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SUPERCHARGER: IGNITING INTEREST IN CORPORATE TAX

*Edward J. Martineck**

CORPORATE TAXATION AND TAXATION OF PARTNERSHIPS AND PARTNERS. By *Douglas A. Kahn* and *Pamela B. Gann*. St. Paul: West Publishing Co. 1979. Pp. lxxxii, 1107. \$22.95.

While I have heard subchapter C of the Internal Revenue Code¹ compared to a Brahms concerto, and doubtless others view it as a Cretan Labyrinth harboring a monstrous Minotaur, for me it is a marvelous machine, an invention to rank with the internal-combustion engine. Its operation is as complex and its guiding principles as ingenious; the modern American economy depends as heavily on the one for transportation as on the other for finance. While it would perhaps be more complimentary to portray Professors Douglas A. Kahn and Pamela B. Gann as a contemporary Theseus and Ariadne threading a path to safety for the puzzled corporate tax student, instead I liken their book to a compact text of mechanical engineering, meant for those seriously interested in the law of corporate and partnership income taxation. It is an outstanding work, a major pedagogical achievement. The serious student will learn so much more of the nuts and bolts of corporate tax from this book than from any of its competitors as to put it in a class by itself. Its only weakness is probably an inevitable concomitant of its strength. The authors' fascination with the intricate detail of their subject sometimes risks the student's losing sight of the basic interrelationships among the corporate tax provisions. With this book, to belabor the metaphor, the student can easily so involve himself with the elaborate workings of a camshaft that he forgets what it is connected to.

Having delivered that encomium, let me warn the reader at once that I review this book from a unique standpoint. My own introduction to the corporate income tax was in a course taught by one of the authors at the University of Michigan Law School, using this book while it was still in mimeograph. If any excuse is possible for the presumptuousness of passing public judgment on one's own teacher, I plead my hope that the view from this side of the lectern will be of some help to those who daily stand on the other side.

* Senior Editor, *Michigan Law Review*.—Ed.
1. I.R.C. §§ 301-385.

Inherent in the case method of legal education is a post hoc approach to legally significant events. The student sees through the eyes of appellate judges deciding the legal consequences of events which typically occurred years before. For many subjects, torts and criminal law, for example, that approach is undeniably the appropriate one. The ethical lawyer is not engaged in planning torts or crimes. Even for such subjects as contracts and conveyancing, the practice of which obviously involves much planning of transactions, the case method is used profitably, it being relatively simple to plan "around" the substantive law. The contract draftsman will not have to worry about the Statute of Frauds so long as he knows enough to follow the simple formalities it requires. Knowing the complicated exceptions to the Statute becomes important only after the fact, when for some reason the formalities have not been observed. The case method strains perceptibly, however, when used to teach a complex, interrelated statute such as the corporate tax provisions of the Internal Revenue Code. The mere knowledge that in a decided case or ruling facts A, B, and C gave result X under Code section Y only begins to satisfy the corporate tax planner's needs. He must see the linkage of that Code section to others, must consider the effect of the result on other parties who may not have been before the court, and above all must discern how far those facts can be stretched before the result no longer holds. In other words, he must know not only what happens when the valves begin to stick a little, but how to design new ones for optimum performance.

The most casual glance through this book shows how the authors have radically changed the case method to solve that pedagogical problem. In most casebooks, including the other leading corporate tax casebooks,² the text of the cases is set in standard size type and any questions or notes following them are set in the same or smaller type. In this book, the authors' text and problems have been set in standard size type, with the cases and rulings set in smaller type! That is not a reflection of the authors' egos, simply the most obvious sign of their teaching philosophy, as stated in their preface: "We believe that corporate taxation is best presented by requiring the student to apply the apposite

2. See, e.g., W. ANDREWS, *FEDERAL INCOME TAXATION: CASES, PROBLEMS, AND NOTES*, 738-1355 (1969); M. ROSE & L. RASKIND, *ADVANCED FEDERAL INCOME TAXATION: CORPORATE TRANSACTIONS* (1978); 2 S. SURREY, W. WARREN, P. MCDANIEL & H. AULT, *FEDERAL INCOME TAXATION: CASES AND MATERIALS* (1973); B. WOLFMAN, *FEDERAL INCOME TAXATION OF BUSINESS ENTERPRISE* (1971).

