South-Western Federal Taxation 2017 Comprehensive 40th edition Hoffman Test Bank

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Chapter 02 - Working with the Tax Law

1. Rules of tax law do *not* include Revenue Rulings and Revenue Procedures.
   a. True
   b. False

ANSWER:	False
RATIONALE:	Rules of tax law do include Treasury Department pronouncements.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 1 min.

2. A tax professional need not worry about the relative weight of authority within the various tax law sources.
   a. True
   b. False

ANSWER:	False
RATIONALE:	The relative weight of authority is critical
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Technology: Technology: - BUSPROG: Technology
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

3. In recent years, Congress has been relatively successful in simplifying the *Internal Revenue Code.*
   a. True
   b. False

ANSWER:	False
RATIONALE:	Each year the Code becomes more and more complex.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Technology: Technology: - BUSPROG: Technology
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

4. A taxpayer should always minimize his or her tax liability.
   a. True
   b. False

ANSWER:	False
RATIONALE:	A taxpayer should maximize the after-tax return in conjunction with the overall economic

	effect.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Technology: Technology: - BUSPROG: Technology
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 1 min.

5. The first codification of the tax law occurred in 1954.
   a. True
   b. False

ANSWER:	False
RATIONALE:	The first codification of the tax law occurred in 1939.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Technology: Technology: - BUSPROG: Technology
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

6. The Code section citation is incorrect: § 212(1).
   a. True
   b. False

ANSWER:	False
RATIONALE:	Some Code sections omit the subsection and use paragraph designation as the first subpart as does § 212.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

7. Subchapter D refers to the “Corporate Distributions and Adjustments” section of the *Internal Revenue Code.*
   a. True
   b. False

ANSWER:	False
RATIONALE:	The correct subchapter for “Corporate Distributions and Adjustments” is Subchapter C.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01

NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

8. Regulations are generally issued immediately after a statute is enacted.
   a. True
   b. False

ANSWER:	False
RATIONALE:	The reverse is true. Regulations require time to be issued and may never be issued on a particular statutory change in a Code section.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

9. Temporary Regulations are only published in the *Internal Revenue Bulletin*.
   a. True
   b. False

ANSWER:	False
RATIONALE:	They are published in the *Federal Register* and the *Internal Revenue Bulletin*.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

10. Revenue Rulings issued by the National Office of the IRS carry the same legal force and effect as Regulations.
   a. True
   b. False

ANSWER:	False
RATIONALE:	They do not contain the same legal force as Regulations. That is, the legal force is less.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

11. A Revenue Ruling is a judicial source of Federal tax law.
    a. True
    b. False

ANSWER:	False
RATIONALE:	A Revenue Ruling is an administrative source.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

12. The following citation can be a correct citation: Rev. Rul. 95-271,1995-64 I.R.B. 18.
    a. True
    b. False

ANSWER:	False
RATIONALE:	The citation given refers to the Bulletin issued in the 64th week of 1995. Because a year contains only 52 weeks, the citation *cannot* be correct.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 1 min.

13. Revenue Procedures deal with the internal management practices and procedures of the IRS.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

14. Post-1984 letter rulings may be substantial authority for purposes of the accuracy-related penalty in § 6662.
    a. True
    b. False

ANSWER:	True
POINTS:	1

DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

15. A letter ruling applies only to the taxpayer who asks for and obtains a letter ruling.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

16. The IRS is *not* required to make a letter ruling public.
    a. True
    b. False

ANSWER:	False
RATIONALE:	The law now requires the IRS to make letter rulings available for public inspection after identifying details are deleted.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

17. Determination letters usually involve finalized transactions.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

18. Technical Advice Memoranda deal with completed transactions.
   a. True
   b. False

ANSWER:	True
RATIONALE:	TAMs deal with completed transactions.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

19. Technical Advice Memoranda may *not* be cited as precedents by taxpayers.
   a. True
   b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

20. A taxpayer must pay any tax deficiency assessed by the IRS and sue for a refund to bring suit in the U.S. Court of Federal Claims. Only in the Tax Court can jurisdiction be obtained without first paying the assessed tax deficiency.
   a. True
   b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 1 min.

