

CHAPTER 2
WORKING WITH THE TAX LAW
SOLUTIONS TO PROBLEM MATERIALS

Question/ Problem	Learning Objective	Topic	Status: Present Edition	Q/P in Prior Edition
1	LO 1	Sources of tax law	New	
2	LO 1	Codification of tax law	New	
3	LO 1	Joint Conference Committee	New	
4	LO 1	Committee reports	New	
5	LO 1	Code section numbers	New	
6	LO 2, 5	Treaties	Unchanged	6
7	LO 1, 2	Regulation citation	New	
8	LO 1, 2	Regulations	Unchanged	8
9	LO 1, 4	Types of Regulations	Unchanged	9
10	LO 1	Revenue Procedure citation	New	
11	LO 1, 4	Authority	Unchanged	11
12	LO 1	Citations	New	
13	LO 1	Using the judicial system	Unchanged	13
14	LO 1	Small Cases Division	Unchanged	14
15	LO 1	U.S. District Court	Unchanged	15
16	LO 1, 5	Judicial alternatives: trial courts	Unchanged	16
17	LO 1	U.S. Court of Federal Claims	Unchanged	17
18	LO 1	Judicial system	Unchanged	18
19	LO 1	Writ of Certiorari	New	
20	LO 1	Appellate court and fact-finding determination	New	
21	LO 1	Circuit Court of Appeals	Unchanged	21
22	LO 1	Circuit Court of Appeals	Unchanged	22
23	LO 1, 4	Court decision validity	Unchanged	23
24	LO 2	Summary Opinion versus Regular versus Memo Tax Court decision	Unchanged	24
25	LO 2	Citations	Unchanged	25
26	LO 1, 2	Abbreviations	Unchanged	26

Instructor: For difficulty, timing, and assessment information about each item, see p. 2-3.

<u>Question/ Problem</u>	<u>Learning Objective</u>	<u>Topic</u>	<u>Status: Present Edition</u>	<u>Q/P in Prior Edition</u>
27	LO 2	Commerce Clearing House citations	Unchanged	27
28	LO 2	Location of decision of U.S. Court of Federal Claims	Unchanged	28
29	LO 1, 2	Cumulative Bulletin	Unchanged	29
30	LO 3	Tax research	Modified	30
31	LO 3	Computerized versus paper tax research	Unchanged	31
32	LO 1, 2	Judicial system	Unchanged	32
33	LO 1, 2	Judicial system	Unchanged	33
34	LO 1, 2	Citations	New	
35	LO 1, 2	Publishers' citations	Unchanged	35
36	LO 6	Tax avoidance versus tax evasion	Unchanged	36

Instructor: For difficulty, timing, and assessment information about each item, see p. 2-3.

<u>Research Problem</u>	<u>Topic</u>	<u>Status: Present Edition</u>	<u>Q/P in Prior Edition</u>
1	Reliability	Unchanged	1
2	Library research	Unchanged	2
3	Internet activity	New	

Question/ Problem	Difficulty	Est'd completion time	Assessment Information	
			AICPA* Core Comp	AACSB* Core Comp
1	Easy	5	FN-Research	Analytic Reflective Thinking
2	Easy	5	FN-Research	Analytic Reflective Thinking
3	Easy	5	FN-Research	Analytic
4	Easy	5	FN-Research	Analytic
5	Easy	5	FN-Research	Analytic
6	Medium	20	FN-Reporting FN-Research	Communication Analytic
7	Easy	5	FN-Research	Analytic
8	Medium	10	FN-Research	Analytic
9	Hard	15	FN-Research	Analytic
10	Easy	5	FN-Research	Analytic
11	Hard	15	FN-Research	Analytic
12	Medium	10	FN-Research	Analytic
13	Hard	15	FN-Research FN-Risk Analysis	Analytic
14	Easy	10	FN-Research	Analytic
15	Medium	10	FN-Research	Analytic
16	Hard	25	FN-Research	Communication Analytic
17	Medium	10	FN-Research	Analytic
18	Medium	10	FN-Research	Analytic
19	Easy	5	FN-Research	Analytic Reflective Thinking
20	Easy	5	FN-Research	Analytic
21	Easy	10	FN-Research	Analytic
22	Easy	10	FN-Research	Analytic
23	Hard	20	FN-Research	Analytic
24	Medium	10	FN-Research	Analytic
25	Medium	15	FN-Research	Analytic
26	Medium	20	FN-Research	Analytic
27	Easy	5	FN-Research	Analytic
28	Easy	5	FN-Research	Analytic
29	Medium	15	FN-Research	Analytic
30	Medium	15	FN-Research	Analytic
31	Easy	15	FN-Leverage Technology FN-Research	Analytic Technology
32	Medium	15	FN-Research	Analytic
33	Medium	15	FN-Research	Analytic
34	Easy	15	FN-Research	Analytic
35	Easy	15	FN-Research	Analytic
36	Medium	10	FN-Research	Analytic

