Income Taxation of Trusts and Estates

UW Graduate Program in Taxation
LAW T532
Winter 2013
Thursdays, 4:15-6:00 p.m.
Room 117

Jared E. Adams
603 Fourth Avenue, Suite 200
Kirkland, WA 98033
(425) 450-1040
jared@condieadams.com

Course Description

This course examines the federal income taxation of trusts, estates, grantors and beneficiaries. It does not cover the federal estate, gift, or generation-skipping transfer taxes. Those taxes are on the transfer of accumulated wealth, and have little impact on how the income of an estate or trust is taxed.

Our course of study focuses on Subchapter J of Chapter I of the Internal Revenue Code (IRC §§ 641-692), which provides the rules for apportioning the tax liability from the income of an estate or trust between the entity and its grantors and beneficiaries. There will be detailed consideration of the conduit nature of estates and trusts, including DNI rules, the tier rules, differing treatment of simple and complex trusts, and a close analysis of the taxation of grantor trusts, including discussion of the planning opportunities presented through the use of such vehicles.

Texts and Materials

The following texts and materials are required for this course:


At times during the course—or more likely in practice when you are billing for your research—you may wish to do supplemental reading. There are many quality treatises on Subchapter J, including:


**Assignments and Participation**

The syllabus includes a schedule of our weekly reading and assigned problems. Please complete the reading and problems before coming to class. The Code and Regulation sections referenced in the Ascher / Danforth text are part of the assigned reading. You will be asked to discuss your answers to problems in class, so I encourage you to write out detailed answers including citations. In order to maintain flexibility in our exploration of Subchapter J, we may slow down or accelerate the pace outlined in the assignment schedule. Significant divergences will be announced in class.

Attendance and participation will not be a formal factor in calculating your final grade; however, you are expected to attend class prepared and to participate regularly. Each of us faces emergencies that at times may cause us to miss class or come less than fully prepared. But, it is unfair to your colleagues if these exceptional circumstances become the norm, and I reserve the right to lower the final grade of an individual who is repeatedly absent, or who regularly passes or is unprepared when called upon.

**Evaluation**

Grades are based primarily on your performance on the final exam. The exam will be two-hours and will mainly consist of essay questions. You are permitted to use the
required texts, a calculator, class handouts, and any class notes, outlines, or other materials you have prepared (either alone or with other students currently enrolled in the course). Use of any other material is prohibited. I will allocate a portion of one of our final class sessions, or a separate optional session, to a review and exam discussion.

Students may use a computer to type their answers to essay questions on the final exam. If you elect to use a computer during the final exam, you are bound by the Law School’s “Computer Use Policy.” This policy may be viewed online at http://www.law.washington.edu/Students/Academics/Exams.aspx#Computer.

**Reading and Problems**

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<td>Entities Subject to Subchapter J Fiduciary Accounting Income</td>
<td>3-26 Skim 477-494</td>
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<td>January 17 &amp; January 24</td>
<td>The Entity as a Taxpayer</td>
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<td>January 31 &amp; February 7</td>
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<td>February 14</td>
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<td>February 21</td>
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<td>Entity as Conduit (Estates) Distribution of Property in Kind</td>
<td>Skim 188-230 230-243</td>
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<td>Skim 257-334</td>
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