



Pool Canvas

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Name CHAPTER 1--UNDERSTANDING AND WORKING WITH THE FEDERAL TAX LAW

Description

Instructions

[Modify](#)

[◀ Add Question Here](#)

Question 1

Question

A major, but not the sole, objective of the tax laws is to raise revenue.

Answer

True
 False

[Modify](#)

[Remove](#)

[◀ Add Question Here](#)

Question 2

Question

Revenue neutrality means that any one taxpayer's tax liability remains the same.

Answer

True
 False

[Modify](#)

[Remove](#)

[◀ Add Question Here](#)

Question 3

Question

Shorter asset lives and accelerated methods increase the tax incentive for capital outlays.

Answer

True
 False

[Modify](#)

[Remove](#)

[◀ Add Question Here](#)

Question 4

Question

The Internal Revenue Code appears in Title 26 of the U.S. Code.

Answer

True
 False

[Modify](#)

[Remove](#)

[◀ Add Question Here](#)

Question 5

Question

There are two forms of fiscal policy: discretionary and automatic.

Answer

True
 False

[Modify](#)

[Remove](#)

[◀ Add Question Here](#)

Question 6

Question

The lowering of tax rates will lead to lower taxes and will achieve revenue neutrality.

Answer

True
 False

Correct Feedback To be revenue neutral, the lower rates must be accompanied by a reduction or elimination of deductions or credits.

Incorrect Feedback To be revenue neutral, the lower rates must be accompanied by a reduction or elimination of deductions or credits.

[Modify](#)

[Remove](#)

[◀ Add Question Here](#)

Question 7

Question

The desire to foster technological progress helps explain the favorable tax treatment accorded research and development expenditures.

Answer

True
 False

[Modify](#)

[Remove](#)

[◀ Add Question Here](#)

Question 8

Question

The corporate tax rates are structured so as to favor small business.

Answer

True
 False

[Modify](#)

[Remove](#)

[◀ Add Question Here](#)

Question 9

Question

The refundable earned income tax credit is explained by economic considerations (i.e., the need to create additional jobs).

Answer

True

[Modify](#)

[Remove](#)

		<p>✓ False</p> <p>Correct Feedback The justification is social, not economic.</p> <p>Incorrect Feedback The justification is social, not economic.</p>	
Question 10	True/False		<p>◀ Add Question Here</p> <p>Modify Remove</p>
	<p>Question The deduction for charitable contributions can be explained by social considerations.</p> <p>Answer</p> <p>✓ True False</p>		
Question 11	True/False		<p>◀ Add Question Here</p> <p>Modify Remove</p>
	<p>Question The American Opportunity scholarship credit can be justified by economic considerations.</p> <p>Answer</p> <p>True ✓ False</p>		
Question 12	True/False		<p>◀ Add Question Here</p> <p>Modify Remove</p>
	<p>Question The adoption tax credit can be explained by social considerations.</p> <p>Answer</p> <p>✓ True False</p>		
Question 13	True/False		<p>◀ Add Question Here</p> <p>Modify Remove</p>
	<p>Question Allowing a taxpayer to claim either a credit or a deduction for foreign taxes paid can be explained by equity considerations.</p> <p>Answer</p> <p>✓ True False</p>		
Question 14	True/False		<p>◀ Add Question Here</p> <p>Modify Remove</p>
	<p>Question Neither the 1939 nor the 1954 Code substantially changed all the tax law existing on the date of its enactment.</p> <p>Answer</p> <p>✓ True False</p>		
Question 15	True/False		<p>◀ Add Question Here</p> <p>Modify Remove</p>
	<p>Question Federal tax legislation generally originates in the House Ways and Means Committee.</p> <p>Answer</p> <p>✓ True False</p> <p>Correct Feedback Federal tax legislation normally originates in the House Ways and Means Committee.</p> <p>Incorrect Feedback Federal tax legislation normally originates in the House Ways and Means Committee.</p>		
Question 16	True/False		<p>◀ Add Question Here</p> <p>Modify Remove</p>
	<p>Question Subchapter P refers to the "Partners and Partnerships" section of the Code.</p> <p>Answer</p> <p>True ✓ False</p> <p>Correct Feedback Subchapter K</p> <p>Incorrect Feedback Subchapter K</p>		
Question 17	True/False		<p>◀ Add Question Here</p> <p>Modify Remove</p>
	<p>Question Subchapter C refers to the "Corporate Distributions and Adjustments" section of the Code.</p> <p>Answer</p> <p>✓ True False</p>		
Question 18	True/False		<p>◀ Add Question Here</p> <p>Modify Remove</p>
	<p>Question Some Regulations are arranged in different sequence than the Code.</p> <p>Answer</p> <p>True ✓ False</p> <p>Correct Feedback Regulations are arranged in the same sequence as the Code.</p> <p>Incorrect Feedback Regulations are arranged in the same sequence as the Code.</p>		
Question 19	True/False		<p>◀ Add Question Here</p> <p>Modify Remove</p>