***Instructor:** See the Introduction to this supplement for a discussion of using AICPA and AACSB core competencies in assessment.

DISCUSSION QUESTIONS

1. The sources of the rules of law include not only legislative provisions in the form of the Internal Revenue Code, but also Congressional Committee Reports, Treasury Department Regulations, other Treasury Department pronouncements, and court decisions. Thus, the *primary sources* of tax information include pronouncements from all three branches of the government: legislative, executive, and judicial. p. 2-2
2. In 1939, Congress codified all of the Federal tax laws. Known as the Internal Revenue Code of 1939, the codification arranged all Federal tax provisions in a logical sequence and placed them in a separate part of the Federal statutes. A further rearrangement took place in 1954 and resulted in the Internal Revenue Code of 1954, which continued in effect until 1986 when it was replaced by the Internal Revenue Code of 1986. Although Congress did not recodify the law in the Tax Reform Act (TRA) of 1986, the magnitude of the changes made by TRA of 1986 did provide some rationale for renaming the Federal tax law the Internal Revenue Code of 1986. p. 2-2
3. When the Senate version of a tax bill differs from that passed by the House of Representatives, the Joint Conference Committee, which includes members of both the House Ways and Means Committee and the Senate Finance Committee, usually produces a compromise between the two versions, which is then voted on by both the House and the Senate. If both bodies accept the bill, it is referred to the President for approval or veto. p. 2-3
4. Referrals from the House Ways and Means Committee, the Senate Finance Committee, and the Joint Conference Committee are usually accompanied by Committee Reports. These Committee Reports often explain the provisions of the proposed legislation and are therefore a valuable source for ascertaining the *intent of Congress*. What Congress had in mind when it considered and enacted tax legislation is, of course, the key to interpreting such legislation by taxpayers, the IRS, and the courts. Since Regulations normally are not issued immediately after a statute is enacted, taxpayers often look to Committee Reports to determine Congressional intent. p. 2-4
5. When there is not enough space between Code sections, subsequent Code sections are given A, B, C, etc. designations. A good example is the treatment of §§ 280A through 280H. p. 2-5 and Footnote 4
6. Maloney, Hoffman, Raabe, and Willis, CPAs
5191 Natorp Boulevard
Mason, OH 45040

March 22, 2009

Mr. Paul Bishop
Teal, Inc.
100 International Drive
Tampa, Florida 33620

Dear Mr. Bishop:

This letter is in response to your request about information concerning a conflict between a U.S. treaty with France and a section of the Internal Revenue Code. The major reason for treaties between the U.S. and certain foreign countries is to eliminate double taxation and to render mutual assistance in tax enforcement.

Section 7852(d) provides that if a U.S. treaty is in conflict with a provision in the Code, neither will take general precedence. Rather, the more recent of the two will have precedence. In your case, the French treaty takes precedence over the Code section.

A taxpayer must disclose on the tax return any positions where a treaty overrides a tax law. There is a \$1,000 penalty per failure to disclose for individuals and a \$10,000 penalty per failure for corporations.

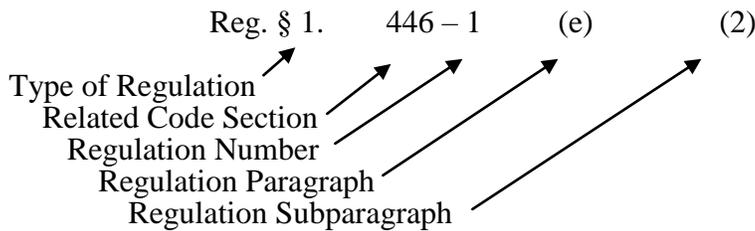
Should you need more information, feel free to contact me.

