

CHAPTER 2--WORKING WITH THE TAX LAW

Student: _____

1. A professional must understand the relative weight of authority within the sources of tax law.

True False

2. The Internal Revenue Code of 1986 was substantially a re-codification of the existing Code.

True False

3. Federal tax legislation generally originates in the Senate Finance Committee.

True False

4. House members have considerable latitude to make amendments on the House floor.

True False

5. Before a tax bill can become law, it must be approved by the President.

True False

6. Subchapter P refers to the “Partners and Partnerships” section of the Internal Revenue Code.

True False

7. Regulations are arranged in the same sequence as the Internal Revenue Code.

True False

8. A Temporary Regulation under § 173 of the Code would be cited as follows: Temp. Reg. § 173.

True False

9. Temporary Regulations are only published in the *Internal Revenue Bulletin*.

True False

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

True False

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

True False

12. The following citation can be a correct citation: Rev. Rul. 95-271, I.R.B. No. 54, 18.

True False

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

True False

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

True False

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

True False

16. The IRS is required to make a letter ruling public.

True False

17. Determination letters usually involve proposed transactions.

True False

18. Technical Advice Memoranda deal with completed transactions.

True False

19. Technical Advice Memoranda may *not* be cited as precedents by taxpayers.

True False

20. 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. Only in the Tax Court can jurisdiction be obtained without first paying the assessed tax deficiency.

True False

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

True False

22. Three judges will normally hear each U.S. Tax Court case.

True False

23. A taxpayer can obtain a jury trial in the U.S. Court of Federal Claims.

True False

24. 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.

True False

25. Arizona is in the jurisdiction of the Ninth Circuit Court of Appeals.

True False

26. Texas is in the jurisdiction of the Eighth Circuit Court of Appeals.

True False

27. The *Golsen* rule has been overturned by the U.S. Supreme Court.

True False

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.

True False

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

True False

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

True False

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

True False

32. There are 11 geographic U.S. Circuit Court of Appeals.

True False

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

True False

34. The IRS issues an acquiescence or nonacquiescence only for regular Tax Court decisions.

True False

35. There is a direct conflict between a Code section adopted in 2004 and a treaty with France (signed in 2008).
The Code section controls.

True False

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

True False

37. A U.S. District Court is the lowest trial court.

True False

38. The research process should begin with a tax service.

True False

39. Electronic databases are most frequently searched by the keyword approach.

True False

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

True False

41. Proposed Regulations are binding on IRS agents.

True False

42. A particular Regulation is assumed to have received Congressional approval if the Regulation was finalized many years earlier and Congress has not amended the Code section pertaining to that Regulation.

True False

43. A General Counsel Memorandum is a primary source of tax law.

True False

44. Section 1244 permits an investor to convert what would be a capital loss into an ordinary loss.

True False

45. The CPA examination is normally curved to produce a designated pass rate.

True False

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

A. 1913.

B. 1923.

C. 1939.

D. 1954.

E. 1986.

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 the above.

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 the above.

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 the above.

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 the above.

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 above are correct cites.

52. Which of the following types of Regulations has the *lowest* tax validity?

- A. Finalized.
- B. Legislative.
- C. Proposed.
- D. Temporary.
- E. Procedural.

53. Which of the following *cannot* be found in the Federal Register?

- A. Regulations.
- B. Temporary Regulations.
- C. Proposed Regulations.
- D. Revenue Rulings.
- E. All of the above may be found in the Federal Register.

54. Which statement is *not* true with respect to a Treasury Regulation?

- A. Issued by the U.S. Congress.
- B. Issued as Treasury Decision.
- C. Designed to provide interpretation of the tax law.
- D. Carries more legal force than a Revenue Ruling.
- E. All of the above statements are true.

55. Which of the following is *not* published in the Cumulative Bulletin?

- A. Revenue Rulings.
- B. Proposed Regulations.
- C. Actions on Decisions.
- D. Letter Rulings.
- E. General Counsel Memoranda.

