

**THE FEDERAL INCOME TAXATION OF INDIVIDUALS:  
AN INTEGRATED APPROACH**

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**SYLLABUS FOR BASIC FEDERAL INCOME TAX COURSE**

(If course is 3 credits, rather than 4, some material should be deleted.)

**Class 1 Assignment: Kwall, pp. v-viii (Preface) and pp. 1-32**

**PART I – INTRODUCTION**

CHAPTER 1 – INTRODUCTION TO FEDERAL INCOME TAX

**PART II – GROSS INCOME**

CHAPTER 2 – INTRODUCTION TO GROSS INCOME

**Class 2 Assignment: Kwall, pp. 33-47**

CHAPTER 3 – BENEFITS RECEIVED BY BUSINESS OWNERS AND EMPLOYEES

- A. Benefits Received by Business Owners - § 61(a)(2)
- B. Benefits Received by Employees - § 61(a)(1)
  - 1. Wages and Salary
  - 2. Common Fringe Benefits

**Class 3 Assignment: Kwall, pp. 47-72**

- 3. Other Excluded Fringe Benefits

**Class 4 Assignment: Kwall, pp. 73-90**

CHAPTER 4 – BENEFITS RECEIVED BY DONORS AND DONEES

**Class 5 Assignment: Kwall, pp. 91-114**

CHAPTER 5 – BENEFITS RECEIVED BY LENDERS AND BORROWERS

**Class 6 Assignment: Kwall, pp. 115-135**

CHAPTER 6 – BENEFITS RECEIVED BY TRANSFEROR OF PROPERTY - § 61(a)(3)

- A. The Realization Event Requirement
- B. Quantifying Gain or Loss When a Realization Event Occurs – § 1001(a)
  - 1. Basis

**Class 7 Assignment: Kwall, pp. 135-148**

2. Adjusted Basis - §§ 1011, 1016

**Class 8 Assignment: Kwall, pp. 148-165**

3. Amount Realized - § 1001(b)

**Class 9 Assignment: Kwall, pp. 165-180**

3. Amount Realized (continued)

**Class 10 Assignment: Kwall, pp. 181-212**

CHAPTER 7 – BENEFITS RECEIVED BY A PHYSICALLY INJURED PARTY - § 104(a)(2)

CHAPTER 8 – COMMON BENEFITS NOT CONSTITUTING GROSS INCOME

**Class 11 Assignment: Kwall, pp. 215-240**

**PART III – DEDUCTIONS**

CHAPTER 9 – DISBURSEMENTS FOR BUSINESS AND INCOME-PRODUCING ACTIVITIES

- A. Disbursements For Business Activities - § 162
  1. Meaning of “Trade or Business”
  2. Meaning of “Ordinary and Necessary”
  3. Meaning of “Expense” (vs. Capital Expenditure)
  4. Meaning of "Carrying On"

**Class 12 Assignment: Kwall, pp. 240-266**

5. Reasonable Compensation (vs. Dividend) - § 162(a)(1)
6. Travel Expenses While Away from Home - § 162(a)(2)
7. Rental Expense (vs. Purchase) - § 162(a)(3)
8. Employment as a Trade or Business
9. Disallowance of Deduction for Unreimbursed Employee Business Expenses

**Class 13 Assignment: Kwall, pp. 266-292**

10. Business Bad Debts - § 166
- C. Disbursements For Non-Business, Income Producing Activities - § 212
- D. Deduction for Qualified Business Income - § 199A

**Class 14 Assignment: Kwall, pp. 293-316**

CHAPTER 10 – DISBURSEMENTS FOR PERSONAL PURPOSES - §262

- A. Borrowing for Personal Purposes - § 163(h)
- B. Loss Incurred With Respect to Personal Use Property - § 165

**Class 15 Assignment: Kwall, pp. 316-343**

- C. Other Personal Expenses
- D. Limitations on Itemized Deductions
- E. Sample Tax Return

**Class 16 Assignment: Kwall, pp. 613-625**

**PART VII – INTRODUCTION TO FEDERAL INCOME TAXATION OF BUSINESS**

CHAPTER 18 – INTRODUCTION TO C CORPORATIONS, S CORPORATIONS, AND PARTNERSHIPS

Catch-Up and Review

**Class 17 Assignment: Kwall, pp. 347-365**

**PART IV – TIMING OF INCOME AND DEDUCTIONS**

CHAPTER 11 – TIME VALUE AND TAX ACCOUNTING

- A. Introduction to Time Value of Money
- B. Tax Accounting
  - 1. Cash Method of Accounting

**Class 18 Assignment: Kwall, pp. 366-394**

- 2. Accrual Method of Accounting

**Class 19 Assignment: Kwall, pp. 395-406**

CHAPTER 12 – TIMING OF GAINS AND LOSSES FROM DEALINGS IN PROPERTY

- A. Deferred Recognition of Gain - § 453

**Class 20 Assignment: Kwall, pp. 411-445**

- B. Non-Recognition of Gain and Loss
- C. Exclusion of Gain on Sale of Residence - § 121

**Class 21 Assignment: Kwall, pp. 447-458**

CHAPTER 13 – SPECIAL DEFERRAL RULES

- A. Deferral of Income - § 83

**Class 22 Assignment: Kwall, pp. 458-481**

- B. Deferral of Deductions

**Class 23 Assignment: Kwall, pp. 483-500**

CHAPTER 14 – IMPUTATION

**Class 24 Assignment: Kwall, pp. 503-519 and handout modifying pp. 524-529**

**PART V – IMPACT OF TAX RATES**

CHAPTER 15 – PROGRESSIVE TAX RATES

- A. Application of Progressive Tax Rates to Unmarried Individuals - § 1(j)(2)(C)
- B. Impact of Progressive Tax Rates on Marriage - § 1(j)(2)(A)
- C. Assignment of Income
- D. Higher Tax Rates on Child's Unearned Income - § 1(g)

**Class 25 Assignment: Kwall, pp. 531-545**

CHAPTER 16 – CHARACTERIZATION

- A. Taxation of Capital Gains and Losses
- B. Characterization as Capital Gain or Capital Loss
  - 1. Sale or Exchange Requirement

**Class 26 Assignment: Kwall, pp. 545-565**

- 2. Capital Asset - § 1221
  - a. Property vs. Income
  - b. Inventory Exception - § 1221(a)(1)

**Class 27 Assignment: Kwall, pp. 565-583**

- 3. Property Used in a Trade or Business - §§ 1221(a)(2), 1231
- 4. Recharacterization of Depreciable Property - § 1245
- 5. Sale of a Business

**Class 28 Assignment: Kwall, pp. 590-610, 627-630**

- 7. Virtual Currency
- C. Dividend Income Taxed At Capital Gains Rates - § 1(h)(11)
- D. Surtax on Net Investment Income - § 1411

**PART VI – ALTERNATIVE MINIMUM TAX**  
**CHAPTER 17 – ALTERNATIVE MINIMUM TAX**

**EPILOGUE**

- A. Economic Considerations vs. Tax Considerations
- B. The Time Value of Money
- C. The Realization Event Requirement
- D. The Effect of Progressive Tax Rates