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

ANSWER:	False
RATIONALE:	Questions of law are resolved by the presiding judge.
POINTS:	1

DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 1 min.

22. Three judges will normally hear each U.S. Tax Court case.
    a. True
    b. False

ANSWER: False
RATIONALE: Most Tax Court cases are heard and decided by only one judge. Only when more important or novel tax issues are involved will the entire court decide the case.
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 1 min.

23. A taxpayer can obtain a jury trial in the U.S. Tax Court.
    a. True
    b. False

ANSWER: False
RATIONALE: A jury trial is available only in a U.S. District Court.
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 1 min.

24. 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.
    a. True
    b. False

ANSWER: True
RATIONALE: The tax deficiency *must* be paid before suit can be instituted in either the U.S. District Court or the U.S. Court of Federal Claims.
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic

STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 1 min.

25. Arizona is in the jurisdiction of the Eighth Circuit Court of Appeals.
   a. True
   b. False

ANSWER: False
RATIONALE: Arizona is in the jurisdiction of the Ninth Circuit.
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 1 min.

26. Texas is in the jurisdiction of the Second Circuit Court of Appeals.
   a. True
   b. False

ANSWER: False
RATIONALE: Texas is in the jurisdiction of the Fifth Circuit.
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 1 min.

27. The *Golsen* rule has been overturned by the U.S. Supreme Court.
   a. True
   b. False

ANSWER: False
RATIONALE: The *Golsen* rule is followed by the U.S. Tax Court.
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 1 min.

28. The granting of a Writ of Certiorari indicates that at least four members of the Supreme Court believe that an issue is

of sufficient importance to be heard by the full court.

a. True

b. False

ANSWER: True

RATIONALE: The granting of the Writ indicates that at least four members of the Supreme Court believe that an issue is of sufficient importance to be heard by the full Court.

POINTS: 1

DIFFICULTY: Easy

LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01

NATIONAL STANDARDS: United States - BUSPORG: Analytic

STATE STANDARDS: United States - AK - AICPA: FN-Research

KEYWORDS: Bloom's: Comprehension

OTHER: Time: 1 min.

29. The “petitioner” refers to the party against whom a suit is brought.

a. True

b. False

ANSWER: False

RATIONALE: The “defendant” is the party against whom a suit is brought.

POINTS: 1

DIFFICULTY: Easy

LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01

NATIONAL STANDARDS: United States - BUSPORG: Analytic

STATE STANDARDS: United States - AK - AICPA: FN-Research

KEYWORDS: Bloom's: Knowledge

OTHER: Time: 1 min.

30. The term “petitioner” is a synonym for “defendant.”

a. True

b. False

ANSWER: False

RATIONALE: The term “petitioner” is a synonym for “plaintiff.”

POINTS: 1

DIFFICULTY: Easy

LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01

NATIONAL STANDARDS: United States - BUSPORG: Analytic

STATE STANDARDS: United States - AK - AICPA: FN-Research

KEYWORDS: Bloom's: Knowledge

OTHER: Time: 1 min.

31. The U.S. Tax Court meets most often in Washington, D.C.

a. True

b. False

ANSWER: False

RATIONALE:	Tax Court judges travel to various cities.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

32. There are 11 geographic U.S. Circuit Court of Appeals.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

33. The following citation is correct: *Larry G. Mitchell*, 131 T.C. 215 (2008).
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

34. The IRS issues an acquiescence or nonacquiescence only for regular Tax Court decisions.
    a. True
    b. False

ANSWER:	False
RATIONALE:	After 1990, the IRS issues its acquiescence program for other civil tax cases.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge

OTHER: Time: 1 min.