Sincerely,

Alice Hanks, CPA
Tax Partner

pp. 2-19 and 2-20

7. Income tax



p. 2-7

8. Since Regulations interpret the Code, they are arranged in the same sequence as the Code. Regulations are prefixed by a number that designates the type of tax or administrative, procedural, or definitional matter to which they relate. These Regulations would be cited as follows with subparts added for further identification. The subparts have no correlation with the subsections in the Code.

- a. Reg. § 1.265.
- b. Prop. Reg. § 1.707.
- c. Temp. Reg. § 1.125.
- d. Reg. § 1.1001.

pp. 2-7 and 2-8

9. In many Code sections, Congress has given to the “Secretary or his delegate” the authority to prescribe Regulations to carry out the details of administration or otherwise to complete the prevailing administrative rules. Under such circumstances, it almost could be said that Congress is delegating its legislative powers to the Treasury Department. Regulations that are issued pursuant to this type of authority truly possess the force and effect of law and often are called “legislative” Regulations. Examples of “legislative” Regulations include those that address consolidated returns issued under §§ 1501 through 1505 and those that addressed the debt/equity question issued under § 385 (withdrawn).

Legislative Regulations are to be distinguished from “interpretive” Regulations, which purport to rephrase and elaborate on the meaning (i.e., intent of Congress) of a particular Code Section. An example of interpretive Regulations are those issued under § 1031 for like-kind exchanges.

Procedural Regulations are “housekeeping-type” instructions indicating information that taxpayers should provide to the IRS as well as information about the management and conduct of the IRS itself.

The need to distinguish between these three types of Regulations relates to their validity as a tax law source.

pp. 2-8, 28, and 2-29

10. Rev. Proc. 91-31 is the 31st revenue procedure issued during 1991, and it appears on page 566 of Volume 1 of the Cumulative Bulletin in 1991. p. 2-9
11. The items would probably be ranked as follows (from highest to lowest):
 - (1) Internal Revenue Code.
 - (2) Legislative Regulation.
 - (3) Interpretive Regulation.
 - (4) Revenue Ruling.
 - (5) Proposed Regulation (most courts ignore Proposed Regs.).
 - (6) Letter ruling (valid only to the taxpayer to whom issued).

pp. 2-7 to 2-11, 2-29 and 2-30, and Exhibit 2.1
12.
 - a. A regular Regulation, with 1 referring to the type of regulation (i.e., income tax), 7701 is the related code section number, (b) is the subsection number, 2 is the paragraph designation, and (a) is the subparagraph designation.
 - b. Revenue Ruling number 64, appearing on page 97 of Volume 1 of the Cumulative Bulletin issued in 1966.
 - c. Technical Advice Memorandum number seventeen issued during the third week of 2008.

pp. 2-7 to 2-11
13. Caleb must consider several factors in deciding whether to take the dispute to the judicial system:
 - How expensive will it be?
 - How much time will be consumed?
 - Does he have the temperament to engage in the battle?
 - What is the probability of winning?

Once a decision is made to litigate the issue, the appropriate judicial forum must be selected.

- Tax Court judges have more expertise in tax matters.
- The tax deficiency need not be paid to litigate in the Tax Court. However, if Caleb loses, interest must be paid on any unpaid deficiency.
- If a trial by jury is preferred, the U.S. Tax Court is the appropriate forum.
- The tax deficiency must be paid before litigating in the District Court or the Court of Federal Claims.
- If an appeal to the Federal Circuit is important, Caleb should select the Court of Federal Claims.

A survey of the decisions involving the issues in dispute is appropriate. If a particular court has taken an unfavorable position, that court should be avoided.

pp. 2-11 to 2-17

14.
 - a. No. There is no appeal from the Small Cases Division.
 - b. No. Deficiency cannot exceed \$50,000.
 - c. Yes.
 - d. No. However, decisions are now published on the Tax Court's website.
 - e. Yes.
 - f. Yes.

p. 2-12

15. The major advantage of a U.S. District Court is the availability of a trial by a jury. One disadvantage of a U.S. District Court is that the tentative tax deficiency first must be paid before the Court will hear and decide the controversy. In the U.S. Tax Court, the tax need not be paid prior to litigating the controversy (although interest will be due on an unpaid deficiency). pp. 2-12 to 2-14

16.

