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Federal Income Taxation of Business Enterprises: Cases, Statutes, Rulings

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**FEDERAL INCOME TAXATION OF
BUSINESS ENTERPRISES
CASES, STATUTES, RULINGS**

THIRD EDITION

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Preface

Albert Einstein once said that "things should be as simple as possible, but no simpler." That wise observation applies to the teaching of federal income taxation, among other things. In recent years, the Internal Revenue Code has become ever more complex, as has the teaching of the taxation of business enterprises. The practical problem is that the law student who plans a career in business law is in an unpleasant predicament. He or she must either avoid federal income tax courses, and bear the guilty knowledge that a large area of relevant law has been overlooked, with significant implications in terms of personal feelings of inadequacy, or face the burden of taking a large dose of notoriously difficult courses in corporate and partnership taxation. This book is designed to alleviate that Hobson's choice. Whether it has succeeded is for the instructor and student to decide.

This book provides teaching materials for a basic income taxation course dealing with the taxation of partnerships, corporations, S corporations, and limited liability companies. In addition, it alludes to a short list of other business enterprises. It can definitely be completed in the usual three hours assigned to such courses, on the assumption that students will spend two hours of preparation for each hour in the classroom.

The book begins with the study of partnerships, moves to C corporations, then to S corporations, then to limited liability companies, and closes with an optional review of some unusual forms, such as cooperatives, regulated investment companies, and real estate investment trusts. In general, we take a cradle-to-grave approach to each subject. Our teaching of the course out of these materials convinces us that the order is realistic and effective.

The cases have been extensively edited, and most footnotes in the original cases have been eliminated (and in one case, split) without any explicit reference to the fact of their elimination, other than the words in this paragraph. Case and statute citations of the court and commentators, as well as footnotes, have been omitted without so specifying; numbered footnotes are from the original materials but do not retain the original numbering, except by accident.

The book is fairly rich with problems that are scattered along the way, rather than at the end of each chapter. They are not especially difficult and are designed to build confidence while at the same time forcing at least some review of the central Code provisions and pertinent regulations. We do not view this as a "problems" book, and we advise students that if they find themselves struggling unduly with a problem, to drop it, but always at least take a crack at the problems, because if they do not, the colloquy in class in which the answer is revealed will pass over their heads.

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