

USC Price

Sol Price School
of Public Policy

SYLLABUS

RED 599 –Introduction to Real Estate Income Tax Issues and Planning Opportunities

Summer 2024 / Jun 17 – Aug 5

ONLINE Mondays 6:00 p.m. to 9:10 p.m. California time via Zoom

2.0 Units

COURSE OVERVIEW

This course offers an introduction to real estate income taxation, as well as tax planning opportunities.

PREREQUISITES

None.

COURSE STRUCTURE

Students will attend their class session through a weekly Zoom meeting at the time and date indicated on the syllabus. These online class sessions allow students to discuss the topics covered in the materials, ask questions, and review discussion questions with faculty and peers. Attendance is **required** each week.

INSTRUCTOR

Gregory M. Kling, CPA, MST
Associate Professor of the Practice of Accounting
Leventhal School of Accounting, Room 232B
Phone: 213-740-5004
Email: gkling@marshall.usc.edu

OFFICE HOURS

See online calendar in Brightspace (by appointment)

REQUIRED TEXTS

Materials for cases, PowerPoint/Lecture notes and relevant articles will be posted to Brightspace

OPTIONAL TEXT

Glynn and Kling, Federal Taxes Affecting Real Estate, Release No. 71 (LexisNexis)

Print version or electronic version is available directly from the publisher. Please contact Gil Tinio at virgilio.tinio@lexisnexis.com and request the “student adoption price for Professor Greg Kling’s class.”

COURSE LEARNING OUTCOMES

Upon taking this course, students will be able to:

1. Analyze tax issues relating to various real property transactions for developers and other real estate investors, and
2. Integrate the knowledge learned in this course to identify planning opportunities.

POINTS ASSIGNED TO ASSESSMENTS

Preparation, Contribution & Professionalism in synchronous class session (8 @ 15 points each)	120 points
Discussion Questions (7 @ 30 points each)	210 points
Quizzes (3 @ 90 points each)	270 points
Case Study	100 points
Final Examination (cumulative)	<u>300</u> points
Total	<u>1,000</u> points

MAKE-UP WORK, EXTRA CREDIT, LATE ASSIGNMENTS AND ALLOWED EXCEPTION

Make-up work is generally not available and will not be offered to students, except for limited specific reasons (“**Allowed Exception**”). The professor reserves the right to review documentation in order to approve an **Allowed Exception**. Any approved **Allowed Exception** will be communicated to the student in writing by the professor.

Extra credit is not offered to students and is not available in this class. Students should not request extra credit from the professor. Requests for extra credit work are considered unprofessional behavior and may result in a loss of Preparation, Contribution & Professionalism points.

Assignments submitted late will not be accepted and will earn a score of zero, except in the case of an **Allowed Exception**.

Students will typically receive a system acknowledgement when Brightspace receives a submission. Additionally, students will be able to see their submissions in the gradebook. Students have sole responsibility for confirming their assignment submissions were validly received by Brightspace.

An **Allowed Exception** is limited but may include:

1. Student has a religious observance conflict.
2. Student is suffering from illness or injury.
3. An emergency arises. An “emergency” is defined as a serious and unforeseen situation that is beyond the student’s control.

4. Student has a significant family commitment that requires their attendance. This will be determined on a limited case-by-case basis but may include weddings or funerals of family members or close friends.
5. Student has a significant work commitment that requires their attendance. This will be determined on a limited case-by-case basis but may include mandatory meetings or mandatory travel.

Students must inform the professor prior to the class session if they are aware that they have or will have an **Allowed Exception**. Students experiencing an illness or an emergency should communicate as soon as practical. Students who miss an assessment, will earn zero points unless they have an **Allowed Exception**. Students who miss an assessment because of an **Allowed Exception** will be offered the opportunity to complete the missed work in a manner communicated in writing by the professor to the student. Such opportunities may include allowing the student to make the work up shortly after the assessment was originally due or other alternatives to be determined by the professor.

Students must take the final examination as scheduled. The final examination may not be offered prior to the date and time. Students who do not take the final examination will earn 0 points for the exam and may not pass the course. The professor may offer the final examination to a student with an **Allowed Exception** within 24 hours after the scheduled date. However, students who have an **Allowed Exception** may request an incomplete from the professor, and provide and/or complete any necessary documentation. The student will arrange with the professor to take the final examination within one calendar year to replace the incomplete with a letter grade.