35. There is a direct conflict between a Code section adopted in 2008 and a treaty with France (signed in 2012). The Code section controls.
    a. True
    b. False

ANSWER: False
RATIONALE: The most recent item takes precedence.
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 1 min.

36. The *Index to Federal Tax Articles* (published by Warren, Gorham, and Lamont) is available in print and electronic formats.
    a. True
    b. False

ANSWER: False
RATIONALE: It is available only in print form.
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 1 min.

37. A U.S. District Court is the lowest trial court.
    a. True
    b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 1 min.

38. The research process should always begin with a tax service.
    a. True
    b. False

ANSWER:	False
RATIONALE:	If the research is simple, a researcher may start with the Code or Regulations.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUBUSPROG: Analytic - BUSPROG: Analytic United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Leverage Technology United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

39. Electronic databases are most frequently searched by the keyword approach.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

40. The test for whether a child qualifies for dependency status is first conducted under the qualified child requirement.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 1 min.

41. A Bluebook opinion is substantial authority for purposes of the accuracy related penalty.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUBUSPROG: Analytic - BUSPROG: Analytic

	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Leverage Technology United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

42. The primary purpose of effective tax planning is to reduce or defer the tax in the current tax year.
   a. True
   b. False

ANSWER:	False
RATIONALE:	This is a secondary tax objective.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

43. Deferring income to a subsequent year is considered to be tax avoidance.
   a. True
   b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

44. Tax planning usually involves a completed transaction.
   a. True
   b. False

ANSWER:	False
RATIONALE:	Tax planning usually involves a proposed transaction.
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 1 min.

45. The Regulation section of the CPA exam is approximately 60% Taxation and 40% Law & Professional Responsibilities.

a. True

b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 1 min.

46. The Internal Revenue Code was first codified in what year?

a. 1913

b. 1923

c. 1939

d. 1954

e. 1986

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.

47. Tax bills are handled by which committee in the U.S. House of Representatives?

a. Taxation Committee

b. Ways and Means Committee

c. Finance Committee

d. Budget Committee

e. None of these

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.

48. Federal tax legislation generally originates in what body?

a. Internal Revenue Service
b. Senate Finance Committee
c. House Ways and Means Committee
d. Senate Floor
e. None of these

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.

49. Subtitle A of the Internal Revenue Code covers which of the following taxes?
a. Income taxes
b. Estate and gift taxes
c. Excise taxes
d. Employment taxes
e. All of these

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.

50. In § 212(1), the number (1) stands for the:
a. Section number.
b. Subsection number.
c. Paragraph designation.
d. Subparagraph designation.
e. None of these.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.

51. Which of these is *not* a correct citation to the Internal Revenue Code?
    a. Section 211
    b. Section 1222(1)
    c. Section 2(a)(1)(A)
    d. Section 280B
    e. All of these are correct cites.

ANSWER:	e
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.

52. Which of the following is *not* an administrative source of tax law?
    a. Field Service Advice
    b. Revenue Procedure
    c. Technical Advice Memoranda
    d. General Counsel Memorandum
    e. All of these are administrative sources.

ANSWER:	e
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.

53. Which of the following sources has the *highest* tax validity?
    a. Revenue Ruling
    b. Revenue Procedure
    c. Regulations
    d. *Internal Revenue Code* section
    e. None of these

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research United States - AK - AICPA: FN-Risk Analysis
KEYWORDS:	Bloom's: Knowledge

OTHER: Time: 2 min.

54. Which of the following types of Regulations has the *highest* tax validity?
    a. Temporary
    b. Legislative
    c. Interpretive
    d. Procedural
    e. None of these

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Comprehension
OTHER: Time: 2 min.

55. Which statement is *not* true with respect to a Regulation that interprets the tax law?
    a. Issued by the U.S. Congress.
    b. Issued by the U.S. Treasury Department.
    c. Designed to provide an interpretation of the tax law.
    d. Carries more legal force than a Revenue Ruling.
    e. All of these statements are true.

ANSWER: a
RATIONALE: Treasury Regulations are issued by the U.S. Treasury Department.
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 2 min.

