

Income Tax II
Bogdanski
Spring 2024

Assignments for First Week

A. Read and consider the following sections of the Internal Revenue Code:

1
11
199A
701
702
1363
1366

Also, read and consider Treasury Regulations §§ 301.7701-2 and -3.

B. Read and think about Problem 1.1:

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?