Question

Proposed Regulations have the force and effect of law.

Answer

True

✔ False

Correct Feedback

They carry no such weight.

Incorrect Feedback

They carry no such weight.

[◀ Add Question Here](#)[Modify](#)[Remove](#)

Question 20 ▾

True/False**Question**

Temporary Regulations have the same authoritative value as Finalized Regulations for 3 years.

Answer

✔ True

False

[◀ Add Question Here](#)[Modify](#)[Remove](#)

Question 21 ▾

True/False**Question**Proposed Regulations are published in the *Federal Register*.**Answer**

✔ True

False

Correct FeedbackProposed Regulations are published in the *Federal Register*.**Incorrect Feedback**Proposed Regulations are published in the *Federal Register*.[◀ Add Question Here](#)[Modify](#)[Remove](#)

Question 22 ▾

True/False**Question**

Regulations are issued by the Treasury Department.

Answer

✔ True

False

[◀ Add Question Here](#)[Modify](#)[Remove](#)

Question 23 ▾

True/False**Question**

Revenue Rulings carry the same legal force and effect as Regulations.

Answer

True

✔ False

Correct Feedback

They do not carry the same legal force as Regulations.

Incorrect Feedback

They do not carry the same legal force as Regulations.

[◀ Add Question Here](#)[Modify](#)[Remove](#)

Question 24 ▾

True/False**Question**

A Revenue Ruling is a legislative source of Federal tax law.

Answer

True

✔ False

Correct Feedback

A Revenue Ruling is an administrative source of Federal tax law.

Incorrect Feedback

A Revenue Ruling is an administrative source of Federal tax law.

[◀ Add Question Here](#)[Modify](#)[Remove](#)

Question 25 ▾

True/False**Question**

Revenue Procedures deal with the internal management practices and procedures of the IRS.

Answer

✔ True

False

[◀ Add Question Here](#)[Modify](#)[Remove](#)

Question 26 ▾

True/False**Question**

Treasury Decisions are issued by the Treasury Department to promulgate new Regulations.

Answer

✔ True

False

[◀ Add Question Here](#)[Modify](#)[Remove](#)

Question 27 ▾

True/False**Question**

Determination letters usually involve proposed transactions.

Answer

True

✔ False

Correct FeedbackThey involve *completed* transactions.**Incorrect Feedback**They involve *completed* transactions.[◀ Add Question Here](#)[Modify](#)[Remove](#)

Question 28 ▾

True/False**Question**

Unlike determination letters, letter rulings are issued by the National Office of the IRS.

Answer

✔ True

False

[◀ Add Question Here](#)[Modify](#) [Remove](#)

Question 29 ▾ True/False

Question

A taxpayer must pay any tax deficiency assessed by the IRS and sue for a refund to bring suit in the U.S. District Court.

Answer

✓ True
False

Correct Feedback Only in the U.S. Tax Court can jurisdiction be obtained without first paying the assessed tax deficiency.**Incorrect Feedback** Only in the U.S. Tax Court can jurisdiction be obtained without first paying the assessed tax deficiency.[◀ Add Question Here](#)[Modify](#) [Remove](#)

Question 30 ▾ True/False

Question

In a U.S. District Court, a jury can decide both questions of fact and questions of law.