Code and judicial doctrines to a set of circumstances."³ In effect, they insist that the student see the machine in operation—that he poke around with it, try a different set of rings, vary the compression ratio, try a different ignition system—all in myriad combinations and all to the end that he see every possibility for every part. The result is the most exciting and realistic way to learn corporate taxation I can imagine, but it puts extraordinary demands on teacher and student alike. Whether the end justifies those demands is necessarily a question each teacher must answer himself.

The book begins, conventionally enough, with a chapter on the economics and policy of the corporate income tax. The level of detail here is just as great as in the rest of the book. Not content, like many other casebook writers, to summarize the major arguments on the incidence of the corporate tax and on integration of the corporate and individual taxes, the authors excerpt substantial portions from the major works in this field of economics. One may well wonder how many law students will understand passages like this:

Okner-Pechman are essentially performing a two stage specific incidence study. They perform differential incidence analysis of the actual tax system vis-à-vis a proportional income tax system and then make a specific incidence assumption about a proportional income tax and its associated effects. Since we know that public expenditures are not proportionally distributed, that wages may be affected by the cost of living, that taxes on capital income may be shifted, and that unemployment and inflation have very different effects on different income classes, their specific incidence assumption is far from obvious and probably far from true.⁴

While not all of the material is that dense, it is all much more sophisticated than corresponding material in other casebooks I have examined.

The next chapter concerns the definition of a corporation and the problem of ignoring the corporate entity for income tax purposes. This is probably the book's most easily understood chapter, but the wealth of detail is again most impressive. A pertinent illustration is the authors' treatment of *Larson v. Commissioner*,⁵ a recent case heard by the entire Tax Court. The authors reprint

3. D. KAHN & P. GANN, CORPORATE TAXATION AND TAXATION OF PARTNERSHIPS AND PARTNERS xvii (1979).

4. *Id.* at 33 (quoting Thurow, *The Economics of Public Finance*, 28 NATL. TAX J. 185, 188 (1975)).

5. 66 T.C. 159 (1976), quoted in D. KAHN & P. GANN, *supra* note³, at 64-82.

several opinions from *Larson*, devoting to it eighteen pages of small print. While that might seem a profligate use of space on the narrow issue of whether a real estate limited partnership is taxable as a corporation, the treatment typifies a major strength of the book. The authors use *Larson* not only for its holding, and not only to show how a court can analyze a fact situation by considering a series of "factors," but also to raise some fundamental questions about legal process in the tax area: the use of precedents, the use and limits of Treasury regulations, the need for certainty in tax law against the need to prevent manipulation, and the differences between the Treasury's stance in its regulations and the Service's *nihil obstat* in advance private letter rulings.⁶ Putting those difficult questions in the context of a real case

6. See D. KAHN & P. GANN, *supra* note 3, at 82-83.

One unfortunate omission from the book, however, is any detailed discussion of the interesting questions of legal process posed by private letter rulings. Those questions are much better addressed in a corporate tax course than in a basic individual income tax course. Given the importance of private rulings in corporate tax practice today, the student should at least be exposed to the procedures and strategies surrounding them. The authors do discuss at various points the Service's published policies regarding the substance of transactions for which the protection of a private ruling is sought. See, e.g., *id.* at 724-25 (quoting Rev. Proc. 77-37, 1977-2 C.B. 568) (Service's guidelines for rulings on continuity of interest in reorganizations). They also cite some actual private rulings. See, e.g., *id.* at 385 (discussing Ltr. Rul. 7806078 (Nov. 14, 1977)). They do not even mention, however, any of the practical problems rulings create for the corporate tax planner. Should he seek a ruling? Is the reduction of risk worth the cost of delay? Is a given fact necessary to disclose for the ruling to stand up? Some introduction to questions like those would benefit any student planning to practice corporate tax law.

