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Federal Income Taxation

Law 889 S1 & S2

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Syllabus  
(Partial & Preliminary)

I. Introductory Exercises (*Andrews* Chapters 1 and 8)

A. Introduction to the Statute and Some Basic Concepts

*Andrews* 1-28 (especially 21-28), 417-432 (as background, then as indicated)

1. *Conceptual Background* -- "Haig-Simons" Income ("Accretion")

2. *Statutory Framework and Basic Concepts*

*Andrews* 21-28, 417-432, 433-4, 456-58, 460-61; 465-68; 511-515; *Chirelstein* 1-8,  
(104-109, 184-190, 192-193, 197-203)

Code §§ 1(a)-(f), (i), 61, 62, 63, 67, 151, 129, 161, 162(a), 163(a) & (h), 164(a), 261,  
262, 21

Regs § 1.151-1(b)

Revenue Procedure 2007-66

3. Summary

B. More Detail on Tax Computation and Deductions

*Andrews* 515-517

Code §§ 1, 61-63, 67-68, 106, 111, 151, 162(a), 163(a) & (h), 164(a), 170(a)(1),  
(b)(1) & (c), 213(a) & (d), 219(a)-(b), (e) & (g), 275

Regs §§ 1.62.1T-(a)-(b), 1.162-2, 162-17, 1.262-1 (and any other provisions of the  
regulations that you find to be of help)

C. Some Financial Basics

Interest Problems (*Item* II-1)

II. Income in Kind (*Andrews* Chapter 2, and Parts of 11, 10, and 5)

A. Introduction

[*Andrews* 515-522, 536-549]

B. Income and Consumption

C. Receipts in Kind (*Andrews* Chapter 2)

1. General Considerations

*Andrews* 33-37, 41-43, 37-41, 46-47 [47-57], 57-68, 72-73

Code §§ 61(a)(12) & 108(e)(2) (both *cf.*), 164(a), 275, 119(a), 74

Regs §§ 1.61-1(a); 1.61-14(a); 1.61-2(d)(1)

Rev. Rul. 86-14 (*Item* II-1); Rev. Rul. 57-374.

*Chirelstein* 18-23

2. Employer-Provided Fringe Benefits

a. Intuition

b. Statutes Governing the Receipt of Items in Kind in Compensatory Settings

*Andrews* 64-68

Code §§ 61(a)(1), 79(a), 106, 107, 117 (d), 127(a), (c)(1), 125(a), 129(a) ("statutory" fringe benefits)

Code § 132(a)-(f)(1), (g) ("non-statutory" fringe benefits)

[Regs §§ 1.132-1(a); 1.132-5(a); 1.132-6(a), (d)(2), (e)(1)-(20 (lightly))]

*Henderson* (Item II-2); Regs. § 1.162-6

3. Nearly Compensatory Settings

*Gotcher* (Item II-3), Rev. Rul. 63-77 (Item II-4)

3. An Economic Perspective

*Katz-Mankiw* (Item II-5)

D. Non-Compensatory Income in Kind

1. Imputed Income

*Andrews*, 68-71, 466-68; *Chirelstein* 23-26

2. From Third Parties

*Rev. Rul.* 79-24 (Item II-6)

Regs § 1.61-2(d)(1)-(2)

(*cf* Code § 83(a), Regs. §§ 1.83-1(a)(1),-4(b)(1))

3. Transitional Matters

Information Release 98-56 (Item II-7)

*Andrews* 473-478 (background), then 44-46

Code §§ 501(a), 501(c)(2)-(4), 170(a)(1), (c)(1)-(2) [*cf* § 162(e)]

Regs § 1.170A-1(b)-(c)(3), 170A-1(g)-(h)(2); 170(e)(1)(A), 165(a)-(b)

*Rev. Ruls.* 70-330, 70-498 (Item II-8)

a. A Recent Episode

b. *Haverly* (and the Charitable Deduction)

c. Related Matters to Come

E. Unrealized Appreciation: *Eisner v. Macomber*

*Andrews* 205-218, 229-231 (nn. 1-3), 233-34 (nn. 7-8), 244-248

Problems on Corporate Distribution Mechanics (Item II-9)

Code §§ 305(a), 307(a)