Answer

True
✓ False

Correct Feedback Questions of law are resolved by the presiding judge.**Incorrect Feedback** Questions of law are resolved by the presiding judge.[◀ Add Question Here](#)[Modify](#) [Remove](#)

Question 31 ▾ True/False

Question

A district court must abide by the precedents set by the court of appeals of jurisdiction.

Answer

✓ True
False

[◀ Add Question Here](#)[Modify](#) [Remove](#)

Question 32 ▾ True/False

Question

Appeals from the Court of Federal Claims go to the U.S. Supreme Court.

Answer

True
✓ False

Correct Feedback The appeals are to the Court of Appeals for the Federal Circuit.**Incorrect Feedback** The appeals are to the Court of Appeals for the Federal Circuit.[◀ Add Question Here](#)[Modify](#) [Remove](#)

Question 33 ▾ True/False

Question

A jury trial is available in a court of appeals situation.

Answer

True
✓ False

[◀ Add Question Here](#)[Modify](#) [Remove](#)

Question 34 ▾ True/False

Question

Only one judge hears a trial in a U.S. District Court.

Answer

✓ True
False

[◀ Add Question Here](#)[Modify](#) [Remove](#)

Question 35 ▾ True/False

QuestionThe *Golsen* rule has been overturned.**Answer**

True
✓ False

Correct Feedback U.S. Tax Court still follows *Golsen*.**Incorrect Feedback** U.S. Tax Court still follows *Golsen*.[◀ Add Question Here](#)[Modify](#) [Remove](#)

Question 36 ▾ True/False

Question

When there is a direct conflict between a Code section and a treaty provision, the most recent item takes precedence.

Answer

✓ True
False

[◀ Add Question Here](#)[Modify](#) [Remove](#)

Question 37 ▾ True/False

Question

"Legislative regulations" are stronger than "interpretative" regulations.

Answer

✓ True
False

[◀ Add Question Here](#)[Modify](#) [Remove](#)

Question 38 ▾ Multiple Choice

Question

Near the end of 2011, the national debt per person was approximately:

Answer

\$15,200.

\$21,700.

\$32,750.

✓ \$47,000.

\$62,800.

◀ [Add Question Here](#)

[Modify](#)

[Remove](#)

Question 39 ▾ **Multiple Choice**

Question

Which is the major objective of our Federal tax laws?

Answer

Economic factors.

Social reasons.

Equity factors.

✓ Raising revenue.

Political reasons.

◀ [Add Question Here](#)

[Modify](#)

[Remove](#)

Question 40 ▾ **Multiple Choice**

Question

What is the overall objective of the write-off of research and development expenditures?

Answer

✓ Encouragement of certain activities.

Control of economy.

Encouragement of certain industries.

None of the above.

◀ [Add Question Here](#)

[Modify](#)

[Remove](#)

Question 41 ▾ **Multiple Choice**

Question

Which, if any, of the provisions in the tax law enumerated below cannot be justified under the wherewithal to pay concept?

Answer

The taxation of prepaid income in the year of receipt and not in the year it is earned.

The installment method for reporting gain on the sale of property.

The nontaxability of a like-kind exchange.

✓ The disallowance as a deduction of certain fines and penalties imposed for the violation of certain laws.

The rules governing the formation of corporations.

◀ [Add Question Here](#)

[Modify](#)

[Remove](#)

Question 42 ▾ **Multiple Choice**

Question

Which state is a community property state?

Answer

North Carolina.

✓ California.

Vermont.

Florida.

All of the above.

◀ [Add Question Here](#)

[Modify](#)

[Remove](#)

Question 43 ▾ **Multiple Choice**

Question

Which, if any, of the provisions in the tax law below do *not* mitigate the effects of the annual accounting period concept?

Answer

Post year-end contribution to retirement plans for a self-employed person.

Carrybacks of net operating losses.

Installment sales treatment.

Carryovers of excess charitable contributions.

✓ The arm's length concept.