One of the interesting aspects of private letter rulings goes to the essence of *stare decisis* and what we mean by the word "law." The Tax Reform Act of 1976 provides for the publication of all private letter rulings, the contents of which had previously been known only to the parties involved. See Tax Reform Act of 1976, Pub. L. No. 94-455, § 1201, 90 Stat. 1520, 1660 (adding I.R.C. § 6110). It does not take an especially keen imagination to see that the provision works a minor revolution in tax planning. Since the Service churns out about a hundred private rulings a *week*, the chances are good that the tax planner researching an issue can find a ruling directly on point, even if the Service has never publicly stated its position on the issue. Indeed, in many law firms it is now standard procedure to check the "private" rulings for every tax research problem. There is a catch, of course. The statute provides that "[u]nless the Secretary [of the Treasury] otherwise establishes by regulations, a written determination may not be used or cited as precedent." I.R.C. § 6110(j)(3). That is a caveat well worth pondering. One tax lawyer has jocularly suggested to me that it creates a strict rule of procedure: if a taxpayer cites any private ruling as precedent in a tax case, he automatically loses. Conversation with Kevin Conzelmann, Esq., in New York City (July 7, 1978). Of course, § 6110(j)(3) does not quite accomplish that, doubtless to the Service's regret, but what exactly does it accomplish? The famous National Starch ruling, which has already created a flurry of excitement among tax lawyers, is an interesting example. See Ltr. Rul. 7839060 (June 28, 1978), discussed in Hutton, *Musings on Continuity of Interest—Recent Developments*, 56 TAXES 904, 910-11 (1978). It is a pity that Professors Kahn and Gann did not choose to include that ruling in their book. The ruling seems indeed to have "announce[d] the

makes them all the more thought-provoking.

I hope I will not be thought churlish to record here a complaint applicable to many casebooks. The authors end the second chapter with a standard casebook device: a hypothetical set of facts and a question, with a citation to a decided case giving the answer.⁷ Why do casebook writers so rarely give a sentence or two explaining what the court held? If the idea is that the student should have a chance to work out the answer for himself, that purpose would seem sufficiently served by summarizing the holding in a separate appendix to the text. In any event, the authors of this text add another twist to this annoying pedagogical device. After the question on the hypothetical and a citation to the case from which it was drawn, they ask, "Is this decision consistent with *Harrison*, 2-16?"⁸ Without being told the result in the case, the beleaguered student is asked to reconcile it with the result in another case. That is the sort of vexation which limits the supply of used lawbooks, as students curiously burn their casebooks at semester's end.

After those two introductory chapters (together about one-tenth of the book) comes the heart of the volume: an extremely detailed study of subchapter C. The great practical significance of the separate corporate tax is immediately apparent to the student because this part begins with the problem of removing assets from the corporation: in chapter 3 (dividends and redemptions), chapter 4 (liquidations), and chapter 5 (collapsible corporations). The study of subchapter C is then interrupted for some special corporate problems: first, the provisions aimed against the use of the corporate form to shelter income from the high individual tax rate (chapter 6, on the personal holding company tax and the

emergence of . . . a major new acquisition vehicle." Hutton, *supra* at 911. Since the transaction in question involved half a *billion* dollars, it is unlikely that the Service issued the ruling off-handedly. But can other tax planners rely on it, in the teeth of § 6110(j)(3)? Can the Service really turn around and say that the next taxpayer with a similar transaction is not entitled to the same treatment as the National Starch shareholders, now that the Service's rulings are spread out on the public record for all to see? Those questions implicate the deep meaning of stare decisis, equal protection, and the nature of law; I would have been genuinely interested in what Professors Kahn and Gann had to say about them. Unhappily, they said nothing.