Raabe, Hoffman, Maloney, and Willis, CPAs
5191 Natorp Boulevard
Mason, OH 45040

July 14, 2009

Mr. Dwain Toombs
200 Mesa Drive
Tucson, AZ 85714

Dear Mr. Toombs:

You have three alternatives should you decide to pursue your \$311,000 deficiency in the court system. One alternative is the U.S. Tax Court, the most popular forum. Some people believe that the Tax Court judges have more expertise in tax matters. The main advantage is that the

U.S. Tax Court is the only trial court where the tax need not be paid prior to litigating the controversy. However, interest will be due on an unpaid deficiency. The interest rate varies from one quarter to the next as announced by the IRS.

One disadvantage of the U.S. Tax Court is the possible delay that might result before a case is decided. The length of delay depends on the Court calendar, which includes a schedule of locations where cases will be tried. Another disadvantage is being unable to have the case heard before a jury.

The major advantage of another alternative, the U.S. District Court, is the availability of a trial by jury. One disadvantage of a U.S. District Court is that the tentative tax deficiency first must be paid before the Court will hear and decide the controversy.

The Court of Federal Claims, the third alternative, is a trial court that usually meets in Washington, D.C. It has jurisdiction for any claim against the United States that is based on the Constitution, any Act of Congress, or any regulation of an executive department. The main advantage of the U.S. Court of Federal Claims occurs when a taxpayer's applicable Circuit Court previously has rendered an adverse decision. Such a taxpayer may select the Court of Federal Claims, since any appeal instead will be to the Federal Circuit. One disadvantage of the Court of Federal Claims is that the tentative deficiency first must be paid before the Court will hear and decide the controversy.

I hope this information is helpful, and should you need more help, please contact me.

Sincerely,

Agnes Reynolds, CPA
Tax Partner

pp. 2-11 to 2-15, Figure 2.3, and Concept Summary 2.1

17. The main advantage of the U.S. Court of Federal Claims occurs when a taxpayer's applicable Circuit Court previously has rendered an adverse decision. Such a taxpayer may select the U.S. Court of Federal Claims since any appeal will be to the Federal Circuit.

One disadvantage of the U.S. Court of Federal Claims is that the tentative tax deficiency first must be paid before the Court will hear and decide the controversy. Another disadvantage is that a jury trial is not available.

The U.S. Court of Federal Claims is a trial court that usually meets in Washington, D.C. It has jurisdiction for any claim against the United States that is based on the Constitution, any Act of Congress, or any Regulation of an executive department.

pp. 2-11 to 2-15

18. See Figure 2.3 and Concept Summary 2.1.
- a. There is no appeal by either the taxpayer or the IRS from a decision of the Small Cases Division of the U.S. Tax Court. p. 2-11
 - b. The first appeal would be to the Sixth Circuit Court of Appeals. Further appeal would be to the U.S. Supreme Court. pp. 2-13, 2-15, and Figures 2.3 and 2.4