[◀ Add Question Here](#)Question 44 ▾ **Multiple Choice**[Modify](#) [Remove](#)**Question**

Ralph sells property to Sam who, by prearranged plan, resells to Heather. If the IRS contends that the sale to Sam is to be disregarded, this position is an application of the:

Answer

- Substance over form concept.
- Wherewithal to pay concept.
- Tax benefit rule.
- Arm's length concept.
- None of the above.

[◀ Add Question Here](#)Question 45 ▾ **Multiple Choice**[Modify](#) [Remove](#)**Question**

Which citation is considered to be a legislative citation?

Answer

- Ltr. Rul. 199952058.
- Ann. 94-5, 1994-2 I.R.B. 39.
- Reg. § 1.1014-1(c)(1).
- § 351.
- None of the above.

[◀ Add Question Here](#)Question 46 ▾ **Multiple Choice**[Modify](#) [Remove](#)**Question**

A technical advice memorandum is issued by:

Answer

- Treasury Department.
- National Office of the IRS.
- Office of Chief Council.
- Area Director.
- None of the above.

[◀ Add Question Here](#)Question 47 ▾ **Multiple Choice**[Modify](#) [Remove](#)**Question**

Revenue Procedures are published semiannually in the:

Answer

- Cumulative Bulletin.*
- Federal Revenue Bulletin.*
- Internal Revenue Bulletin.*
- I.R.S. Digest.*
- None of the above.

Correct Feedback Revenue Procedures are published weekly in the *Internal Revenue Bulletin* and semiannually in the *Cumulative Bulletin*.

Incorrect Feedback Revenue Procedures are published weekly in the *Internal Revenue Bulletin* and semiannually in the *Cumulative Bulletin*.

[◀ Add Question Here](#)Question 48 ▾ **Multiple Choice**[Modify](#) [Remove](#)**Question**

Determine the incorrect citation:

Answer

- Ltr. Rul. 20012305.
- George W. Guill*, 112 T.C.____, No. 22 (1999).
- John H. Wong*, T.C. Summary Opinion 2009-152.
- Rev. Rul, 98-32, I.R.B. No. 25, 4.
- None of the above.

Correct Feedback The cite should have 9 digits.

Incorrect Feedback The cite should have 9 digits.

[◀ Add Question Here](#)

- Question 49 **Multiple Choice** [Modify](#) [Remove](#)
- Question**
Regarding technical advice memoranda, which statement is *incorrect*?
- Answer**
- Issued by the National Office of IRS.
 - Most often deal with a completed transaction.
 - ✓ May be cited and used as precedent.
 - Issued with multi-digit file numbers.
 - None are incorrect.
- ◀ [Add Question Here](#)
- Question 50 **Multiple Choice** [Modify](#) [Remove](#)
- Question**
Which of the following sources has the *highest* tax validity?
- Answer**
- Treasury Regulation.
 - Revenue Procedure.
 - ✓ Internal Revenue Code.
 - Temporary Regulation.
 - All have same weight.
- ◀ [Add Question Here](#)
- Question 51 **Multiple Choice** [Modify](#) [Remove](#)
- Question**
Which of the following is an administrative source of tax law?
- Answer**
- ✓ Rev. Rul. 2010-19.
 - Joint Conference Committee Report.
 - Section 12(a) of the *Internal Revenue Code*.
 - All of the above.
 - None of the above.
- Correct Feedback** Revenue Rulings are issued by the National Office of the IRS.
Incorrect Feedback Revenue Rulings are issued by the National Office of the IRS.
- ◀ [Add Question Here](#)
- Question 52 **Multiple Choice** [Modify](#) [Remove](#)
- Question**
Which of these citations does *not* refer to an administrative release?
- Answer**
- Notice 90-20, 1980-1 C.B. 328.
 - Ltr. Rul. 9333032 (May 24, 1993).
 - TAM 9510001 (March 6, 1995).
 - ✓ T.C. Memo. 2009-94.
 - All of the above.
- Correct Feedback** The citation refers to a Tax Court Memorandum opinion which is a *judicial* source of tax law.
Incorrect Feedback The citation refers to a Tax Court Memorandum opinion which is a *judicial* source of tax law.
- ◀ [Add Question Here](#)
- Question 53 **Multiple Choice** [Modify](#) [Remove](#)
- Question**
Which of the following indicates that a decision has precedential value for future cases?
- Answer**
- ✓ *Stare decicis*.
 - Golsen* doctrine.
 - En banc*.
 - Reenactment doctrine.
 - None of the above.
- ◀ [Add Question Here](#)
- Question 54 **Multiple Choice** [Modify](#) [Remove](#)
- Question**
A taxpayer who loses in a U.S. Tax Court may appeal directly to the:
- Answer**

