ACC/455 » Assignment

US/Arizona Time: Nov 08, 2016, 11:36 AM

ACC/455 (BSDS1LEM75)

Class Home Week1 Week2 Week3 Week4 Week5 Full Syllabus

Due Nov 14, 11:59 PM Not Submitted POINTS 5 Practice/Simulation/Homework/Game

3.2 3.3 3.4

Chapter 11 Issue Identification Questions

Instructions Practice/Simulation/Homework/Game Assignment Files Grading

Access p. 11-41 in Chapter 11 of your textbook *Prentice Hall's Federal Taxation 2016 Corporations, Partnerships, Estates & Trusts.*

Write a minimum 175-word response to each question C:11-24 through C:11-27.

Click the Assignment Files tab to submit your assignment as a Microsoft® Word document.

Discussion on this Assignment

New Message

There are no responses on this assignment yet.

- **C:11-18** What nonliquidating distributions made by an S corporation are taxable to its shareholders? Tax-free to its shareholders?
- **C:11-19** What is an accumulated adjustments account (AAA)? What income, gain, loss, and deduction items *do not* affect this account assuming the S corporation has an accumulated E&P balance?
- **C:11-20** Explain the differences between the way the following items are reported by a C corporation and an S corporation:
    - **a.** Ordinary income or loss
    - **b.** Dividend income
    - **c.** Capital gains and losses
    - **d.** Tax-exempt interest income
    - **e.** Charitable contributions
    - **f.** Nonliquidating property distributions
    - **g.** Fringe benefits paid to a shareholder-employee
- **C:11-21** When is the S corporation's tax return due? What extensions are available for filing the return?
- **C:11-22** What taxes must an S corporation prepay by making quarterly estimated tax payments? Can a shareholder owning S corporation stock use the corporation's estimated tax payments to reduce the amount of his or her individual estimated tax payments? Explain.
- **C:11-23** Review the completed C corporation, partnership, and S corporation tax returns presented in Appendix B. List three major tax reporting similarities and three major tax reporting differences in either content or format among the three tax returns.

ISSUE IDENTIFICATION QUESTIONS

- **C:11-24** Jennelle and Paula are equal partners in the J&P Manufacturing Partnership. The partnership will form J&P Corporation by exchanging the assets and liabilities of the J&P Manufacturing Partnership for all the corporation's stock on September 1 of the current year. The partnership then will liquidate by distributing the J&P Corporation stock equally to Jennelle and Paula. Both shareholders use the calendar year as their tax year and desire that the corporation make an S election. What tax issues should Jennelle and Paula consider with respect to the incorporation?
- **C:11-25** Williams Corporation has operated as a C corporation for the last seven years. The corporation has assets with a $450,000 adjusted basis and an $800,000 FMV. Liabilities amount to $100,000. Dan Williams, who uses a calendar year as his tax year, owns all the Williams Corporation stock. The corporation uses the accrual method of accounting and a June 30 year-end. Dan's CPA has suggested that he convert the corporation to S corporation status to reduce his total corporate/personal federal income tax liability. Dan would like to complete the conversion on the last day of the corporation's tax year. What tax issues should Dan and his CPA consider with respect to the S election?
- **C:11-26** Peter owns 50% of Air South Corporation, an air charter service. His S corporation stock basis at beginning of the year is $100,000. Air South has not done well this year and will report an ordinary loss of $375,000. What tax issues should Peter consider with respect to the loss?
- **C:11-27** Glacier Smokeries has been an S corporation since its inception six years ago. On January 1 of the current year, the corporation's two equal shareholders, Adam and Rodney, had adjusted bases of $175,000 and $225,000, respectively, for their S corporation's stock. The shareholders plan to have the corporation distribute land with a $75,000 adjusted basis and a $300,000 FMV in the current year. The shareholders also expect ordinary income to be $125,000 in the current year. What tax issues should Adam and Rodney consider with respect to the distribution?

PROBLEMS