- c. Same as b. above. pp. 2-13, 2-15, and Figures 2.3 and 2.4
 - d. The appeal would be to the Federal Circuit Court of Appeals and then to the U.S. Supreme Court. pp. 2-13, 2-15, and Figures 2.3 and 2.4
19. Appeal to the U.S. Supreme Court is by Writ of Certiorari. If the Court agrees to hear the case, it will grant the Writ (Cert. granted). Most often, it will deny jurisdiction (Cert. denied). For whatever reason or reasons, the Supreme Court rarely hears tax cases. The Court usually grants certiorari to resolve a conflict among the Courts of Appeals (e.g., two or more appellate courts have assumed opposing positions on a particular issue) or where the tax issue is extremely important. The granting of a Writ of Certiorari indicates that at least four members of the Supreme Court believe that the issue is of sufficient importance to be heard by the full court. p. 2-15
20. Both the Code and the Supreme Court indicate that the Federal appellate courts are bound by findings of facts unless they are clearly erroneous. Thus, the *role* of appellate courts is limited to a review of the record of trial compiled by the trial courts. Thus, the appellate process usually involves a determination of whether the trial court applied the proper law in arriving at its decision. Rarely will an appellate court disturb a lower court's fact-finding determination. p. 2-15
21. A U.S. District Court decision from Florida (choice c.) may be appealed to the Eleventh Circuit Court of Appeals. Other states in the jurisdiction of the Eleventh Circuit Court of Appeals are Georgia and Alabama. p. 2-14 and Figure 2.4
22. The appropriate Circuit Court for an appeal depends on where the litigation originated. For example, an appeal from Texas would go to the Fifth Circuit, or an appeal from Colorado would go to the Tenth Circuit. p. 2-14 and Figure 2.4
23. a. If the taxpayer chooses a U.S. District Court as the trial court for litigation, the U.S. District Court of Wyoming would be the forum to hear the case. Unless the prior decision has been reversed on appeal, one would expect the same court to follow its earlier holding. pp. 2-12 and 2-30
- b. If the taxpayer chooses the U.S. Court of Federal Claims as the trial court for litigation, the decision that previously was rendered by this Court should have a direct bearing on the outcome. If the taxpayer selects a different trial court (i.e., the appropriate U.S. District Court or the U.S. Tax Court), the decision that was rendered by the U.S. Court of Federal Claims would be persuasive, but not controlling. It is, of course, assumed that the result that was reached by the U.S. Court of Federal Claims was not reversed on appeal. pp. 2-12, 2-15, and 2-30
- c. The decision of a U.S. Circuit Court of Appeals will carry more weight than will one that was rendered by a trial court. Since the taxpayer lives in California, however, any appeal from a U.S. District Court or the U.S. Tax Court would go to the Ninth Circuit Court of Appeals (see Figure 2.2). Although the Ninth Circuit Court of Appeals might be influenced by what the Second Circuit Court of Appeals has decided, it is not compelled to follow such holding. pp. 2-12, 2-15, 2-30, and Figure 2.4
- d. Because the U.S. Supreme Court is the highest appellate court, one can place complete reliance upon its decisions. Nevertheless, one should investigate any decision to see whether the Code has been modified with respect to the result that was reached. There also exists the rare possibility that the Court may have changed its position in a later decision. pp. 2-12, 2-15, 2-30, and Figure 2.3

- e. When the IRS acquiesces to a decision of the U.S. Tax Court, it agrees with the result that was reached. As long as such acquiescence remains in effect, taxpayers can be assured that this represents the position of the IRS on the issue that was involved. Keep in mind, however, that the IRS can change its mind and can, at any time, withdraw the acquiescence and substitute a nonacquiescence. pp. 2-16 and 2-17
- f. The issuance of a nonacquiescence usually reflects that the IRS does not agree with the result that was reached by the U.S. Tax Court. Consequently, taxpayers are placed on notice that the IRS will continue to challenge the issue that was involved. pp. 2-16 and 2-17
24. The differences between a Regular decision, a Memorandum decision, and a Summary Opinion of the U.S. Tax Court are summarized as follows:
- In terms of substance, Memorandum decisions deal with situations that require only the application of previously established principles of law. Regular decisions involve novel issues that have not been resolved by the Court. In actual practice, however, this distinction is not always observed.
 - Memorandum decisions officially were published until 1999 in mimeograph form only, but Regular decisions are published by the U.S. Government in a series that is designated as the *Tax Court of the United States Reports*. Memorandum decisions are now published on the Tax Court website. Both Regular and Memorandum decisions are published by various commercial tax services (e.g., CCH and RIA).
 - A Summary Opinion is a Small Cases Division case involving amounts of \$50,000 or less. They are not precedents for any other court decisions and are not reviewable by any higher court. Proceedings are timelier and less expensive than a Memorandum or Regular decision. Some of these Summary Opinions can be found on the U.S. Tax Court Internet website.
- pp. 2-16 and 2-18
25. a. This is a citation for a Regular decision of the U.S. Tax Court that was issued in 1970. The decision can be found in Volume 54, page 1514, of the Tax Court of the United States Reports, published by the U.S. Government Printing Office. pp. 2-16 to 2-18 and Concept Summary 2.2
- b. This is a citation for a decision of the U.S. Second Circuit Court of Appeals that was rendered in 1969. The decision can be found in Volume 408, page 1117, of the Federal Reporter, Second Series (F.2d), published by West Publishing Company. pp. 2-16 to 2-18 and Concept Summary 2.2
- c. This is a citation for a decision of the U.S. Second Circuit Court of Appeals that was rendered in 1969. The decision can be found in Volume 1 for 1969, paragraph 9319, of the U.S. Tax Cases, published by Commerce Clearing House. pp. 2-16 to 2-18 and Concept Summary 2.2
- d. This is a citation for a decision of the U.S. Second Circuit Court of Appeals that was rendered in 1969. The decision can be found in Volume 23, page 1090, of the Second Series of American Federal Tax Reports, now published by RIA (formerly P-H). pp. 2-16 to 2-18 and Concept Summary 2.2