COURSE FORMAT

This course is divided into eight weeks, each with a corresponding synchronous session (Mondays from 6:00 pm to 9:10 pm California time). Activities may include asynchronous videos, reading assignments, discussion question assignments, synchronous class sessions, and quizzes or exams. **It is expected that students will have completed any prerequisites before attending the synchronous session each week.** Students should ensure that they can access all of the online tools via Brightspace prior to the start of classes.

PREPARATION, CONTRIBUTION, AND PROFESSIONALISM POLICY

Active class participation is important in achieving the learning objectives for this course. Your preparation, contribution, and professionalism produce a more valuable experience for you as well as for your classmates. Lack of preparation, contribution, or professionalism will impact your course grade.

- a. Students are expected to regularly attend the synchronous session to fulfill University requirements for student contact hours in an online course. **Students who miss the synchronous session consistently or frequently will not be allowed to pass the course. Absences will be “excused” only if due to an Allowed Exception.**
- b. Students should be prepared to discuss the materials assigned for each class. Effective contribution during the class sessions consists of analyzing, commenting, questioning, discussing, and building on others' contributions. Contribution may be evaluated as follows:

- i. *Outstanding Contribution*: You volunteer responses and your contributions reflect considerable preparation and familiarity with the material. Your comments or questions create a spring-board for discussion and add to the learning in the class.
 - ii. *Good Contribution*. You volunteer comments less frequently but when called upon you demonstrate preparedness. You are able to add value to the classroom discussion.
 - iii. *Minimal Contribution*. You contribute minimally, but are generally quiet and don't add much to the discussion.
 - iv. *No Contribution*. You say little or nothing in class. When called upon, you are unprepared to answer.
- c. Professionalism in the classroom will be expected at all times. Because the university classroom is a place designed for the free exchange of ideas, we must show respect for one another in all circumstances. We show respect for one another by exhibiting patience and courtesy in our exchanges.
 - d. Accessing websites, materials, or other content unrelated to class while class is in session is considered unprofessional. Cell phones and other technology need to be silenced. Professional conduct also includes having cameras on but minimizing background distractions.

QUIZZES AND FINAL EXAM POLICY

Various quizzes and a final exam (cumulatively known as “assessments”) will be given during the course as indicated in the syllabus. Assessments must be completed by the due date as indicated in the syllabus and Brightspace.

- a. All assessments will be “open book and open notes.” Please note that the assessments will be completed in Brightspace and, accordingly, you may use laptops during assessments. You may only access our Brightspace classroom and are prohibited from accessing any other websites during the assessment period, except as expressly permitted by the instructor.
- b. Make up assessments will generally not be given, except in the case of an **Allowed Exception**.

DISCUSSION QUESTIONS AND CASE STUDY

The purpose of the discussion questions and case study is to give each team an opportunity to apply the knowledge learned and provide the answers in the live class session. It is expected that the discussion questions and case study will address the major topics from the material we will study. More details will be provided during the semester, prior to the due dates. A team member must be present in class and must participate in order to earn points for the discussion questions and case study.

RECORDINGS, CLASS NOTES AND COURSE MATERIAL COPYRIGHTS POLICY

Students may not record any lecture, class discussion or meeting with the professor without his prior express written permission. The word “record” or the act of recording includes, but is not limited to, any and all means by which sound or visual images can be stored, duplicated or retransmitted whether by an electro-mechanical, analog, digital, wire, electronic or other device or any other means of signal encoding. The professor reserve all rights, including copyright, to lectures, course syllabi and related materials, including summaries, PowerPoint slides, prior exams, discussion questions, answer keys, and all supplementary course materials (collectively known as “Course Materials”) available to the students enrolled in class whether or not posted on Brightspace or otherwise. **Course Materials may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all public and private file sharing websites by anyone other than the professor or his designee without his express written permission.** Exceptions are made for students who have made prior arrangements with the Office of Student Accessibility Services and the professor.

Notes made by students on a university class or lecture may only be made for purposes of individual or group study, or for other non-commercial purposes that reasonably arise from the student’s membership in the class or attendance at the university. This restriction also applies to any information distributed, disseminated or in any way displayed for use in relationship to the class, whether obtained in class, via email or otherwise on the Internet, or via any other medium. **Course Materials (defined above) include student-prepared materials based on course content.**

Actions in violation of this policy constitute a violation of the USC Student Conduct Code and may subject an individual or entity to university discipline and/or legal proceedings.