- Supreme Court.
- U.S. Tax Court.
- U.S. Court of Federal Claims.
- ✓ U.S. Court of Appeals.
- All of the above.

Correct Feedback Appeals from a U.S. Tax Court go to the taxpayer's home circuit of the U.S. Court of Appeals.

Incorrect Feedback Appeals from a U.S. Tax Court go to the taxpayer's home circuit of the U.S. Court of Appeals.

◀ [Add Question Here](#)

Question 55 ▾ **Multiple Choice**

[Modify](#) [Remove](#)

Question

Identify the number of the Court(s) of Federal Claims.

Answer ✓

- 1.
- 3.
- 16.
- 19.
- None of the above is correct.

◀ [Add Question Here](#)

Question 56 ▾ **Multiple Choice**

[Modify](#) [Remove](#)

Question

Which trial court allows a jury trial?

Answer ✓

- U.S. District Court.
- U.S. Tax Court.
- U.S. Court of Federal Claims.
- U.S. Court of Appeals.
- None of the above.

◀ [Add Question Here](#)

Question 57 ▾ **Multiple Choice**

[Modify](#) [Remove](#)

Question

The *Golsen* doctrine applies to which court?

Answer ✓

- U.S. Tax Court.
- U.S. District Court.
- U.S. Court of Federal Claims.
- U.S. Supreme Court.
- Some other court.

◀ [Add Question Here](#)

Question 58 ▾ **Multiple Choice**

[Modify](#) [Remove](#)

Question

Which state is located in the jurisdiction of the Fifth Court of Appeals?

Answer ✓

- Louisiana.
- California.
- New York.
- South Carolina.
- None of the above.

◀ [Add Question Here](#)

Question 59 ▾ **Multiple Choice**

[Modify](#) [Remove](#)

Question

Interpret the following citation: 64-1 USTC ¶ 9618, *aff'd* in 344 F. 2d 966.

Answer

- A U.S. Tax Court Small Cases Division decision that was affirmed on appeal.
- A U.S. Tax Court decision that was affirmed on appeal.
- ✓ A U.S. District Court decision that was affirmed on appeal.

A U.S. Court of Appeals decision that was affirmed on appeal.

None of the above.

Correct Feedback USTCs report decisions of the U.S. District Courts, Court of Federal Claims, Court of Appeals, and the Supreme Court. They do not report the decisions of the U.S. Tax Court. West's F. 2d series reports the decisions of the U.S. Claims Court (before October 1982) and the Courts of Appeal. They do not report the decisions of the U.S. Tax Court, U.S. District Courts, and the Supreme Court. In the light of these conditions, what are the possibilities?

- .. Choice a. is not possible, since there is no appeal from the Small Cases Division of the U.S. Tax Court.
- .. Choice b. is not possible because the USTC series does not contain the decision of the U.S. Tax Court.
- .. Choice d. is not possible since an appeal from the Court of Appeals would have been to the U.S. Supreme Court.

What the citation represents, therefore, is the affirmation of an appeal of a U.S. District Court decision (reported in the USTCs) by a Court of Appeals (reported in the F.2d series), or choice c.

Incorrect Feedback USTCs report decisions of the U.S. District Courts, Court of Federal Claims, Court of Appeals, and the Supreme Court. They do not report the decisions of the U.S. Tax Court. West's F. 2d series reports the decisions of the U.S. Claims Court (before October 1982) and the Courts of Appeal. They do not report the decisions of the U.S. Tax Court, U.S. District Courts, and the Supreme Court. In the light of these conditions, what are the possibilities?