56. Which of the following is *not* an administrative source of tax law?

- A. Reg. § 301.6114-1.
- B. Section 2(a)(1)(A).
- C. Rev. Rul. 2011-19.
- D. Notice 90-20.
- E. Ltr. Rul 201008049.

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 the above.

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 the above statements are true.

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 the above.

60. Which court decisions are published in paper format by the U.S. government?

- A. U.S. Tax Court Memorandum decision.
- B. U.S. Tax Court regular decision.
- C. Fifth Circuit U.S. Court of Appeals decision.
- D. Court of Federal Claims decision.
- E. All of the above.

61. Which would *not* be a citation to a District Court case?

- A. 2004-1 USTC ¶ 60,478.
- B. 93 AFTR 2d 2004-668.
- C. 306 F. Supp. 2d 668.
- D. 97 TCM 1488.
- E. All of the above are District Court cites.

62. Which tax source may override a Regulation section?

- A. Revenue Ruling.
- B. Revenue Procedure.
- C. U.S. tax treaty.
- D. Technical Advice Memoranda.
- E. None of the above.

63. Which of the following journals is published by the American Institute of CPAs?

- A. Journal of Taxation.
- B. Corporate Taxation.
- C. Tax Law Review.
- D. The Tax Advisor.
- E. All of the above.

64. Where can a researcher *not* find a U.S. Court of Appeals decision?

- A. Federal 3d (West).
- B. F. Supp. 2d Series (West).
- C. AFTR (RIA).
- D. USTC (CCH).
- E. None of the above.

65. Which publisher offers *Tax Center* that provides the Code, Regulations, and material from Matthew Bender, CCH, Kleinrock, and the Bureau of National Affairs?

- A. Research Institute of America.
- B. Commerce Clearing House.
- C. LexisNexis.
- D. Prentice-Hall.
- E. None of the above.

66. Which publisher offers the *Standard Federal Tax Reporter*?

- A. Research Institute of America.
- B. Commerce Clearing House.
- C. Prentice-Hall.
- D. LexisNexis.
- E. None of the above.

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 the above are major tax services.

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 the above.

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.

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 the above.

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 the above.

72. Which tax-related website probably gives the best policy-orientation results?

- A. taxalmanac.org.
- B. irs.gov.
- C. taxsites.com.
- D. taxanalyst.com.
- E. ustaxcourt.gov.

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. Memorandum Tax Court decision.
- E. U.S. Court of Federal Claims.

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 the above.

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. Procedural Regulations.

76. Which court decision carries more weight?

- A. Federal District Court.
- B. Fifth Circuit Court of Appeals.
- C. Memorandum U.S. Tax Court decision.
- D. Small Cases Division of U.S. Tax Court.
- E. U.S. Court of Federal Claims.

77. Which company does *not* publish citators for tax purposes?

- A. McGraw-Hill.
- B. Commerce Clearing House.
- C. Research Institute of America.
- D. Westlaw.
- E. Shepard's.

78. 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. Temp. Reg. § 1.752-4T(f).
- E. All of the above are primary sources.

79. 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 the above are incorrect.

