

TAXATION OF
Real Estate Partnerships:
Selected Topics

CPE – 8 Credit Hours

*** IN-FIRM TRAINING ***
Course Outline *below*

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TOPICS

- Real Property Dispositions / Tax Deferral Strategies
 - Installment Sales
 - Section 1031 Like-Kind Exchanges
- Taxation of Lease Transactions
- Preferred Returns, Promote, Hurdle Rates and Waterfalls
- Debt Allocation
- Financial Workouts

Designed For:

Professionals responsible for providing tax advisory and compliance services to real estate partnerships and limited liability companies.

Learning Objective:

The participant will be able to properly analyze transactions involving real estate partnerships with a view to achieve tax efficiency for both the partnership and its partners.

FOR

- **Tax Partners ...**
- **Tax Managers ...**
- **Tax Seniors ...**
- **Tax Staff ...**

**In Public Accounting or
Private Industry**

COURSE MATERIALS: Technical and Thorough

VISUAL AIDS: Power Point Presentation

SPEAKER: Steven C. Barranca, CPA, CGMA (more below)

MORNING SESSION

8:30am – 10:15am (1 hour, 45 minutes)

- **Sale of Real Property – Exit Strategies / Tax Planning**
 1. Installment Sales
 - Computational Issues: Gross Profit Percentage and Contract Price
 - Effects of Closing Costs / Mortgage Liabilities
 - Prepayment Penalties and Defeasance
 - Contingent Payment Sales
 - Interest Charge Rule
 - Below Market Interest / Working with Original Issue Discount
 2. Foreclosures and Deed in Lieu Transactions
 3. Investor vs. Dealer
 - Section 1237 and Subdiving Land
 - Capital Gain Stripping
 - Relevant Court Cases and Judicially Established Factors
 - Land Development Model – CASE STUDY
 - Condominium Conversion Model – CASE STUDY
 4. Section 1031 Like-Kind Exchanges
 - Spreadsheet CASE STUDY
 - Realized / Recognized Gain, Property Basis, Closing Costs
 - Pre-Exchange / Post-Exchange Financing
 - Related Party Exchanges – Section 1031(f)(1) and (4)
 - Partnership Divorces
 - Tenancy-in-Common Issues – Rev. Proc. 2002-22
 - Interplay of Sections 1031 and 754
 - Liability Relief: Section 752, 1031 and Rev. Rul 2003-56
 - State Tax Issues

10:15am – 10:45am (30 minutes) –MORNING BREAK

10:45am – 12:00pm (1 hour, 15 minutes)

- **Taxation of Lease Transactions**
 1. Lease Acquisition Costs
 2. Lease Cancellation Costs and Income
 3. Lessee Construction Allowances: Section 110 Safe Harbor and Non-Safe Harbor
 4. Section 467 Rental Agreements
 5. Substance Over Form: Lease vs. Sale
 6. Substance Over Form: Sale-Leaseback vs. Financing

12:00pm – 12:45pm (45 minutes) – LUNCH BREAK

AFTERNOON SESSION

12:45pm – 2:35pm (1 hour, 50 minutes)

- **PARTNERSHIPS: Special Allocations, Pref. Returns, Promote Provisions, Target Capital, Waterfalls**
 1. Understanding the Economic Arrangement
 - IRR and Preferred Return Computations
 - Calculating the “IRR Hurdle”
 - Effect of Delayed Preferred Capital Distributions
 - Capital Based vs. Priority Based Liquidations
 - Promote Allocations and Computations
 - Economic Impact of a DRO vs. QIO
 2. Distribution and Income Allocation *Provisions*
 - Income vs. Cash
 - Preferred Returns, Hurdle Rates and IRRs
 - Promote Provisions
 - Waterfall or Tiered Income Allocation Provisions
 - Target Capital

2:45pm – 3:00pm (25 minutes) – AFTERNOON BREAK

3:00pm – 4:50pm (1 hour, 50 minutes)

- **Life Cycle of a Real Estate Partnership – Tax Traps & Planning Ideas**
 1. Formation of a Partnership
 2. Mortgages and Tax Effect on Basis and Distributions
 3. Contribution of Encumbered Property
 4. Sec. 704(c) Built in Gain
 5. Section 754 Election and Basis Adjustments
 6. Debt Financed Distributions
 7. Partner Exit Strategies: Sale vs Redemption
 8. Debt Cancellation
 9. Tax Exempt Partners and UBT Avoidance
 10. Self-Employment Tax
 11. Section 1411 Tax: New Headaches

<p>Program Details</p> <p>Time 8:30am – 4:50pm</p> <p>Course title <i>Taxation of Real Estate Partnerships: Selected Topics</i></p> <p>Method of presentation <u>Group-Live</u>: Lecture, discussion, question and answer</p> <p>Recommended CPE credit 16 hours</p> <p>Field of study Taxation</p> <p>Prerequisite Knowledge in partnership taxation</p> <p>Advance Preparation None</p> <p>Course level Intermediate</p> <p>Developer Steven C. Barranca, CPA</p> <p>Fee To be determined in accordance with our fee schedule and in advance of date of seminar presentation.</p> <p>Refunds and Cancellation Refunds will be issued for conferences provided written notice of cancellation is received 10 business days prior to the course date. No transfers will be made after the course date.</p> <p>Complaint Resolution For information regarding administrative policies such as complaint and refund resolution, please contact our offices at: (732) 687-0346.</p>	<p>Speaker</p> <p>STEVEN C. BARRANCA, CPA, CGMA Professional Experience: Steven Barranca has over 25 years of public accounting experience with regional and national firms. Steve specializes in the taxation of real estate partnerships. Steve has extensive experience real estate developers, investors, operators, syndicated real estate deals, tiered-entity-structures, low-income housing projects, UPREIT structures and compliance matters, tax-exempt investors, and Section 1031 like-kind exchanges. Steve also works heavily with corporate and partnership debt workouts. He consults frequently on FAS 109 tax accrual matters for public and middle-market companies.</p> <p>Speaking: Steven Barranca is a frequent speaker on partnership taxation and real estate transactions. He has authored materials for continuing professional education providers including the Center for Professional Education, Inc. Steve is an adjunct professor with New York University (NYU) and teaches accounting, finance and taxation in the NYU Graduate Real Estate Program. Steve Barranca has been invited to speak at various high profile events including the AICPA's National Real Estate Conference (2000, 2001, 2005), NYSSCPAs Annual Tax / Plenary Conference (2003, 2006), NYSSCPAs Westchester Annual Tax Conference (2000, 2001, 2002, 2003) DFK International, Inc. – Multidisciplinary Conference (2005, 2007, 2011).</p>
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