56. In addressing the importance of a Regulation, an IRS agent must:
    a. Give equal weight to the Code and the Regulations.
    b. Give more weight to the Code rather than to a Regulation.
    c. Give more weight to the Regulation rather than to the Code.
    d. Give less weight to the Code rather than to a Regulation.
    e. None of these.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic

STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Comprehension
OTHER: Time: 2 min.

57. Which item may *not* be cited as a precedent?
    a. Regulations
    b. Temporary Regulations
    c. Technical Advice Memoranda
    d. U.S. District Court decision
    e. None of these

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Comprehension
OTHER: Time: 2 min.

58. What statement is *not* true with respect to Temporary Regulations?
    a. May not be cited as precedent.
    b. Issued as Proposed Regulations.
    c. Automatically expire within three years after the date of issuance.
    d. Found in the *Federal Register*.
    e. All of these statements are true.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Comprehension
OTHER: Time: 2 min.

59. What administrative release deals with a proposed transaction rather than a completed transaction?
    a. Letter Ruling
    b. Technical Advice Memorandum
    c. Determination Letter
    d. Field Service Advice
    e. None of these

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01

NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 2 min.

60. Which of the following indicates that a decision has precedential value for future cases?
   a. *Stare decisis*
   b. *Golsen* doctrine
   c. *En banc*
   d. Reenactment doctrine
   e. None of these

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 2 min.

61. A taxpayer who loses in a U.S. District Court may appeal directly to the:
   a. U.S. Supreme Court.
   b. U.S. Tax Court.
   c. U.S. Court of Federal Claims.
   d. U.S. Circuit Court of Appeals.
   e. All of these.

ANSWER: d
RATIONALE: Appeals from a U.S. District Court go to the taxpayer’s home circuit of the U.S. Circuit Court of Appeals.
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Comprehension
OTHER: Time: 2 min.

62. If a taxpayer decides not to pay a tax deficiency, he or she must go to which court?
   a. Appropriate U.S. Circuit Court of Appeals
   b. U.S. District Court
   c. U.S. Tax Court
   d. U.S. Court of Federal Claims
   e. None of these

ANSWER: c

POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.

63. A jury trial is available in the following trial court:
   a. U.S. Tax Court.
   b. U.S. Court of Federal Claims.
   c. U.S. District Court.
   d. U.S. Circuit Court of Appeals.
   e. None of these.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.

64. A taxpayer may *not* appeal a case from which court:
   a. U.S. District Court.
   b. U.S. Circuit Court of Appeals.
   c. U.S. Court of Federal Claims.
   d. Small Case Division of the U.S. Tax Court.
   e. None of these.

ANSWER:	d
POINTS:	1
DIFFICULTY:	Moderate
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.

65. The IRS will *not* acquiesce to the following tax decisions:
   a. U.S. District Court.
   b. U.S. Tax Court.
   c. U.S. Court of Federal Claims.
   d. Small Case Division of the U.S. Tax Court.
   e. All of these.

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 2 min.

66. Which publisher offers the *Standard Federal Tax Reporter*?
    a. Research Institute of America
    b. Commerce Clearing House
    c. Thomson Reuters
    d. LexisNexis
    e. None of these

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 2 min.

67. Which is presently *not* a major tax service?
    a. *Standard Federal Tax Reporter*
    b. *Federal Taxes*
    c. *United States Tax Reporter*
    d. *Tax Management Portfolios*
    e. All of these are major tax services

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 2 min.

68. Which publisher offers the *United States Tax Reporter?*
    a. Research Institute of America
    b. Commerce Clearing House
    c. LexisNexis
    d. Tax Analysts

e. None of these

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 2 min.

69. When searching on an online tax service, which approach is more frequently used?

a. Code section approach
b. Keyword approach
c. Table of contents approach
d. Index
e. All are about the same

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Comprehension
OTHER: Time: 2 min.