80. What is the role of the Joint Conference Committee in the legislative process?

81. What are Treasury Department Regulations?

82. Compare Revenue Rulings with Revenue Procedures.

83. What is a Technical Advice Memorandum?

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

85. Explain the tax appeals process from trial courts.

86. How do treaties fit within tax sources?

CHAPTER 2--WORKING WITH THE TAX LAW **Key**

1. A professional must understand the relative weight of authority within the sources of tax law.

TRUE

2. The Internal Revenue Code of 1986 was substantially a re-codification of the existing Code.

FALSE

3. Federal tax legislation generally originates in the Senate Finance Committee.

FALSE

4. House members have considerable latitude to make amendments on the House floor.

FALSE

5. Before a tax bill can become law, it must be approved by the President.

FALSE

6. Subchapter P refers to the “Partners and Partnerships” section of the Internal Revenue Code.

FALSE

7. Regulations are arranged in the same sequence as the Internal Revenue Code.

TRUE

8. A Temporary Regulation under § 173 of the Code would be cited as follows: Temp. Reg. § 173.

FALSE

9. Temporary Regulations are only published in the *Internal Revenue Bulletin*.

FALSE

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

FALSE

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

FALSE

12. The following citation can be a correct citation: Rev. Rul. 95-271, I.R.B. No. 54, 18.

FALSE

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

FALSE

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

TRUE

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

TRUE

16. The IRS is required to make a letter ruling public.

TRUE

17. Determination letters usually involve proposed transactions.

FALSE

18. Technical Advice Memoranda deal with completed transactions.

TRUE

19. Technical Advice Memoranda may *not* be cited as precedents by taxpayers.

TRUE

20. 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. Only in the Tax Court can jurisdiction be obtained without first paying the assessed tax deficiency.

TRUE

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

FALSE

22. Three judges will normally hear each U.S. Tax Court case.

FALSE

23. A taxpayer can obtain a jury trial in the U.S. Court of Federal Claims.

FALSE

24. 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.

TRUE

25. Arizona is in the jurisdiction of the Ninth Circuit Court of Appeals.

TRUE

26. Texas is in the jurisdiction of the Eighth Circuit Court of Appeals.

FALSE

27. The *Golsen* rule has been overturned by the U.S. Supreme Court.

FALSE

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.

TRUE

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

TRUE

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

FALSE

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

FALSE

32. There are 11 geographic U.S. Circuit Court of Appeals.

TRUE

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

TRUE

34. The IRS issues an acquiescence or nonacquiescence only for regular Tax Court decisions.

FALSE

35. There is a direct conflict between a Code section adopted in 2004 and a treaty with France (signed in 2008).
The Code section controls.

FALSE

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

FALSE

37. A U.S. District Court is the lowest trial court.

TRUE

38. The research process should begin with a tax service.

FALSE

39. Electronic databases are most frequently searched by the keyword approach.

TRUE

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

TRUE

41. Proposed Regulations are binding on IRS agents.

FALSE

42. A particular Regulation is assumed to have received Congressional approval if the Regulation was finalized many years earlier and Congress has not amended the Code section pertaining to that Regulation.

TRUE

43. A General Counsel Memorandum is a primary source of tax law.

FALSE

44. Section 1244 permits an investor to convert what would be a capital loss into an ordinary loss.

TRUE

45. The CPA examination is normally curved to produce a designated pass rate.

FALSE

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

A. 1913.

B. 1923.

C. 1939.

D. 1954.

E. 1986.

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 the above.

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 the above.

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 the above.

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 the above.

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 above are correct cites.

52. Which of the following types of Regulations has the *lowest* tax validity?

- A. Finalized.
- B. Legislative.
- C.** Proposed.
- D. Temporary.
- E. Procedural.

53. Which of the following *cannot* be found in the Federal Register?

- A. Regulations.
- B. Temporary Regulations.
- C. Proposed Regulations.
- D.** Revenue Rulings.
- E. All of the above may be found in the Federal Register.

54. Which statement is *not* true with respect to a Treasury Regulation?

- A.** Issued by the U.S. Congress.
- B. Issued as Treasury Decision.
- C. Designed to provide interpretation of the tax law.
- D. Carries more legal force than a Revenue Ruling.
- E. All of the above statements are true.

55. Which of the following is *not* published in the Cumulative Bulletin?

- A. Revenue Rulings.
- B. Proposed Regulations.
- C. Actions on Decisions.
- D.** Letter Rulings.
- E. General Counsel Memoranda.

56. Which of the following is *not* an administrative source of tax law?

- A. Reg. § 301.6114-1.
- B.** Section 2(a)(1)(A).
- C. Rev. Rul. 2011-19.
- D. Notice 90-20.
- E. Ltr. Rul 201008049.