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- .. Choice d. is not possible since an appeal from the Court of Appeals would have been to the U.S. Supreme Court.

What the citation represents, therefore, is the affirmation of an appeal of a U.S. District Court decision (reported in the USTCs) by a Court of Appeals (reported in the F.2d series), or choice c.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 60 ▾ **Multiple Choice**

Question

Which citation refers to a Second Court of Appeals decision?

Answer

- 40 T.C. 1018.
- ✓ 159 F. 2d 848 (CA-2, 1947).
- 354 F. Supp. 1003 (D. Ct. Ga, 1972).
- 914 F. 2d 396 (CA-3, 1990).
- None of the above.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 61 ▾ **Multiple Choice**

Question

Which citation refers to a U.S. Court of Federal Claims decision?

Answer ✓

- Appollo Computer, Inc. v. U.S.*, 95-1 USTC ¶ 50,015 (Fed. Cl., 1994).
- Westreco, Inc.*, T.C. Memo. 1992-561 (1992).
- Bausch & Lomb, Inc. v. Comm.*, 933 F. 2d 1084 (CA-2, 1991).
- Portland Manufacturing Co. v. Comm.*, 35 AFTR 2d 1439 (CA-9, 1975).
- None of the above.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 62 ▾ **Multiple Choice**

Question

If these citations appeared after a trial court decision, which one means that the decision was viewed favorably?

Answer

- ✓ Aff'd 633 F. 2d 512 (CA-7, 1980).
- Rem'd 399 F. 2d 800 (CA-5, 1968).
- Rev'd 914 F. 2d 396 (CA-3, 1990).
- Rev'd 935 F. 2d 203 (CA-5, 1991).
- None of the above.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 63 ▾ **Multiple Choice**

Question

Which trial court has 16 judges?

Answer

- U.S. Tax Court.
- ✓ U.S. Court of Federal Claims.
- U.S. Supreme Court.
- U.S. Court of Appeals.
- None of the above.

Correct Feedback The U.S. Tax Court has 19 regular judges. The U.S. Court of Federal Claims has 16. Neither the U.S. Court of Appeals nor the U.S. Supreme Court is a trial court.

Incorrect Feedback The U.S. Tax Court has 19 regular judges. The U.S. Court of Federal Claims has 16. Neither the U.S. Court of Appeals nor the U.S. Supreme Court is a trial court.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 64 ▾ **Multiple Choice**

Question

Which trial court's jurisdiction depends on the geographical location of the taxpayer?

Answer

U.S. Tax Court.



U.S. District Court.

U.S. Court of Federal Claims.

Small Cases Division of the Tax Court.

None of the above.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 65 ▾ **Multiple Choice**

Question

Which trial court decision is generally less authoritative?

Answer

U.S. District Court.

U.S. Tax Court.

U.S. Court of Federal Claims.



Small Cases Division of the Tax Court.

All of the above are the same.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 66 ▾ **Multiple Choice**

Question

A Memorandum decision of the U.S. Tax Court could be cited as:

Answer



T.C. Memo. 1990-650.

68-1 USTC ¶ 9200.

37 AFTR 2d 456.

All of the above.

None of the above.

Correct Feedback

The T.C. Memo. citation (choice a.) refers to a memorandum decision of the U.S. Tax Court. CCH's U.S. Tax Cases series (USTC in choice b.) does not include decisions of the U.S. Tax Court. The same holds true of RIA's American Federal Tax Report (AFTR 2d in choice c.).

Incorrect Feedback

The T.C. Memo. citation (choice a.) refers to a memorandum decision of the U.S. Tax Court. CCH's U.S. Tax Cases series (USTC in choice b.) does not include decisions of the U.S. Tax Court. The same holds true of RIA's American Federal Tax Report (AFTR 2d in choice c.).

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 67 ▾ **Multiple Choice**

Question

Which court decision is generally more authoritative?

Answer

A U.S. Tax Court decision.

Court of Federal Claims decision.

District Court decision.