GRADING STANDARDS POLICY

Final grades will be determined based on the following scale:

A	93-100
A-	90-92
B+	87-89
B	83-86
B-	80-82
C+	77-79
C	73-76
C-	70-72
D+	67-69
D	63-66
D-	60-62
F	59 and below

USC Statement on Academic Conduct and Support Systems

Academic Integrity:

The University of Southern California is a learning community committed to developing successful scholars and researchers dedicated to the pursuit of knowledge and the dissemination of ideas. Academic misconduct, which includes any act of dishonesty in the production or submission of academic work, comprises the integrity of the person who commits the act and can impugn the perceived integrity of the entire university community. It stands in opposition to the university's mission to research, educate, and contribute productively to our community and the world.

All students are expected to submit assignments that represent their own original work, and that have been prepared specifically for the course or section for which they have been submitted. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s).

Other violations of academic integrity include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), collusion, knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

The impact of academic dishonesty is far-reaching and is considered a serious offense against the university. All incidences of academic misconduct will be reported to the Office of Academic Integrity and could result in outcomes such as failure on the assignment, failure in the course, suspension, or even expulsion from the university.

For more information about academic integrity see [the student handbook](#) or the [Office of Academic Integrity's website](#), and university policies on [Research and Scholarship Misconduct](#).

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment, or what information requires citation and/or attribution.

Students and Disability Accommodations:

USC welcomes students with disabilities into all of the University's educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Support Systems:

[Counseling and Mental Health](#) - (213) 740-9355 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

[988 Suicide and Crisis Lifeline](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline is comprised of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental

health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

[Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call
Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

[Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

[Reporting Incidents of Bias or Harassment](#) - (213) 740-5086 or (213) 821-8298

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

[The Office of Student Accessibility Services \(OSAS\)](#) - (213) 740-0776

OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

[USC Campus Support and Intervention](#) - (213) 740-0411

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

[Diversity, Equity and Inclusion](#) - (213) 740-2101

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

[USC Emergency](#) - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

[USC Department of Public Safety](#) - UPC: (213) 740-6000, HSC: (323) 442-1200 – 24/7 on call

Non-emergency assistance or information.

[Office of the Ombuds](#) - (213) 821-9556 (UPC) / (323-442-0382 (HSC)

A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

[Occupational Therapy Faculty Practice](#) - (323) 442-2850 or otfp@med.usc.edu

Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.

RED 599 SCHEDULE

	WEEK 1: ACQUISITION ISSUES: Forms of Ownership; Titling; Basis; Debt in basis; Tax Depreciation
Learning Outcomes	<ol style="list-style-type: none"> 1. Compare and contrast various forms of real estate ownership titles and their associated advantages 2. Recognize the financial benefits of owning real estate in relation to taxation 3. Determine the cost basis considering different methods of acquiring real estate 4. Calculate depreciation based on classification of asset
Pre-class preparation	Review the materials posted to Brightspace
Attend Class	Monday, June 17 Zoom Meeting 6:00 - 9:10 p.m.
Post-class assignments	Complete discussion questions for discussion in next class and turn in answer to assigned question prior to the start of the next class

	WEEK 2: OPERATIONAL ISSUES: Passive Loss Rules - General
Learning Outcomes	<ol style="list-style-type: none"> 1. Identify which taxpayers are affected and the types of income covered by passive loss rules 2. Apply definitions of material involvement and activity to assess participation 3. Compute limitations on passive losses 4. Evaluate rules governing the disposition of passive losses
Pre-class preparation	Review the materials posted to Brightspace
Attend Class	Monday, June 24 Zoom Meeting 6:00 - 9:10 p.m.
Post-class assignments	Complete discussion questions for discussion in next class and turn in answer to assigned question prior to the start of the next class

	WEEK 3: OPERATIONAL ISSUES: Passive Loss Rules – Real Estate; At-Risk Limitations
Learning Outcomes	<ol style="list-style-type: none"> 1. Assess and apply exceptions to passive loss limitations specifically tailored for rental real estate professionals 2. Explain at-risk restrictions related to real estate investments deductions
Pre-class preparation	Review the materials posted to Brightspace
Attend Class	Monday, July 1 Zoom Meeting 6:00 - 9:10 p.m.
Post-class assignments	Complete discussion questions for discussion in next class and turn in answer to assigned question prior to the start of the next class

	Quiz 1
Learning Outcomes	Confirm outcomes of Weeks 1 through 3.
Assignment	Take online; quiz link opens on Monday, July 1 at 9:30 p.m. and quiz link closes on Friday, July 5 at 10:00 p.m.