70. A researcher can find tax information on home page sites of:

a. Governmental bodies.
b. Tax academics.
c. Publishers.
d. CPA firms.
e. All of these.

ANSWER: e
POINTS: 1
DIFFICULTY: Easy
LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS: United States - BUSPORG: Analytic
STATE STANDARDS: United States - AK - AICPA: FN-Research
KEYWORDS: Bloom's: Knowledge
OTHER: Time: 2 min.

71. Tax research involves which of the following procedures:

a. Identifying and refining the problem.
b. Locating the appropriate tax law sources.
c. Assessing the validity of the tax law sources.

d. Follow-up.
e. All of these.

ANSWER:	e
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.

72. Which tax-related website probably gives the best policy-orientation results?
a. taxalmanac.org.
b. irs.gov.
c. taxsites.com.
d. taxanalysts.com.
e. ustaxcourt.gov.

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.

73. Which court decision would probably carry more weight?
a. Regular U.S. Tax Court decision
b. Reviewed U.S. Tax Court decision
c. U.S. District Court decision
d. Tax Court Memorandum decision
e. U.S. Court of Federal Claims

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.

74. Which Regulations have the force and effect of law?
a. Procedural Regulations
b. Finalized Regulations

c. Legislative Regulations
d. Interpretive Regulations
e. All of these

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.

75. Which items tell taxpayers the IRS's reaction to certain court decisions?
a. Notices
b. Revenue Procedures
c. Revenue Rulings
d. Actions on Decisions
e. Legislative Regulations

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.

76. Which company does *not* publish citators for tax purposes?
a. John Wiley & Sons
b. Commerce Clearing House
c. Thomson Reuters RIA
d. Westlaw
e. Shepard's

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.

77. Which is *not* a primary source of tax law?
a. Notice 89-99, 1989-2 C.B. 422.

b. *Estate of Harry Holmes v. Comm.*, 326 U.S. 480 (1946).

c. Rev. Rul. 79-353, 1979-2 C.B. 325.

d. Prop. Reg. § 1.752-4T(f).

e. All of these are primary sources.

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.

78. Which statement is *incorrect* with respect to taxation on the CPA exam?

a. The CPA exam now has only four parts.

b. There are no longer case studies on the exam.

c. A candidate may not go back after exiting a testlet.

d. Simulations include a four-function pop-up calculator.

e. None of these are incorrect.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-07 - LO: 2-07
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Measurement - AICPA: FN-Measurement
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.

79. Which of the following court decisions carries more weight?

a. Federal District Court

b. Second Circuit Court of Appeals

c. U.S. Tax Court decision

d. Small Cases Division of U.S. Tax Court

e. U.S. Court of Federal Claims

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.

80. What are Treasury Department Regulations?

ANSWER:	Regulations are issued by the U.S. Treasury Department under authority granted by Congress. Interpretive by nature, they provide taxpayers with considerable guidance on the meaning and application of the Code. Regulations may be issued in *proposed, temporary,* or *final* form. Regulations carry considerable authority as the official interpretation of tax statutes. They are an important factor to consider in complying with the tax law. Courts generally ignore Proposed Regulations.
POINTS:	5
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 5 min.

81. Compare Revenue Rulings with Revenue Procedures.

ANSWER:	Revenue Rulings are official pronouncements of the National Office of the IRS. They typically provide one or more examples of how the IRS would apply a law to specific fact situations. Like Regulations, Revenue Rulings are designed to provide interpretation of the tax law. However, they do not carry the same legal force and effect as Regulations and usually deal with more restricted problems. Regulations are approved by the Secretary of the Treasury, whereas Revenue Rulings generally are not. Revenue Procedures are issued in the same manner as Revenue Rulings, but deal with the internal management practices and procedures of the IRS. Familiarity with these procedures can increase taxpayer compliance and help the IRS administer the tax laws more efficiently. A taxpayer's failure to follow a Revenue Procedure can result in unnecessary delay or, in a discretionary situation, can cause the IRS to decline to act on behalf of the taxpayer.
POINTS:	5
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Analysis
OTHER:	Time: 5 min.

