

AC561: Unit 5 Assignment 2

Assignment Details

The assignment below will assess your knowledge and understanding of trust and estate taxation, and your ability to apply tax-minimization principles.

Directions

Read the scenario below carefully, and then research the tax issues using CCH Intelliconnect. Communicate your conclusions and provide supportive analysis in the format of a tax file memo (see the sample memo provided in the Course Documents section of the course). Remember, the conclusion section will be a clear and concise statement of your findings – usually just a few sentences per tax issue. The bulk of your work will be done in the analysis section, as this is the most important section of the memo. You should include a detailed review of the controlling laws and detail the strengths and weaknesses of both sides of the tax argument(s).

Scenario: Nicole has been promoted several times, and she may be named a partner in her consulting firm next year. Thus, she will be subject to higher marginal income tax rates than in the past. Nicole's colleague Justin has told her about a "college education trust" from which he pays tuition and fees for his children. He has implied that there are sizable tax advantages to setting up a trust for this purpose. Nicole is considering establishing a similar trust to pay tuition for her own children. She believes that the trust will be able to deduct the tuition payments, something that she cannot currently do on her Form 1040. Write a memo for the tax research file addressing Nicole's ideas and recommending a tax-effective course of action.

The following course outcome will be assessed in the Unit 3 Assignment:

AC561-3: Determine when fiduciary income tax becomes relevant in the context of decedents' estates.

Review the Assignment Rubrics in Course Resources>Grading Rubrics.

Assignment Submission Requirements

Responses must adhere to the following formatting guidelines:

- Microsoft Word document or appropriate reporting application specified in the assignment
- Double spacing
- 12-point Times New Roman or Arial font

- One-inch margins
- APA in-text citations (or legal citations for regulations, decisions, and other sources from CCH)
- An APA reference list for qualitative responses
- Show work for all questions that require computations.

Important Note: Responses to assignments should be the original work of the student. Responses must adhere to the University's academic integrity requirements.