[Note that the citations that appear in parts b., c., and d. are for the same case.]

- e. This is a citation for a decision of the U.S. District Court of Mississippi that was rendered in 1967. The decision can be found in Volume 293, page 1129, of the Federal Supplement Series, published by West Publishing Company. pp. 2-16 to 2-18 and Concept Summary 2.2
- f. This is a citation for a decision of the U.S. District Court of Mississippi that was rendered in 1967. The decision can be found in Volume 1 for 1967, paragraph 9253, of the U.S. Tax Cases, published by Commerce Clearing House. pp. 2-16 to 2-18 and Concept Summary 2.2
- g. This is a citation for a decision of the U.S. District Court of Mississippi that was rendered in 1967. The decision can be found in Volume 19, page 647, of the Second Series of American Federal Tax Reports, now published by RIA (formerly P-H). pp. 2-16 to 2-18 and Concept Summary 2.2

[Note that the citations that appear in parts e., f., and g. are for the same case.]

- h. This is a citation for a decision of the U.S. Supreme Court that was rendered in 1935. The decision can be found in Volume 56, page 289, of the Supreme Court Reporter, published by West Publishing Company. pp. 2-16 to 2-18 and Concept Summary 2.2
- i. This is a citation for a decision of the U.S. Supreme Court that was rendered in 1935. The decision can be found in Volume 1 for 1936, paragraph 9020, of the U.S. Tax Cases, published by Commerce Clearing House. pp. 2-16 to 2-18 and Concept Summary 2.2
- j. This is a citation for a decision of the U.S. Supreme Court that was rendered in 1935. The decision can be found in Volume 16, page 1274, of the American Federal Tax Reports, now published by RIA (formerly P-H). pp. 2-16 to 2-18 and Concept Summary 2.2

[Note that the citations that appear in parts h., i., and j. are for the same case.]

- k. This is a citation for a decision of the former U.S. Court of Claims that was rendered in 1970. The decision can be found in Volume 422, page 1336, of the Federal Reporter, Second Series, published by West Publishing Company. This court is the Claims Court (renamed the Court of Federal Claims effective October 30, 1992) and current cases are in the Federal Claims Reporter. pp. 2-16 to 2-18, Footnote 22, and Concept Summary 2.2
26. a. CA-2. An abbreviation that designates the U.S. Second Circuit Court of Appeals. pp. 2-16 to 2-18
- b. Fed.Cl. An abbreviation for the Federal Claims Reporter published by West Publishing Company. It includes the decisions of the U.S. Court of Federal Claims and begins with Volume 27. pp. 2-16 to 2-18
 - c. aff'd. An abbreviation for "affirmed," which indicates that a lower court decision was affirmed (approved of) on appeal. p. 2-16
 - d. rev'd. An abbreviation for was "reversed," which indicates that a lower court decision was reversed (disapproved of) on appeal. p. 2-16
 - e. rem'd. An abbreviation for "remanded," which indicates that a lower court decision is being sent back by a higher court for further consideration. p. 2-16

