS</u></b>	
9. Acquisition, Depreciation and Disposition	6.00
<b><u>PASS-THROUGH ENTITIES</u></b>	
10. S Corporation: Formation, Operations, Distribution and Liquidation	4.50
11. Partnership: Formation and Operations, Distributions and Liquidation	4.50
12. Other Business Taxes	1.50
13. Special Tax Topics	<u>1.50</u>
<b>Total Hours</b>	<b><u>45.00</u></b>

## INSTRUCTIONAL TECHNIQUES

A combination of the following techniques will be used to achieve the objectives:

1. Conferences
2. Reading of text, law, regulations, jurisprudence and other sources, prior to attending the classroom.
3. Discussion of comprehensive exercises.
4. Cooperative learning.
5. Research and homework that will require the access of information through electronic means.

## LEARNING RESOURCES

Various learning resources will be used, such as:

Resources	Provider
1. Account in the learning management institutional platform	Institution
2. Institutional email account	Institution
3. Access to Connect and course text in electronic format (ebook)	Student
4. Access to computerized programs for preparing tax returns	Institution
5. Computer with high-speed internet access or mobile device with data services	Student
6. Applications: word processor, spreadsheets, presentation editor	Student

## EVALUATION TECHNIQUES

The final grade of the course will be evaluated as follows:

Description	Percentage
<b>Exams</b>	
Exam 1	25.00%
Exam 2	25.00%
Exam 3	25.00%
<b>Comprehensive Exercises</b>	
Exercise 1	5.00%
Exercise 2	5.00%
Exercise 3	5.00%
<b>Connect Exercises</b>	5.00%
<b>Participation</b>	5.00%
<b>TOTAL</b>	<b>100%</b>

## GRADE SYSTEM

A, B, C, D, F

Subject to professor discretion, a differentiated evaluation will be made to students with special needs.

## **REASONABLE ACCOMODATION**

Students who require a reasonable accommodation or receive Vocational Rehabilitation services should contact the professor at the beginning of the semester to plan the reasonable accommodation and necessary assistance according to the recommendations of the Office of Affairs for Persons with Disabilities (OAPI) of the Dean's Office. Students.

In addition, those students with special needs of some kind of assistance or accommodation should contact the teacher well in advance, at the beginning of the semester. If a student has a documented disability (physical, psychological, learning or other, which affects their academic performance) and would like to request special academic accommodation or modification, he / she should contact the "Oficina de Asuntos para las Personas con Impedimentos (OAPI)" of the Student Affair Office, in order to set an appointment to coordinate the appropriate accommodation.

## **SEX AND GENDER DISCRIMINATION IN MODALITY OF SEXUAL VIOLENCE**

The Academic Senate through Certification No. 39, 2018-19 approved the following regulations: "The University of Puerto Rico prohibits discrimination on grounds of sex and gender in all its forms, including sexual harassment. According to the Institutional Policy against Sexual Harassment at the University of Puerto Rico, Certification No. 130, 2014-2015 of the Governing Board, if a student is being or was affected by conduct related to sexual harassment, you may go to the "Oficina de la Procuraduría Estudiantil", the Student Affair Office or the office of the "Coordinadora de Cumplimiento con Título IX" for guidance and/or filing a complaint. "

## **ACADEMIC HONESTY**

The University of Puerto Rico promotes the highest standards of academic and scientific integrity. Article 6.2 of the General Regulations for Students of the UPR (Certification No. 13, 2009-2010, of the Board of Trustees) states that "academic dishonesty includes, but is not limited to: fraudulent actions, obtaining grades or grades academics using false or fraudulent simulations, copying totally or partially the academic work of another person, plagiarizing totally or partially the work of another person, copying totally or partially the answers of another person to the questions of an examination, doing or obtaining that another take on your behalf any test or oral or written exam, as well as to assist another person incurs in said behavior ". Any of these actions will be subject to disciplinary sanctions in accordance with the disciplinary procedure established in the General Student Regulations of the UPR in force.

To ensure the honesty and security of user data, all hybrid and distance courses should be offered through the learning management institutional platform, which uses secure connection and authentication protocols. The system authenticates the identity of the user using the username and password assigned in their institutional account. The user is responsible for keeping secure, protecting, and not sharing his password with other people.

## BIBLIOGRAPHY

### Textbook

1. Aspectos Contributivos de Corporaciones y Entidades Conducto, 2019 Edition, McGraw-Hill's. (Spilker) (*ebook from the textbook: Taxation of Individuals and Business Entities*)

### Books of Reference

1. Spilker, Ayers, Robinson (2019), Taxation of Individuals and Business Entities, 2019 Edition, McGraw-Hill's
2. Smith, Harmelink, Hasselback, (2019), Federal Taxation, 2019 edition, CCH.
3. Spilker 6<sup>th</sup> ed, Hamerlink Husselback, Suplementos: Taxation of Individuals and Business Entities 2015
4. Hoffman, Raabe, Smith, Maloney, Young, Corporations, Partnerships, Estates & Trusts, 2015.

### Laws and Regulations

1. Puerto Rico Internal Revenue Code (2011), 13 L.P.R.A. secs. 8401, et seq.
2. Internal Revenue Code, 26 U.S.C.A

### Websites

1. **CONNECT:** <http://connect.mheducation.com/>
2. **Departamento de Hacienda:** [www.hacienda.gobierno.pr](http://www.hacienda.gobierno.pr) (Código de Rentas Internas y Reglamentos).
3. **Internal Revenue Service:** [www.irs.gov](http://www.irs.gov)
4. **Lexjuris:** [www.lexjuris.com](http://www.lexjuris.com) (Leyes y Jurisprudencia).
5. **Checkpoint:** [www.checkpoint.riag.com](http://www.checkpoint.riag.com)
6. **AICPA:** [www.aicpa.org/](http://www.aicpa.org/)

### Academic Articles

1. Carlos Díaz Olivo, Creación y Destrucción de un Paraíso Fiscal: La Legislación Contributiva Federal, Su Reforma y su Efectos sobre Puerto Rico, Vol. 87, UPR Business Law Review (2018).
2. F. Rodríguez Lafontaine, The New Era of Flow-Through Taxation in Puerto Rico: Opportunities and Challenges for Choice of Entity Strategies, Vol. 4, Issue 1, UPR Business Law Journal (2013).