WEEK 4: DISPOSITION ISSUES: Like Kind Exchanges - General	
Learning Outcomes	<ol style="list-style-type: none"> 1. Identify the fundamental prerequisites for like-kind exchanges in real estate transactions 2. Calculate gains and establish the basis in like-kind exchanges, factoring in liabilities
Pre-class preparation	Review the materials posted to Brightspace
Attend Class	Monday, July 8 Zoom Meeting 6:00 - 9:10 p.m.
Post-class assignments	Complete discussion questions for discussion in next class and turn in answer to assigned question prior to the start of the next class

WEEK 5: DISPOSITION ISSUES: Like Kind Exchanges – Reverse and Deferred Exchanges	
Learning Outcomes	<ol style="list-style-type: none"> 1. Recognize the criteria for deferred exchanges and apply relevant rules 2. Implement the rules governing reverse exchange safe harbors 3. Explore advanced planning concepts related to like-kind exchanges
Pre-class preparation	Review the materials posted to Brightspace
Attend Class	Monday, July 15 Zoom Meeting 6:00 - 9:10 p.m.
Post-class assignments	Complete discussion questions for discussion in next class and turn in answer to assigned question prior to the start of the next class

Quiz 2	
Learning Outcomes	Confirm outcomes of Weeks 4 and 5.
Assignment	Take online; quiz link opens on Monday, July 15 at 9:30 p.m. and quiz link closes on Friday, July 19 at 10:00 p.m.

WEEK 6: OTHER REAL ESTATE: Subdivision and Developer Issues	
Learning Outcomes	<ol style="list-style-type: none"> 1. Recognize specific challenges faced by developers in real estate ventures 2. Explain the basic capitalization requirements and methodologies 3. Describe approaches to allocating the basis in subdivided property
Pre-class preparation	Review the materials posted to Brightspace
Attend Class	Monday, July 22 Zoom Meeting 6:00 - 9:10 p.m.
Post-class assignments	Complete discussion questions for discussion in next class and turn in answer to assigned question prior to the start of the next class

	WEEK 7: OTHER REAL ESTATE: REITS, Opportunity Zones, Credits & Incentives
Learning Outcomes	<ol style="list-style-type: none"> 1. Analyze the tax and economic advantages of a REIT 2. Analyze the tax and economic advantages of an Opportunity Zone investment 3. Explain the application of the various tax credits discussed in our course 4. Discuss the tax impact from charitable contributions of property, including conservation and facade easements
Pre-class preparation	Review the materials posted to Brightspace
Attend Class	Monday, July 29 Zoom Meeting 6:00 - 9:10 p.m.
Post-class assignments	Complete discussion questions for discussion in next class and turn in answer to assigned question prior to the start of the next class

	Quiz 3
Learning Outcomes	Confirm outcomes of Weeks 6 and 7.
Assignment	Take online; quiz link opens on Monday, July 29 at 9:30 p.m. and quiz link closes on Friday, August 2 at 10:00 p.m.

	WEEK 8: Application of Real Estate Tax Practice to Case Studies
Learning Outcomes	<ol style="list-style-type: none"> 1. Review outcomes of Weeks 1 through 8. 2. Apply real estate tax practice to case studies.
Pre-class preparation	Review the materials posted to Brightspace and Prepare Case Study Examples for Class
Attend Class	Monday, August 5 Zoom Meeting 6:00 - 9:10 p.m.
Assignment	<ol style="list-style-type: none"> 1. Complete the case study and turn in the PowerPoint presentation by Monday, August 5 at 6:00 p.m. 2. Study for final examination

	Final Exam
Learning Outcomes	Confirm outcomes of Weeks 1 through 8.
Assignment	Take online; exam link opens on Tuesday, August 6 at 12:01 am and exam link closes on Friday, August 9 at 10:00 pm