- f. Cert. denied. The Writ of Certiorari has been denied by the U.S. Supreme Court. This writ means that the Court will not accept an appeal from a lower court and, therefore, will not consider the case further. p. 2-15
- g. Acq. An abbreviation for “acquiescence” (agreement). The IRS follows a policy of either acquiescing or nonacquiescing to certain decisions. p. 2-16
- h. B.T.A. An abbreviation for the Board of Tax Appeals. From 1924 to 1942, the U.S. Tax Court was designated as the Board of Tax Appeals. p. 2-16
- i. USTC. U.S. District Court, U.S. Circuit Court of Appeals, U.S. Court of Federal Claims, and U.S. Supreme Court decisions that address Federal tax matters are reported in the Commerce Clearing House U.S. Tax Cases (USTC) and the RIA (formerly P-H) American Federal Tax Reports (AFTR) series. p. 2-17 and Concept Summary 2.2
- j. AFTR. See the solution to i. above. p. 2-17 and Concept Summary 2.2
- k. F.3d. All of the decisions (both tax and nontax) of the U.S. Claims Court (before October 1982) and the U.S. Circuit Court of Appeals are published by West Publishing Company in a reporter that is designated as the Federal Reporter, Second Series (F.2d). Volume 999, published in 1993, is the last volume of the Federal Second Series. It is followed by the Federal Third Series (F.3d). p. 2-17 and Concept Summary 2.2
- l. F.Supp. Most Federal District Court decisions, dealing with both tax and nontax issues, are published by West Publishing Company in their Federal Supplement Series (F.Supp.). p. 2-17 and Concept Summary 2.2
- m. USSC. An abbreviation for the U.S. Supreme Court. p. 2-18
- n. S.Ct. West Publishing Company publishes all of the U.S. Supreme Court decisions in its Supreme Court Reporter (S.Ct.). p. 2-18 and Concept Summary 2.2
- o. D.Ct. An abbreviation for a U.S. District Court decision. p. 2-18
27. a. None.
- b. USTC.
- c. USTC.
- d. USTC.
- e. TCM.
- pp. 2-17 to 2-18 and Concept Summary 2.2
28. Decisions of the U.S. Court of Federal Claims (formerly named the Claims Court) are published in the USTCs, AFTRs, and the West Publishing Co. reporter called the Federal Reporter, Second Series (F.2d) (before October 1982) and Claims Court Reporter (beginning October 1982 through October 30, 1992). The name of the U.S. Court of Federal Claims was changed from the Claims Court effective October 30, 1992. Currently, this court’s decision are published in the Federal Claims Reporter. p. 2-17 and Concept Summary 2.2

29. a. Yes. Exhibit 2.1
 b. No. Not published there. Concept Summary 2.2 and p. 2-9
 c. No. Published by private publishers. Exhibit 2.1 and p. 2-9
 d. Yes. Exhibit 2.1 and p. 2-8
 e. Yes. Exhibit 2.1 and p. 2-8
 f. No. Concept Summary 2.2 and p. 2-19
 g. Yes, when major tax legislation has been enacted by Congress. p. 2-9 and Footnote 12
 h. Yes. pp. 2-16 and 2-17
 i. No. Concept Summary 2.2
30. After understanding the relevant facts:
- Ashley may begin with the index volumes of the available tax services: RIA, CCH, BNA Portfolios, etc.
 - A key word search on an online service could be helpful—WESTLAW, LEXIS, CCH, and RIA Checkpoint.
 - Ashley may employ a key word search of a CD-ROM and browse through a tax service, IRS publications, etc. West Publishing, CCH, Kleinrock, and RIA offer CD-ROM products.
 - Ashley could consult CCH's Federal Tax Articles to locate current appropriate articles written about alimony payments. RIA's Tax Service also has a topical "Index to Tax Articles" section that is organized using the RIA paragraph index system.
 - Ashley may consult The Accounting & Tax Index which is available in three quarterly issues and a cumulative year-end volume covering all four quarters.
 - Up-to-date information may be found on the World Wide Web feature of the Internet. Various legal, accounting, and financial gateways can be found by clicking on highlighted words or phrases.
- pp. 2-20 to 2-30
31. Accessing tax documents through electronic means offers a number of important advantages over a strictly paper-based approach.
- Materials generally are available to the practitioner faster through an electronic system, as delays related to typesetting, proofreading, production, and distribution of the new materials are streamlined. Online services are updated daily and can be accessed from remote locations.
 - Some tax documents, such as so-called slip opinions of trial-level court cases and interviews with policymakers, are available only through electronic means.
 - Commercial subscriptions to electronic tax services are likely to provide, at little or no additional cost, additional tax law sources which the researcher would normally have to buy separately with a paper-based system. For example, the full texts of letter rulings are quite costly to acquire in a paper-based format, but electronic publishers may bundle the rulings with other material for a reasonable cost.