7. See D. KAHN & P. GANN, *supra* note 3, at 110 (problem 2-24).

8. *Id.* Perhaps the question is meant as a clever logical puzzle. The citation given is "See, R. W. Shaw, III, 59 T.C. 375 (1972), acq., 1973-2 Cum.Bull. 3." *Id.* Perhaps the student is meant to infer that (1) the court's decision was for the taxpayer (because of the acquiescence); (2) the taxpayer was the individual described in the hypothetical and not his wholly owned corporation (because of the case name); and (3) therefore the court's holding was that the income in question was properly taxed to the corporation.

accumulated earnings tax); and, second, the provisions allowing corporate income to be passed through to shareholders (chapter 7, on subchapter S corporations). Those two chapters might seem out of sequence, but they are both sufficiently self-contained to be put somewhere else in the curriculum without any drastic change. The book then returns to subchapter C to deal with corporate formation, corporate divisions, and corporate reorganizations (chapters 8 through 10). A short chapter on the special problems of multiple corporations (consolidated returns, section 482, and so on) concludes the study of corporate tax. Finally, a full one-sixth of the book is devoted to the taxation of partnerships and partners.

Thus outlined, the organization of the book is not unusual, although the authors are probably in a minority among casebook writers in following the order of subchapter C rather than the life cycle of a corporation. Nor does a perusal of the table of cases provide many surprises.⁹ Landmark cases like *Gregory v. Helvering*¹⁰ and *Pinellas Ice Co.*¹¹ are included as well as a few cases of only historical interest, such as *Marr v. United States*.¹² The great bulk of the cases and rulings are of recent vintage, however, with a clear majority from the 1970s. Those include a large number that deal with issues still "hot."¹³ Although those

9. One surprise it does provide is the most eccentric indexing system I have ever seen. Most books index tax cases under the last name of the taxpayer (where he is an individual) or the first word of the corporate name (where the taxpayer is a corporation). This book has apparently introduced the following complicated indexing system. (1) Individual taxpayers: (a) Tax Court cases are indexed only under the individual's *given* name or initial. J. Simpson Dean is indexed under "J"; *May B. Kass* under "M." (b) Cases in other courts are indexed under the individual's *last* name. *United States v. Davis* is indexed under "D." (2) Corporate taxpayers: (a) With one exception described below, the cases are indexed under the first word of the corporate name. *Charles Schneider & Co.* is indexed under "C." (b) However, if the first word of the corporate name is an initial, it is ignored. *T.L. Hunt, Inc. v. Commissioner* is indexed under "H." While experimentation with novel indexing systems is arguably in everyone's best interests, this reader would have appreciated the publishers' including duplicate entries for the benefit of those accustomed to the conventional system.

10. 293 U.S. 465 (1935), *quoted in* D. KAHN & P. GANN, *supra* note 3, at 628-30.

11. *Pinellas Ice Co. v. Commissioner*, 287 U.S. 462 (1933), *quoted in* D. KAHN & P. GANN, *supra* note 3, at 711-13.

12. 268 U.S. 536 (1924), *quoted in* D. KAHN & P. GANN, *supra* note 3, at 699-702.

