

Advanced Corporate Tax
Bogdanski
Spring 2024

Assignment for First Week

Review Problems 1.1 and 1.2 from Income Tax II (below).

Read pages 1–42 of the Casebook.

Always read the various Code and regulation sections discussed in the Casebook.

(From Income Tax II)

Problem 1.1. Individuals A and B both are and will continue to be in the highest marginal individual tax bracket. They are forming a business that they expect will generate deductible losses of about \$300,000 over the next three years and then will turn around and generate income of about \$100,000 per year indefinitely. A and B each will “materially participate” in the operation of the business. What form(s) of business organization will produce the most favorable tax results for A and B?

Problem 1.2. Three individuals, R, S and T, form a limited liability company. Each of the three are equal members of the LLC. How will the LLC be classified for federal income tax purposes, with and without available tax elections?