82. How can Congressional Committee Reports be used by a tax researcher?

ANSWER:	Congressional Committee Reports often explain the provisions of proposed legislation and are a valuable source of ascertaining the intent of Congress. The intent of Congress is the key to interpreting new legislation by taxpayers, especially before Regulations are published.
POINTS:	5
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension

OTHER: Time: 5 min.

83. What is a Technical Advice Memorandum?

ANSWER: The National Office of the IRS releases Technical Advice Memoranda (TAMs) weekly. TAMs resemble letter rulings in that they give the IRS's determination of an issue. However, they differ in several respects. Letter rulings deal with proposed transactions and are issued to taxpayers at their request. In contrast, TAMs deal with completed transactions. Furthermore, TAMs arise from questions raised by IRS personnel during audits and are issued by the National Office of the IRS to its field personnel. TAMs are often requested for questions relating to exempt organizations and employee plans. TAMs are not officially published and may not be cited or used as precedent.

POINTS: 5

DIFFICULTY: Easy

LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01

NATIONAL STANDARDS: United States - BUSPORG: Analytic
United States - BUSPROG: Technology: Technology: - BUSPROG: Technology

STATE STANDARDS: United States - AK - AICPA: FN-Leverage Technology
United States - AK - AICPA: FN-Research

KEYWORDS: Bloom's: Comprehension

OTHER: Time: 5 min.

84. Discuss the advantages and disadvantages of the Small Cases Division of the U.S. Tax Court.

ANSWER: There is no appeal from the Small Cases Division. The jurisdiction of the Small Cases Division is limited to cases involving amounts of $50,000 or less. The proceedings of the Small Cases Division are informal (e.g., no necessity for the taxpayer to be represented by a lawyer or other tax adviser). Special trial judges rather than Tax Court judges preside over these proceedings. The decisions of the Small Cases Division are not precedents for any other court decision and are not reviewable by any higher court. Proceedings can be more timely and less expensive in the Small Cases Division. Some of these cases can now be found on the U.S. Tax Court Internet Website.

POINTS: 5

DIFFICULTY: Easy

LEARNING OBJECTIVES: CMPV.SWFT.LO: 2-01 - LO: 2-01

NATIONAL STANDARDS: United States - BUSPORG: Analytic
United States - BUSPROG: Technology: Technology: - BUSPROG: Technology

STATE STANDARDS: United States - AK - AICPA: FN-Research
United States - AK - AICPA: FN-Risk Analysis

KEYWORDS: Bloom's: Analysis

OTHER: Time: 5 min.

85. Distinguish between the jurisdiction of the U.S. Tax Court and a U.S. District Court.

ANSWER: The U.S. Tax Court hears only tax cases and is the most popular tax forum. The U.S. District Court hears a wide variety of nontax cases, including drug crimes and other Federal violations, as well as tax cases. Some Tax Court justices have been appointed from IRS or Treasury Department positions. For these reasons, some people suggest that the U.S. Tax Court has more expertise in tax matters.

POINTS: 5

DIFFICULTY: Easy

LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 5 min.

86. How do treaties fit within tax sources?

ANSWER:	The U.S signs certain tax treaties (sometimes called tax conventions) with foreign countries to render mutual assistance in tax enforcement and to avoid double taxation. Tax legislation enacted in 1988 provided that neither a tax law nor a tax treaty takes general precedence. Thus, when there is a direct conflict with the Code and a treaty, the most recent item will take precedence. A taxpayer must disclose on the tax return any position where a treaty overrides a tax law. There is a $1,000 penalty per failure to disclose for individuals and a $10,000 per failure penalty for corporations.
POINTS:	5
DIFFICULTY:	Easy
LEARNING OBJECTIVES:	CMPV.SWFT.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Analytic United States - BUSPROG: Technology: Technology: - BUSPROG: Technology
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 5 min.