13. The authors have amazingly been able to include a full coverage of the Revenue Act of 1978, Pub. L. No. 95-600, 92 Stat. 2763 (codified in scattered sections of I.R.C.), even though that complex statute was approved on November 6, 1978, and the book was available in bookstores in early January 1979. Because the authors' decisions on what cases to include were obviously made long before the Act was passed, there are some unavoidable anomalies. For example, the authors devote 20 pages to the *Focht* case. *See* D. KAHN & P. GANN, *supra* note 3, at 575-96 (quoting and discussing *Focht v. Commissioner*, 68 T.C. 223 (1977) (reviewed by the court)). That is probably an excessive amount

features distinguish this work from some of its competitors, they do not make it unique. Must I then say of this book what a reviewer said of one of those competing works a few years ago, that "[c]asebooks on federal income tax unavoidably play second fiddle to the Internal Revenue Code. They differ among themselves more in matters of style than of substance, covering the same ground with substantially the same emphases and leading cases."¹⁴ Not at all. For this book at least, the style *is* the substance, because of the tremendous effect the unusual manner of presentation has on the student's learning experience. The dominant pedagogical idea of this book is that the student should work his own way through the Code and regulations, rather than being led through them. The book's tightly packed text thus contains relatively little explanatory material. For example, consider how the book begins the treatment of complete liquidations. After referring the student to Code sections 331 through 336, the text begins:

The tax consequences of a complete liquidation depend on whether:

(1) the corporation being liquidated is the subsidiary of another corporation;

(2) a shareholder acquired a controlling interest in the liquidating corporation within a short time prior to the liquidation;

(3) certain statutory elections are available and have been made;

(4) the liquidating corporation is "collapsible" (a term of art discussed in Chapter 5); and

(5) the business of the liquidated corporation is reincorporated.

Additionally, if a corporation sells all or part of its assets preparatory to making distributions in liquidation, those sales may be subject to special tax treatment.¹⁵

of space now that the result has been codified, *see* Revenue Act of 1978, Pub. L. No. 95-600, § 365, 92 Stat. 2763, 2854-55 (adding I.R.C. §§ 357(c)(3), 358(d)(2)), but the fact that the *Focht* court relied heavily on an article written by Professor Kahn may have played a role here. *See Focht v. Commissioner*, 68 T.C. at 239 (Simpson, J., concurring) (citing with approval Kahn & Oesterle, *A Definition of "Liabilities" in Internal Revenue Code Sections 357 and 358(d)*, 73 Mich. L. Rev. 461 (1975)).

In some instances, the timing of the book's appearance was quite serendipitous, because the student can virtually watch the Congress reacting to the courts. An example is the inclusion in the book of the *Central Tablet* case. *See* D. KAHN & P. GANN, *supra* note 3, at 376-86 (quoting and discussing *Central Tablet Mfg. Co. v. United States*, 417 U.S. 673 (1974)). As the book explains, *see id.* at 386, Congress reacted to the hardship put on certain taxpayers by that decision by amending § 337. *See* Act of Nov. 10, 1978, Pub. L. No. 95-628, § 4, 92 Stat. 3627, 3628 (adding I.R.C. § 337(e)).

14. Lowenthal, Book Review, 84 HARV. L. REV. 1052, 1052 (1971) (review of W. ANDREWS, *supra* note 2).

15. D. KAHN & P. GANN, *supra* note 3, at 290.

That is an extraordinary amount of information to ingest in one bite. The digestion of that information is not aided by the absence of any discussion whatsoever of the function or general effect of the complete liquidation provisions. After the passage just quoted, the text gives in quick succession (1) eight sentences of terse rules on what constitutes a complete liquidation; (2) a cross-reference noting that in general a corporation recognizes no gain or loss on its complete liquidation; and (3) six sentences on the general rule about the effect of the complete liquidation on shareholders.¹⁶

