**Taxation of Business Short Outline**

1. **Partnership Taxation**

**STRUCTURE OF PARTNERSHIP TAXATION**

* Formation of Pship – **§§ 721, 722, 733, 705(a)**

**DETERMINING DISTRIBUTIVE SHARES**

* Substantial Economic Effect – **§ 704(b)**
* Contributed Property Allocations – **§ 704(c)**
	+ Traditional Method
	+ Traditional Method w/ Curative Allocations
	+ Remedial Method
* Reverse **§ 704(c)** Allocations
* Prohibitions on Retroactive Allocations – **§ 706(c)-(d)**

**PARTNER’S OUTSIDE BASIS**

* Recourse Debt – **§ 1.752-1(a)(1)**
* Nonrecourse Debt

**NONLIQUIDATING DISTRIBUTIONS**

* Nonliquidating Distribution Rules – **§§ 731, 732, 733**
* Distributions of Encumbered Property – **§ 752**
* Character of Distributed Assets – **§ 735**
* Distributions Subject to **§ 751(b)** – “Hot” and “Cold” assets

**PARTNER’S TRANSACTIONS WITH THE PARTNERSHIP**

* Disguised Sales – **§ 707**
	+ Contributions of Encumbered Property and Qualified Liabilities
* Dispositions of Contributed Property
* **§ 737**
* Capital Avoidance – **§ 707(a)(2)(A)**

**ACQUISITIONS OF PARTNERSHIP INTERESTS**

* Contributions/Dispositions of Property
* Contribution of Services

**DISPOSITIONS OF PARTNERSHIP INTERESTS**

* Liquidating Distributions – **§§ 731, 732, 736(a) & (b)** payments, **751(b)** treatment
* Disposition of Partnership Interest Other than in Exchange for a Liquidating Distribution – **§§ 741, 752(d), 751(a)**

**INSIDE BASIS ADJUSTMENTS**

* **§ 754** Elections – **§§ 734, 743**

**PARTNERSHIP LEVEL ISSUES**

* Classification Issues – **§ 761, 7701(a)**
1. **Taxation of Corporations**

**CORPORATE FORMATION**

* Qualification under **§ 351**
* Tax Consequences of a **§ 351** Exchange – **§§ 1001(a), 351(a), 1032(a)**
* Additional Basis Rules -- **§ 357(c)(3)** liabilities and **§ 358(h)**; **§ 362(d)** and “Inflated Basis”
* Securities; Boot and the Installment Method

**CORPORATE OPERATION**

* Capital Structure – Debt v. Equity **§ 385**

**DISTRIBUTIONS OF CASH AND PROPERTY**

* Cash Distributions – **§§ 301, 316**
* Property Distributions – **§§ 311, 312**
* Disguised or Constructive Dividends – *Baumer*, *Welle*
* Intercorporate Dividends – **§ 243**

**REDEMPTIONS AND PARTIAL LIQUIDATIONS**

* **§ 302** Exchange Treatment & **§ 318** Attribution Rules
	+ Complete Termination under **§ 302(b)(3)**
	+ Substantially Disproportionate Redemption under **§ 302(b)(2)**
	+ Redemptions Not Essentially Equivalent to a Dividend under **§ 302(b)(1)**
	+ Treatment of the Corporation – **§ 312**
* Redemptions in Lieu of Buy-Sell Agreement & as Part of Bootstrap Acquisitions

**DISTRIBUTIONS**

* Distributions of Stock and Stock Rights under **§ 305**

**LIQUIDATIONS**

* General Rule – **§§ 331, 336**
* Complete Liquidation of Subsidiaries – **§§ 332, 337**

**INTEGRATION OF CORPORATE AND INDIVIDUAL TAXES**