


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 **True/False** **0 points**

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

Question Many states have balanced budgets because laws or constitutional amendments preclude deficit spending.

Answer True
 False

[◀ Add Question Here](#)

Question 2 **True/False** **0 points**

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

Question The U.S. Federal government has a provision in the Constitution which precludes deficit spending.

Answer True
 False

Correct Feedback There is no such provision and the national debt continues to grow.

Incorrect Feedback There is no such provision and the national debt continues to grow.

[◀ Add Question Here](#)

Question 3 **True/False** **0 points**

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

Question Revenue-neutral tax laws reduce deficits.

Answer True
 False

Correct Feedback They do not reduce deficits, but do not aggravate the problem.

Incorrect Feedback They do not reduce deficits, but do not aggravate the problem.

[◀ Add Question Here](#)

Question 4 **True/False** **0 points**

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

Question Longer class lives for depreciable property and the required use of straight-line method of depreciation should dampen the tax incentive for purchasing capital assets.

Answer True
 False

[◀ Add Question Here](#)

Question 5 **True/False** **0 points**

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

Question The Internal Revenue Code is a compilation of Federal tax legislation that appears in Title 28 of the Internal Revenue Code.

Answer True
 False

Correct Feedback Title 26 (not 28).

Incorrect Feedback Title 26 (not 28).

[◀ Add Question Here](#)

Question 6 **True/False** **0 points**

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

Question Income from patents can qualify for capital gain treatment.

Answer True
 False

[◀ Add Question Here](#)

Question 7 **True/False** **0 points**

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

Question Saving leads to capital formation and thus makes funds available to finance home construction and industrial expansion.

Answer True
 False

[◀ Add Question Here](#)

Question 8 **True/False** **0 points**

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

Question The corporate tax rate of 34 percent applies only to taxable income in excess of \$75,000.

Answer True
 False

[◀ Add Question Here](#)

Question 9 **True/False** **0 points**

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

Question The earned income tax credit is refundable.

Answer True
 False

Correct Feedback The EIT credit is refundable.

Incorrect Feedback The EIT credit is refundable.

Question 10	True/False	0 points	◀ Add Question Here Modify Remove
	Question The deduction for charitable contributions can be explained by social considerations.		
	Answer <input checked="" type="checkbox"/> True <input type="checkbox"/> False		
Question 11	True/False	0 points	◀ Add Question Here Modify Remove
	Question The Hope scholarship credit can be explained by economic considerations.		
	Answer <input type="checkbox"/> True <input checked="" type="checkbox"/> False		
Question 12	True/False	0 points	◀ Add Question Here Modify Remove
	Question The adoption tax credit can be explained by social considerations.		
	Answer <input checked="" type="checkbox"/> True <input type="checkbox"/> False		
Question 13	True/False	0 points	◀ Add Question Here Modify Remove
	Question Allowing a taxpayer to choose either a credit or a deduction for foreign taxes paid can be explained by equity considerations.		
	Answer <input checked="" type="checkbox"/> True <input type="checkbox"/> False		
Question 14	True/False	0 points	◀ Add Question Here Modify Remove
	Question Neither the 1939 nor the 1954 Code substantially changed all the tax law existing on the date of its enactment.		
	Answer <input checked="" type="checkbox"/> True <input type="checkbox"/> False		
Question 15	True/False	0 points	◀ Add Question Here Modify Remove
	Question Federal tax legislation generally originates in the Senate Finance Committee.		
	Answer <input type="checkbox"/> True <input checked="" type="checkbox"/> False		
	Correct Feedback Federal tax legislation normally originates in the House Ways and Means Committee.		
	Incorrect Feedback Federal tax legislation normally originates in the House Ways and Means Committee.		
Question 16	True/False	0 points	◀ Add Question Here Modify Remove
	Question Subchapter K refers to the "Partners and Partnerships" section of the Code.		
	Answer <input checked="" type="checkbox"/> True <input type="checkbox"/> False		
Question 17	True/False	0 points	◀ Add Question Here Modify Remove
	Question Subchapter C refers to the "Corporate Distributions and Adjustments" section of the Code.		
	Answer <input checked="" type="checkbox"/> True <input type="checkbox"/> False		
Question 18	True/False	0 points	◀ Add Question Here Modify Remove
	Question Some Regulations are arranged in different sequence than the Code.		
	Answer <input type="checkbox"/> True <input checked="" type="checkbox"/> False		
	Correct Feedback Regulations are arranged in the same sequence as the Code.		
	Incorrect Feedback Regulations are arranged in the same sequence as the Code.		
Question 19	True/False	0 points	◀ Add Question Here Modify Remove
	Question Proposed Regulations have the force and effect of law.		
	Answer <input type="checkbox"/> True <input checked="" type="checkbox"/> False		
	Correct Feedback They carry little weight.		
	Incorrect Feedback They carry little weight.		
Question 20	True/False	0 points	◀ Add Question Here Modify Remove
	Question Temporary Regulations have the same authoritative value as Finalized Regulations.		
	Answer <input checked="" type="checkbox"/> True <input type="checkbox"/> False		
	Correct Feedback They carry little weight.		
	Incorrect Feedback They carry little weight.		

