

Taxation of Partnerships and LLCs *Complex Tax Issues*

CPE – 8 Credit Hours

*** IN-FIRM TRAINING ***

Course Outline below

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TOPICS

1. Partnership and LLC Operating Agreements
2. Allocation of Partnership Income – Section 704(c)
3. Allocation of Partnership Income – Section 704(b)
4. Partnership Mergers and Divisions
5. Partnership Terminations (Actual and Technical)
6. International Tax Issues
7. Contribution of Services for a Profits/Carried or Capital Interest

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 complex partnership tax issues 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)

- **Partnership and LLC Operating Agreements**
 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

- **Allocation of Partnership Income – Section 704(c)**
 1. Contribution of Appreciated Property – Section 704(c) Built-In Gain
 - Nondepreciable Property
 - Depreciable and Amortizable Property
 - Reg. 1.752-7 Contingent Liability (“Built-in Loss Property”)
 - Integration of Sections 704(c) and 1031
 - Integration of Sections 704(c) and 263A UNICAP
 2. Special Allocation Methods Re: Tax Depreciation
 - Traditional Method
 - Traditional Method with Curative Allocations
 - Remedial Method
 3. Mixing Bowl Transactions
 - Section 704(c)(1)(B) and 737 – “7 Year Distribution Rules”

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

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

- **Allocation of Partnership Income – Section 704(b)**
 1. Revaluation (“Book-Ups” and “Book-Downs”) of Partner Capital Accounts
 - Capital Account Maintenance Rules
 - Mandatory Capital Account Revaluation
 - Optional Capital Account Revaluation
 - Effect of Revaluation on Allocation of Pre-Revaluation Gain or Loss
 - Effect of Revaluation on Tax Depreciation
 2. Partner’s Interest in Partnership (facts & circumstance test)
 3. Substantial Economic Effect (safe harbor rules)
 - Deficit Restoration Obligation

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TAXATION OF PARTNERSHIPS and LLCs
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- Alternative Economic Effect
 - Qualified Income Offset Provision
 - Economic Equivalence Test
 - Minimum Gain Chargeback Provision
 - Value-Equals-Basis Rule
 - Target Allocation Provisions
4. Allocation of Nonrecourse Deductions
 5. Allocation of Tax Credits
 6. Special Allocations: The Boundaries

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

AFTERNOON SESSION

12:45pm – 2:35pm (1 hour, 50 minutes)

- **Partnership Terminations**

1. Actual Termination of a Partnership – Section 708(b)(1)(A)
 - Business Cessation (Winding-Up a Partnership): Tax Considerations
 - Actual and Deemed Distributions
 - Multi-Member to Single Member: Rev. Rul. 99-6 CASE STUDY
 - Keeping the Partnership Alive: Tax Benefits
 - SPREADSHEET EXAMPLE – Multi-Member to Single Member LLC
2. “Technical” Termination of a Partnership – Section 708(b)(1)(B)
 - Construct of a Technical Termination
 - Final and Initial Year Returns – Reporting Requirements
 - Section 754 Election and Basis Adjustments
 - Depreciation: Special Issues
 - SPREADSHEET EXAMPLE – Interest Transfer and 743(b) Adjustment
3. How to Avoid Partnership Terminations

- **Mergers and Divisions (50 minutes)**

1. Partnership Mergers – Final Regulations under Section 708
2. “Sale Within a Merger” Rule
3. Partnership Divisions – Final Regulations under Section 708
4. Partnership Incorporation – Rev. Rul. 84-111

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

3:00pm – 4:50pm (1 hour, 50 minutes)

- **International Tax Issues**

1. Foreign Partnerships: U.S. Filing Requirements
2. Check-the-Box Regulations
3. Outbound Transactions: U.S. Investment in a Foreign Partnership
 - The “Pro Forma” Federal Form 1065
 - Federal Form 8865

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4. **Inbound Transactions: Foreign Investment in a U.S. Partnership**
 - FDAP – Fixed and Determinable, Annual and Periodic Income
 - ECI - Effectively Connected Income
 - U.S. Withholding Tax (FDAP and ECI)
 - Rental Real Estate “Net Election”
 - Branch Profits Tax and Excess Branch Interest Tax
 - Income Tax Treaties – Overview

- **Contribution of Services for a Profits/Carried or Capital Interests**
 1. Section 83 Regulations – Applicability to Partnerships
 2. Partnership Capital Interest for Services: Vested and Unvested
 3. Partnership Profits Interest for Services: Vested and Unvested
 4. Rev. Proc. 93-27 and Rev. Rul. 2001-43
 5. Forfeiture Allocations
 6. Recently Issued Proposed Regulations
 7. Options to Acquire a Partnership Interest

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TAXATION OF PARTNERSHIPS and LLCs
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<p>Program Details</p> <p>Time 8:30am – 4:50pm</p> <p>Course title Taxation of Partnerships and LLCs: <i>COMPLEX TAX ISSUES</i></p> <p>Method of presentation <u>Group-Live</u>: Lecture, discussion, question and answer</p> <p>Recommended CPE credit 8 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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