U.S. Court of Appeals decision.

U.S. Tax Court Memorandum decision.

[◀ Add Question Here](#)

[Modify](#) [Remove](#)

Question 68 ▾ **Multiple Choice**

Question

Which of the following statements about an acquiescence is correct?

Answer

An acquiescence is issued in the *Federal Register*.

Acquiescences are published only for certain regular decisions of the U.S. Tax Court.



An acquiescence is published in the *Internal Revenue Bulletin*.

The IRS does not issue acquiescences to adverse decisions that are not appealed.

All of the above are correct.

[◀ Add Question Here](#)

Question 69 ▾ **Multiple Choice**

[Modify](#) [Remove](#)

Question

Which is a primary source of tax law?

Answer ✓

J.W. Yarbo v. Comm., 737 F. 2d 479 (CA-5, 1984).

Article by a Federal judge in *Harvard Law Review*.

Determination letter.

Letter ruling.

All of the above are primary sources.

[◀ Add Question Here](#)

Question 70 ▾ **Essay**

[Modify](#) [Remove](#)

Question

What is the wherewithal to pay concept? Give an example.

Answer The wherewithal to pay concept recognizes the inequity of taxing a transaction when the taxpayer lacks the means with which to pay the tax. It is particularly suited to situations when the taxpayer's economic position has not changed significantly as a result of a transaction. Some examples include like-kind exchanges, involuntary conversions, incorporating a corporation, transfers to a partnership, and tax-free reorganizations.

[◀ Add Question Here](#)

Question 71 ▾ **Essay**

[Modify](#) [Remove](#)

Question

Explain the function of Temporary Regulations.

Answer Sometimes the U.S. Treasury Department issues Temporary Regulations relating to matters where immediate guidance is important. These regulations are issued without the comment period required for Proposed Regulations. Temporary Regulations have the same authoritative value as Final Regulations and may be cited as precedents. Temporary Regulations also must be issued as Proposed Regulations, but they automatically expire within three years after the date of issuance. Temporary Regulations and the simultaneous Proposed Regulations carry more weight than traditional Proposed Regulations.

[◀ Add Question Here](#)

Question 72 ▾ **Essay**

[Modify](#) [Remove](#)

Question

Explain the *Golsen* doctrine.

Answer Because the Tax Court is a national court, it decides cases from all parts of the country. For many years, the Tax Court followed a policy of deciding cases based on what it thought the result should be, even though its decision might be appealed to a U.S. Circuit Court of Appeals that had previously decided a similar case differently. A number of years ago this policy was changed in the *Golsen* decision. Now the Tax Court will decide a case as it feels the law should be applied *only* if the Circuit Court of Appeals of appropriate jurisdiction has not yet passed on the issue or has previously decided a similar case in accord with the Tax Court's decision. If the Circuit Court of Appeals of appropriate jurisdiction has previously held otherwise, the Tax Court will conform under the *Golsen* rule even though it disagrees with the holding.

[◀ Add Question Here](#)

Question 73 ▾ **Essay**

[Modify](#) [Remove](#)

Question

What is the value of Actions on Decisions to a tax researcher?

Answer Actions on Decisions tell a taxpayer the IRS's reaction to certain court decisions. The IRS follows a practice of either acquiescing (agreeing) or nonacquiescing (not agreeing) with court decisions where guidance may be helpful. This practice does not mean that a particular decision has no value if the IRS has nonacquiesced in the result. It does, however, indicate that the IRS will continue to litigate the issue involved.

[◀ Add Question Here](#)

Question 74 ▾ **Essay**

[Modify](#) [Remove](#)

Question

What value is a tax citator to a tax researcher?

Answer The use of manual citators or a computer citator search is invaluable to tax research. A citator provides the history of a case including the authority relied on (e.g., other judicial decisions) in reaching the result. Reviewing the references listed in the citator discloses whether the decision was appealed and, if so, with what result (e.g., affirmed, reversed, and remanded). It also reveals other cases with the same or similar issues and how they were decided. Thus, a citator reflects on the validity of a case and may lead to other relevant judicial material.

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