

Taxation of Partnerships and LLCs *Formation, Operation, and Dissolution*

CPE – 8 Credit Hours

*** IN-FIRM TRAINING ***

Course Outline *below*

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***** PARTNERSHIPS: From Inception to Dissolution *****

TOPICS

1. Basis in Partnership Interest
2. Section 754 Election and Basis Adjustments
3. Contributions: Cash and Property
4. Allocation of Partnership Income
5. Distributions: Cash, Property, and Debt
6. Sale/Redemption of a Partnership Interest
7. Limited Liability Companies

Designed For:

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

Learning Objective:

The participant will be able to properly analyze transactions involving the formation, operation, and dissolution of a partnership 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)

- **Basis in Partnership Interest**
 1. Capital Basis
 - Contribution of Cash / Property
 - Purchase Partner Interest
 - Gifted Partner Interest and Inherited Partner Interest
 2. Debt Basis
 - Allocation of Recourse Debt
 - Allocation of Nonrecourse Debt
 - Effects of Section 704(b) & (c) Minimum Gain
 - Related Party Loans, Partner Loans and Guarantees

- **Section 754 Election and Basis Adjustments**
 1. Section 754 Election
 - Filing and Notification Requirements
 - Reg. 301.9100-2 Relief for Late Elections
 2. Basis Adjustments
 - Section 743(b) – Transfer of Partner Interest
 - Section 734(b) – Distributions
 - Section 755 – Allocation of Basis Adjustments
 3. Integration of Sections 743 and 704(c)
 4. Section 743 with a Discount or Bargain Element
 5. Contribution of Section 743 Property to a Lower-Tier *Partnership*
 6. Contribution of Section 743 Property to a Lower-Tier *Corporation*

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

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

- **Contribution of Property**
 1. General Nonrecognition Rule – Section 721(a)
 2. Exceptions to Nonrecognition Rule
 - Encumbered Property
 - Disguised Sales
 - Investment Company Rules

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

AFTERNOON SESSION

12:45pm – 2:35pm (1 hour, 50 minutes)

- **Allocation of Partnership Income – OVERVIEW – 30 MINUTES**

1. Partnership Income, Loss and Tax Credits – Section 704(b)
 - Basic Allocation Rules - Overview
2. Contribution of Appreciated Property – Section 704(c)
 - Allocation of Pre-Contribution of Gain or Loss
3. Varying Interests in Partnership Rule – Section 706
 - Partner-Changes: Affect on Allocation of Partnership Income
4. Family Partnership Allocation Rules – Section 704(e)
 - Recognition of Donee-Partner as Partner for Income Tax Purposes
 - Allocation of Tax Items Between Donor and Donee-Partner

- **Distributions: Tax Planning**

1. Distributions: Noncompensatory
 - Distributions of Cash and Property – General Rule
 - Gain or Loss to Distributee Partner
 - Tax Basis of Distributed Property
 - Distribution of Encumbered Property
 - Distribution of Marketable Securities
 - Distribution of Section 704(c) Property
 - Distributions and Section 734(b) Basis Adjustments
2. Distributions: “Compensatory”
 - Guaranteed Payments
 - Preferred Returns
 - Self-Employment Tax: Partnerships and LLCs
3. Disproportionate Distributions – Section 751 Hot Assets Rules
4. Debt-Financed Distributions

2:35pm – 3:00pm (25 minutes) – AFTERNOON BREAK

3:00pm – 4:50pm (1 hour, 50 minutes)

- **Disposition of a Partnership Interest**

1. Sale of a Partner Interest
 - General Rule
 - Hot Asset Rules – Section 751(a)
 - Sale to a Related Party and Section 1239
 - Disguised Sale of a Partner Interest – Recent Proposed Regulations
 - Effect of Partnership Liabilities on Disposition of Partner Interest – Reg. 1.752-1(h)
 - Installment Sale of a Partner Interest
2. Redemption of a Partner Interest (Retirement Payments) – Section 736
3. Revenue Ruling 84-53
 - Sale of a Partial Interest in a Partnership
 - Holding Multiple Interests in a Partnership and Selling Less Than All Interests

Course Outline
TAXATION OF PARTNERSHIPS AND LLCs
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4. Holding Period of a Partnership Interest – Sec. 1223 Regulations
5. Gift of a Partnership Interest
6. Disposition of Losses Suspended Under Section 704(d), 465, and 469

• **Limited Liability Companies**

1. Multi-Member LLC
 - LLC / Partnership - Distinctives
 - Domestic and Foreign LLCs
 - Self-Employment Tax: Prop. Regs. Under Section 1402
 - Conversion of State Law Partnership to LLC
 - Conversion of C and S Corp to LLC
 - Merger of Non-LLC with LLC
 - Series, LLC
2. SMLLCs
 - Disregard Entities: SMLLC vs. QSUB
 - Single Purpose Entities: Common Uses
 - Revenue Ruling 99-5: Convert SMLLC to Multi-Member LLC
 - Revenue Ruling 99-6: Convert Multi-Member LLC to SMLLC

Course Outline
TAXATION OF PARTNERSHIPS AND LLCs
Formation, Operation, and Dissolution

Program Details

Time

8:30am – 4:50pm

Course title

Taxation of Partnerships and LLCs:
Formation, Operation, and Dissolution

Method of presentation

Group-Live: Lecture, discussion, question and answer

Recommended CPE credit

8 hours

Field of study

Taxation

Prerequisite

Knowledge in taxation

Advance Preparation

None

Course level

Intermediate

Developer

Steven C. Barranca, CPA

Registration / Fee

To be determined in accordance with our fee schedule (available upon request) and in advance of date of in-firm seminar presentation.

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Speaker

STEVEN C. BARRANCA, CPA, CGMA

Professional Experience:

Steven Barranca has 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.

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).