III. Compensation for Losses and Return of Capital (*Andrews* Chapter 3)

0. Preface

A. Principles

*Andrews* 77-89, notes 1, 2, 4, 5 & 6

*Clark, Raytheon, Glenshaw Glass, Inaja Land* (Item III-1)

Code §§ 61(a)(3), 1001, 1012, 1011, 1016(a)(1) & (2) [first sentence], 165(a)-(c), 1033(a)(2) and (b)(2)

Regs. §§ 1.61-14, 1.61-6(a), 1.1001-1(a) & (c), 1.1012-1(a) & (c)(1), 1.1016-1 & 2, 1.165-1, 1.165-4(a) & (d), 1.165-7; 1.1033(a)-1(a), -2(a)-(c)(1); 1.1033(b)-1

*Chirelstein* 13-16, 49-51, 44-46, 28-35

1. The Basics

2. Methods and Consequences of Cost Recovery

3. Uncompensated Losses; Non-Recognition (I)

4. Some Loose Ends (review on your own)

B. Problems Attributable to Annual Accounting

*Andrews* 89-104

*Sanford & Brooks, Dobson, Rosen (Item III-2),*

Code §§ 441(a)-(e), 446(a)-(c), 451(a), 461(a), 172, 111, 166

Regs §§ 1.446-1(a)-(c)(1)(ii), 1.451-1(a), 1.451-2, 1.461-1(a)(1)-(2)(i), 1.172-1(a)-(c),  
1.172-3(a)(1)-(3)

*Chirelstein* 267-272, 275-78

1. *Sanford & Brooks* and Net Operating Losses
2. *Dobson* and the Tax Benefit Rule

C. Recovery for Personal Injuries and the Medical Expense Deduction

1. Recovery for "Personal Injuries"

*Andrews* 105-111, 88 (note 3)

Code §§ 104(a)(2), 213(a) [also §§ 104(a)(3), 106(a), 105(a)-(c)]

*Meyer v. U.S. (Item III-3),*

*Chirelstein* 43-44

2. Compensation through Insurance and The Medical Expense Deduction

*Andrews* 111-121

Code §§ 213, 104(a), 106

Regs § 1.213-1(a)(1), (e)(1)(i)

*Chirelstein* 184-189

D. Annuities and Life Insurance.

1. Annuity Contracts (I):

*Andrews* 121-124

*Egtvedt (Item III-4)*

Code §§ 61(a)(9), 72(a)-(e)

Regs. §§ 1.72-1(a)-(c), -4(a), -5(a), -9 (Table V)

*Chirelstein* 35-39

- a. Amounts "received as an annuity"
- b. Mortality gains and losses

2. Life Insurance (I): Death Benefits

*Andrews* 126-129

Code § 101(a),

*Chirelstein* 39-42

IV. Gifts, Bequests, and Related Matters (*Andrews* Chapter 4; also *Chirelstein* 59-74)

A. Basic Patterns and Basic Principles

1. *Patterns*

*Andrews* 143-154

Code §§ 102(a)-(b), [641(a)-(b); 642(b), (d); 643(a), 651-652], 273, 1015, 7701(a)(43)

2. *Principle.*

3. *The Major Exception, to the Premise of the Gift Exclusion AND the Basis Rules*

*Andrews* 154-156

Code §§ 1014, 691(a)(1) & (c)(1), 1022(a), (b)(1)-(2), (c)(1)-(2)

B. What's a Gift? (I)

*Andrews* 164, 164-170 (skim), 170-203

Code §§ 74, 102(c), 274(b)(1), 85-86

Regs. § 1.132-6(e), 1.1001-1(e)(1)

C. What's a Gift? (Part II)

[To be addressed in Unit VI.]

V. Debt and Other Offsetting Liabilities

A. Debt and Cancellation of Debt

1. Principles governing Borrowing and Repayment

2. Cancellation of Debt

*Andrews* 291-307

§§ 61(a)(12), 108(a)(1) & (3); 108(b)(1)-(3)(A); 108(d)(1); 108(e)(1), (2) & (5);  
165(d); 108(f)

[*Chirelstein* 46-51, 53-59 (partly review)]

3. Question

B. Alternative Treatments

1. Claim of Right

*Andrews* 307-312

Code § 1341

[*Chirelstein* 272-274]

2. Embezzled Funds

*Collins* (Item V-1), *Andrews* [312-320], 320-322

[*Chirelstein* 51-53]