The treatment just summarized is typical of the entire book. I believe that that method genuinely risks overloading the student with information. It is a commonplace that the attempt to transmit too much information in too short an interval results in the receipt of no information at all.¹⁷ That risk would be greatly mitigated if the unifying ideas behind the various Code provisions were more fully explained. Compare, for example, the way that Professors Bittker and Eustice begin their treatment of complete liquidations in their famous handbook.¹⁸ They devote eight pages of text to the same basic summary (before going on to analyze the rules in detail) to which Kahn and Gann devote a scant two pages. The basic information—the black-letter rules—are the same, but Bittker and Eustice allow themselves enough space to explain *why* the rules are thus and so. That makes a radical difference in the “digestibility” of the information. In one sense, of course, the comparison drawn here is invidious because of the different functions of the two works. I believe it is fair to compare them, however, because many students will find the Kahn and Gann book impenetrable without a *vade mecum* like the Bittker and Eustice work. I count myself among that number. After several weeks of struggling through the Code and regulations with the little help that the Kahn and Gann book offers, I decided to stop trying to reinvent the wheel. From that point on, my method of study was to read the pertinent section of Bittker and Eustice *before* tackling the cases and problems in the Kahn and Gann book.¹⁹ The former’s clear and full elucidation of the complexities

16. *Id.* at 290-91.

17. For example, read the sequence 2-9-0-5-9-3-1 to the average person and he will likely have no difficulty in repeating back the seven numerals. But read him 2-3-9-8-4-2-1-8-2-3-6-1-0-1 and he will probably not be able to repeat back even the first seven numerals.

18. See B. BITTKER & J. EUSTICE, *FEDERAL INCOME TAXATION OF CORPORATIONS AND SHAREHOLDERS* §§ 11.01 to 11.04, at 11-2 to 11-7, 11-13 to 11-15 (3d ed. 1971).

19. Perhaps it is appropriate to mention that I have not felt a need to use this unusual

of subchapter C was in my experience an indispensable supplement to the latter's schematic-diagram approach.

I hope that no one will conclude from the fact that I needed Bittker and Eustice to understand the basics of corporate tax that the Kahn and Gann book was unimportant to my learning. Nothing could be further from the truth. The challenges presented by the carefully crafted problems in this book were unforgettable; the vivid sense they conveyed of actually *doing* tax law was a major impetus to my decision to pursue a career in it. The nature of that experience is all but impossible to appreciate without working out some of the problems for oneself. It is nothing new, of course, to put problems in a tax casebook. Indeed, a reviewer noted of another casebook a few years ago:

Professor Andrews' style is inquisitional. It exemplifies the view that students will be better educated if they try to answer questions than if they just read the answers.

. . . .
. . . From ABC transactions to zero basis, from fine points of law to broad issues of policy, Professor Andrews asks questions. The answers, when there are any, are rarely indicated.²⁰

Since that reviewer considered Professor Andrews' style "inquisitional," it is hard to imagine what adjective he would find to describe that of Professors Kahn and Gann. Take, for example, the problem of allocation of earnings and profits (*e & p*) in corporate distributions. The problems in Professor Andrews' casebook²¹ are merely illustrations of everyday principles: distributions are out of current *e & p* to the extent thereof regardless of an accumulated deficit; current *e & p* are allocated ratably to distributions made within the year; accumulated *e & p* are allocated to distributions in order of time. All of the problems involve simple distributions of money to shareholders who are individuals. In Professors Rose and Raskind's recent casebook, which also relies heavily on problems, there is a somewhat more sophisticated *e & p* problem.²² The calculations of *e & p* in that problem are complicated by an "unreasonable" salary, a bribe paid to a state official, a distribution of inventory, and a distribution (in a different year) of land which had increased in value in the corporation's hands. Nothing in Andrews' or Rose and Raskind's works even approaches the devilish ingenuity of the set of nine *e & p* problems

method of study in any other course in three years of law school.