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 the above.

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 the above statements are true.

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 the above.

60. Which court decisions are published in paper format by the U.S. government?

- A. U.S. Tax Court Memorandum decision.
- B.** U.S. Tax Court regular decision.
- C. Fifth Circuit U.S. Court of Appeals decision.
- D. Court of Federal Claims decision.
- E. All of the above.

61. Which would *not* be a citation to a District Court case?

- A. 2004-1 USTC ¶ 60,478.
- B. 93 AFTR 2d 2004-668.
- C. 306 F. Supp. 2d 668.
- D.** 97 TCM 1488.
- E. All of the above are District Court cites.

62. Which tax source may override a Regulation section?

- A. Revenue Ruling.
- B. Revenue Procedure.
- C.** U.S. tax treaty.
- D. Technical Advice Memoranda.
- E. None of the above.

63. Which of the following journals is published by the American Institute of CPAs?

- A. Journal of Taxation.
- B. Corporate Taxation.
- C. Tax Law Review.
- D.** The Tax Advisor.
- E. All of the above.

64. Where can a researcher *not* find a U.S. Court of Appeals decision?

- A. Federal 3d (West).
- B.** F. Supp. 2d Series (West).
- C. AFTR (RIA).
- D. USTC (CCH).
- E. None of the above.

65. Which publisher offers *Tax Center* that provides the Code, Regulations, and material from Matthew Bender, CCH, Kleinrock, and the Bureau of National Affairs?

- A. Research Institute of America.
- B. Commerce Clearing House.
- C.** LexisNexis.
- D. Prentice-Hall.
- E. None of the above.

66. Which publisher offers the *Standard Federal Tax Reporter*?

- A. Research Institute of America.
- B.** Commerce Clearing House.
- C. Prentice-Hall.
- D. LexisNexis.
- E. None of the above.

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 the above are major tax services.

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 the above.

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.

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 the above.

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 the above.

72. Which tax-related website probably gives the best policy-orientation results?

- A. taxalmanac.org.
- B. irs.gov.
- C. taxsites.com.
- D.** taxanalyst.com.
- E. ustaxcourt.gov.

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. Memorandum Tax Court decision.
- E. U.S. Court of Federal Claims.

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 the above.

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. Procedural Regulations.

76. Which court decision carries more weight?

- A. Federal District Court.
- B.** Fifth Circuit Court of Appeals.
- C. Memorandum U.S. Tax Court decision.
- D. Small Cases Division of U.S. Tax Court.
- E. U.S. Court of Federal Claims.

77. Which company does *not* publish citators for tax purposes?

- A.** McGraw-Hill.
- B. Commerce Clearing House.
- C. Research Institute of America.
- D. Westlaw.
- E. Shepard's.

78. 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. Temp. Reg. § 1.752-4T(f).
- E.** All of the above are primary sources.

79. 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 the above are incorrect.

80. What is the role of the Joint Conference Committee in the legislative process?

When the Senate version of a bill differs from that passed by the House, the Joint Conference Committee, which includes members of both the House Ways and Means Committee and the Senate Finance Committee, is called upon to resolve the differences. The deliberations of the Joint Conference Committee usually produce 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.

81. What are Treasury Department Regulations?

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.

82. Compare Revenue Rulings with Revenue Procedures.

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.

83. What is a Technical Advice Memorandum?

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.

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

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.

85. Explain the tax appeals process from trial courts.

Appeals from a District Court or a Tax Court decision are to the U. S. Court of Appeals for the circuit in which the taxpayer resides. Appeals from the Court of Federal Claims go to the U. S. Court of Appeals for the Federal Circuit. Few Tax Court cases are appealed, and when appeals are made, most are filed by the taxpayer rather than the IRS. There is no appeal from the Small Cases Division.

86. How do treaties fit within tax sources?

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.