

Exam # _____

Part I (Multiple Choice): Retain Exam and Answers X

Part II (Short Answer): Retain Exam and Return Answers X

Part III (Essay): Retain Exam and Return Answers X

UNIVERSITY OF CALIFORNIA
HASTINGS COLLEGE OF THE LAW

FALL SEMESTER 2017

FINAL EXAMINATION:
FEDERAL INCOME TAXATION
OF CORPORATIONS & PARTNERSHIPS
(COURSE # 54211)

PROFESSOR HEATHER M. FIELD

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Exam Date: Friday, December 1, 2017

TIME: FOUR (4) HOURS

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MATERIALS ALLOWED IN THE EXAM ROOM

This is an open book exam. **ANY & ALL** print materials are allowed in the exam room. Internet research is **NEVER** allowed during an in-class exam per UC Hastings exam regulations. Students **ARE** allowed to use a simple (non-PDA) calculator for this exam.

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This Exam consists of THREE PARTS: Multiple Choice, Short Answer, & Essay
(The parts SHOULD be given to students at the same time.)

GENERAL EXAM INSTRUCTIONS FOR STUDENTS

If you are using bluebooks, please write on **one side only** of each page and **double-space** your responses. **Please write legibly.** If your response cannot be deciphered, it cannot be given full credit. Number your bluebooks.

If you are using Exemplify on a computer, your exam will be formatted automatically to double-space.

If the exam calls for a scantron, use score sheet side & #2 pencil. For ID# use your 4-digit EXAM#, flush left, no 0s. Test form: A. Exam#: 1. For Name: print your professor's name. Subject: course name. Leave date blank. Erase incorrect answers completely.

ALL exam materials including scratch paper must be turned in to the proctor at the end of the exam.

After the exam has been graded, all exam QUESTIONS will be RETAINED by the college, the MULTIPLE CHOICE ANSWERS will also be RETAINED by the college, and the ANSWERS TO THE SHORT ANSWERS AND ESSAY will be RETURNED to students.

(Instructions on Next Page)

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Exam Instructions

This is an open book examination; any and all print materials are allowed in the exam room. In addition, a simple (non-PDA) calculator is allowed. However, internet research is NEVER allowed in an in-class exam.

This is a four-hour examination. This examination has three parts, as follows:

- Part I contains *20 multiple choice questions* and is worth approximately 47% of your exam grade. Each multiple choice question will be given approximately equal weight. For each multiple-choice question, please select the single correct (or most nearly correct) answer. No additional points will be deducted if you answer a multiple-choice question incorrectly as opposed to leaving it blank.
- Part II contains *3 short answer questions* and is worth approximately 11% of your exam grade. Each short answer question will be given approximately equal weight. Please answer each short answer question in no more than 150 words.
- Part III contains *1 essay question* and is worth approximately 42% of your exam grade.

Based on this weight allocation, I recommend allocating your time as follows:

- 5 minutes on each multiple choice question (for a total of 1 hour 40 minutes on Part I);
- 8 minutes on each short answer question (for a total of approximately 24 minutes on Part II); and
- 1 hour 30 minutes on the essay question.

This will leave you with just over 25 minutes to use as needed. You must answer all of the questions. You may not take the examination from the room.

Please answer the multiple-choice questions on the scantron form. If you have comments on any multiple choice question, please include those comments in your bluebook or in your typed Exemplify response.

Please answer the short answer questions and the essay question in your bluebook or on your computer, and please answer each question on a separate page. If you are handwriting this exam, please write legibly, on every other line in your bluebook, and on only one side of the page. If you are using Exemplify on a computer, your exam will be formatted automatically to double-space. For the essay question, I strongly recommend that you take time to think about and organize your answer before you begin writing.

Exam Instructions (continued)

Unless otherwise stated, please make the following assumptions:

- the tax law is as we studied it all semester (that is, ignore any tax reform legislation);
- no elections are made;
- all corporations are Subchapter C corporations;
- all stock is voting common stock,
- all individuals are unrelated;
- cost recovery deductions are disregarded;
- all taxpayers are cash method, calendar year taxpayers;
- all shareholders and partners hold their stock and partnership interests, respectively, as capital assets;
- C corporations are subject to income tax at a flat corporate rate of 35%;
- individuals are taxed at a flat 35% rate on ordinary income, a 15% rate on long-term capital gains, and a 15% rate on dividends;
- and all “Section” references are to the IRC.

In addition, this exam uses the following common abbreviations:

- adjusted basis (AB);
- accounts receivable (A/R);
- earnings and profits (E&P);
- fair market value (FMV);
- inside basis (IB);
- Internal Revenue Code of 1986, as amended (IRC);
- thousand dollars (\$__K) (e.g., \$100K means \$100,000);
- million dollars (\$__M) (e.g., \$1.2M means \$1,200,000);
- limited liability company (LLC);
- limited partnership (LP);
- long term capital gain/long term capital loss (LTCG/LTCL);
- ordinary income (OI);
- outside basis (OB);
- short term capital gain/short term capital loss (STCG/STCL);
- greater than (>); and
- less than (<).

GOOD LUCK!