- When consulting a topical or annotated paper tax service, a user is relying on someone else's judgment while searching the topical index. The key word that the researcher is searching for may not be used by the editor.
- A computerized tax service allows a user to create his or her own key words and indexes, and the software will electronically scan all of the files and retrieve all of the documents that contain those words.
- Content in electronic services is linked. So, for example, if a researcher wants to read a particular document referred to in a court case, all the researcher has to do is to click on the link.
- A computerized tax service may retrieve documents that are no longer in print and may obtain regularly published documents to which a researcher does not have access.

pp. 2-20 and 2-23

PROBLEMS

32. a. Tom has some false notions. He must sue in the U.S. District Court of his locality and not in any other U.S. District Court. p. 2-12 and Concept Summary 2.1
- b. Tom has four choices of courts with respect to his Federal tax question, and a state court is not one of the choices. He may go to the U.S. Tax Court, Small Cases Division of the U.S. Tax Court, U.S. District Court, or U.S. Court of Federal Claims. pp. 2-11, 2-12, and Figure 2.3
- c. The B.T.A. decision is an old U.S. Tax Court decision that may have little validity today. Even if the decision still is good law, it probably will have little impact upon a U.S. District Court and certainly no impact upon a state court. pp. 2-16, 2-30, and 2-31
- d. The U.S. Court of Federal Claims is a trial court that usually meets in Washington, D.C., and Tom cannot appeal from a U.S. District Court to the U.S. Court of Federal Claims. Any appeal from his U.S. District Court would be to the Sixth Circuit Court of Appeals (and not to the Second). pp. 2-11, 2-14, 2-15, Figures 2.3 and 2.4, and Concept Summary 2.1
- e. Few tax decisions reach the U.S. Supreme Court. The U.S. Supreme Court must agree to hear a court case. p. 2-15
33. a. T. p. 2-12 and Concept Summary 2.1
- b. A. p. 2-18 and Concept Summary 2.2
- c. D, C, A, and U. p. 2-18 and Concept Summary 2.2
- d. D, C, A, and U. p. 2-18 and Concept Summary 2.2
- e. U. p. 2-15
- f. C and U. p. 2-12

- g. D. p. 2-13 and Concept Summary 2.1
 - h. D, T, and C. pp. 2-11, 2-12, Figure 2.3, and Concept Summary 2.1
 - i. A and U. pp. 2-14 to 2-16 and Figure 2.3
 - j. C. p. 2-13, Footnote 20, Concept Summary 2.1 and Figure 2.3
 - k. T. p. 2-11 and Figure 2.3
 - l. T. pp. 2-13, 2-14, and Concept Summary 2.1
- 34.
- a. N, a cite for an IRS Revenue Ruling.
 - b. T, U.S. Tax Court.
 - c. A, U.S. Circuit Court of Appeals.
 - d. U, U.S. Supreme Court.
 - e. T, U.S. Tax Court (previous name of the Tax Court).
 - f. D, U.S. District Court.
 - g. T, U.S. Tax Court.
 - h. N, a cite for an IRS Notice.
 - i. T, U.S. Tax Court's Small Cases Division decision.
- pp. 2-9, 2-11, 2-15 to 2-18, and Concept Summary 2.2
- 35.
- a. U.S.
 - b. CCH.
 - c. W.
 - d. RIA.
 - e. CCH.
 - f. RIA.
 - g. U.S.
 - h. U.S.
 - i. W.
 - j. U.S.
- pp. 2-8, 2-9, 2-16 to 2-18, and Concept Summary 2.2

36. a. E.
b. E.
c. A.
d. A.
e. A.

pp. 2-32 and 2-33

The answers to the Research Problems are incorporated into the *Instructor's Guide with Lecture Notes* to accompany the 2010 Annual Edition of *SOUTH-WESTERN FEDERAL TAXATION: COMPREHENSIVE VOLUME*.