20. Lowenthal, *supra* note 14, at 1052-53.

21. W. ANDREWS, *supra* note 2, at 927-28, 935 (problems 58.10 to 58.12, 58.18, 58.19).

22. M. ROSE & L. RASKIND, *supra* note 2, at 117-18.

in the Kahn and Gann book. The first problem is an easy one of the Andrews type. The second is already of a sophistication similar to the Rose and Raskind problem: an accumulated deficit in *e & p*, some current *e & p*, but not enough to cover current distributions of cash and property to shareholders.²³ When I worked that problem out in the course last year, I thought it was somewhat far-fetched. Relatively few corporations pay out dividends while in a deficit situation and still fewer pay out dividends of money to some shareholders and property to others. My view of the wisdom of including the problem changed abruptly, however, when I was assigned precisely the same question during a summer clerkship with a Wall Street law firm; my faith in the authors changed a little, too, when careful study indicated an answer directly contrary to the one they suggest.²⁴ Subsequent problems in the Kahn and Gann book are even more challenging. For example, problem 3-12²⁵ involves distributions to an individual and to a corporation of appreciated property where the distributing corporation has no *e & p*. The student is asked to work out all the tax consequences: ordinary income (if any), reduction in basis, capital gain, effect on *e & p*. Similarly, the next problem²⁶ involves distributions to an individual and to a corporation of depreciated property with fair market values greater than adjusted bases but higher than original cost. Other problems in this group explore distributions of property subject to a liability²⁷ and the effect on *e & p* of depreciation, the investment tax credit, and recapture.²⁸

The problems summarized here are typical of those in the

23. D. KAHN & P. GANN, *supra* note 3, at 135-38 (problems 3-10 to 3-18).

24. By citing Treas. Reg. § 1.1373-1(e) (1959) in the problem, *id.* at 136 (problem 3-11(a)), the authors apparently suggest that the current *e & p* are to be allocated first to money distributions and only then to property distributions. But that analogy fails. The allocation rule of the cited regulation fulfills a precise purpose under subchapter S, because only *money* distributed as *dividends* reduces the amount of income passed through to subchapter S shareholders. See I.R.C. § 1373(c)(2). No analogous reason exists for allocating current *e & p* first to money distributions where the distributing corporation is an ordinary, non-subchapter S corporation. The logical and conceptually simple method is to allocate *e & p* according to the "amounts distributed" under § 301(b)(1); the scarce authority on the point seems in accord. See B. BITTRER & J. EUSTICE, *supra* note 18, ¶ 7.24, at 7-53 (alternative rule); M. CHIRELSTEIN, W. VAN DEMAN, A. SUWALSKY, & C. BALLEISEN, DIVIDENDS—CASH AND PROPERTY A-45 (BNA Tax Mgmt. Portfolio #40-3rd, 1971) (discussing private ruling obtained with respect to the divestiture by E.I. du Pont de Nemours and Co. of its General Motors stock).

25. D. KAHN & P. GANN, *supra* note 3, at 136-37.

26. *Id.* at 137 (problem 3-13).

27. See *id.* (problem 3-14).

28. See *id.* at 138 (problem 3-17).

book. They are highly technical and admit of no easy answers. They require the student to keep in mind the broad interrelationships among the various Code sections while he focuses his attention on extremely narrow issues. Above all, they consume inordinate amounts of time; I found that preparation for a class in this course generally took about triple the time for other courses. Even so, in a three-credit-hour course, we finished only slightly more than half of this book.²⁹ To the excruciating demands of this book there were corresponding rewards. This book gives the student an incomparable feel for the reality of tax practice. With it, teacher and student can explore an area of interest in almost limitless depth. Mastery of the problems, of course, inculcates the technical expertise of corporate taxation. It has less obvious rewards as well. Working through one of the difficult questions is immensely satisfying psychologically. The close statutory interpretation the problems demand improves the student's reasoning ability while the practical nature of many of them give him a taste of business planning.

In sum, this is not a book for everyone. Not every teacher will want to use it; not every student will be able. Those who try and succeed will find their work well worthwhile.

29. We did chapters 3, 4, 5, half of 6, 7, 8, and 9. That meant omitting the material dealing with the definition of a corporation, the accumulated earnings tax, corporate reorganizations (!), multiple corporations, and partnerships. Obviously, we made up in depth what we lost in breadth of coverage, but the teacher using this book for the first time will have to take extraordinary care to create a realistic schedule.