Question 21	True/False	0 points	Modify Remove
<p>Question Proposed Regulations are not published in the <i>Federal Register</i>.</p> <p>Answer True ✓ False</p> <p>Correct Feedback Proposed Regulations are published in the <i>Federal Register</i>.</p> <p>Incorrect Feedback Proposed Regulations are published in the <i>Federal Register</i>.</p>			
			Add Question Here
Question 22	True/False	0 points	Modify Remove
<p>Question Regulations are issued by the Treasury Department.</p> <p>Answer ✓ True False</p>			
			Add Question Here
Question 23	True/False	0 points	Modify Remove
<p>Question Revenue Rulings carry the same legal force and effect as Regulations.</p> <p>Answer True ✓ False</p> <p>Correct Feedback They do not carry the same legal force as Regulations.</p> <p>Incorrect Feedback They do not carry the same legal force as Regulations.</p>			
			Add Question Here
Question 24	True/False	0 points	Modify Remove
<p>Question A Revenue Ruling is a legislative source of Federal tax law.</p> <p>Answer True ✓ False</p> <p>Correct Feedback A Revenue Ruling is an administrative source of Federal tax law.</p> <p>Incorrect Feedback A Revenue Ruling is an administrative source of Federal tax law.</p>			
			Add Question Here
Question 25	True/False	0 points	Modify Remove
<p>Question Revenue Procedures deal with the internal management practices and procedures of the IRS.</p> <p>Answer ✓ True False</p>			
			Add Question Here
Question 26	True/False	0 points	Modify Remove
<p>Question Treasury Decisions are issued by the Treasury Department to promulgate new Regulations.</p> <p>Answer ✓ True False</p>			
			Add Question Here
Question 27	True/False	0 points	Modify Remove
<p>Question Determination letters usually involve proposed transactions.</p> <p>Answer True ✓ False</p> <p>Correct Feedback They involve <i>completed</i> transactions.</p> <p>Incorrect Feedback They involve <i>completed</i> transactions.</p>			
			Add Question Here
Question 28	True/False	0 points	Modify Remove
<p>Question Unlike determination letters, letter rulings are issued by the National Office of the IRS.</p> <p>Answer ✓ True False</p>			
			Add Question Here
Question 29	True/False	0 points	Modify Remove
<p>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.</p> <p>Answer ✓ True False</p> <p>Correct Feedback Only in the U.S. Tax Court can jurisdiction be obtained without first paying the assessed tax deficiency.</p> <p>Incorrect Feedback Only in the U.S. Tax Court can jurisdiction be obtained without first paying the assessed tax deficiency.</p>			
			Add Question Here
Question 30	True/False	0 points	Modify Remove
<p>Question In a U.S. District Court, a jury can decide both questions of fact and questions of law.</p> <p>Answer True ✓ False</p> <p>Correct Feedback Questions of law are resolved by the presiding judge.</p> <p>Incorrect Feedback Questions of law are resolved by the presiding judge.</p>			
			Add Question Here
Question 31	True/False	0 points	Modify Remove

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** **0 points**

Question The Supreme Court must hear all cases appealed from the U.S. Court of Appeals for the Federal Circuit.

Answer True
 False

Correct Feedback The Supreme Court decides which cases to hear.

Incorrect Feedback The Supreme Court decides which cases to hear.

[Add Question Here](#)

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

Question 33 **True/False** **0 points**

Question A cite such as 372 U.S. 39 indicates a memorandum decision of the Court of Federal Claims.

Answer True
 False

Correct Feedback Citation indicates a U.S. Supreme Court decision.

Incorrect Feedback Citation indicates a U.S. Supreme Court decision.

[Add Question Here](#)

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

Question 34 **True/False** **0 points**

Question Generally, neither a tax law nor a tax treaty takes general precedence over the other.

Answer True
 False

[Add Question Here](#)

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

Question 35 **True/False** **0 points**

Question In a courtroom challenge, the burden of proof is on the IRS to show that a Regulation is right.

Answer True
 False

[Add Question Here](#)

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

Question 36 **True/False** **0 points**

Question Letter rulings may *not* be substantial authority for purposes of the accuracy-related penalty in § 6662.

Answer True
 False

Correct Feedback Post-1984 letter rulings may be substantial authority for purposes of the accuracy-related penalty.

Incorrect Feedback Post-1984 letter rulings may be substantial authority for purposes of the accuracy-related penalty.

[Add Question Here](#)

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

Question 37 **True/False** **0 points**

Question The CPA examination is now computer-based with increased emphasis on information technology.

Answer True
 False

[Add Question Here](#)

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

Question 38 **Multiple Choice** **0 points**

Question Which provision could best be justified as a means of controlling the economy?

Answer Write-off of research and development expenditures.
 Accelerated depreciation method for depreciable capital expenditures.
 Amortization of pollution control facilities.
 The rehabilitation tax credit.
 None of the above.

[Add Question Here](#)

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

Question 39 **Multiple Choice** **0 points**

Question Which provision could best be justified as encouraging small business?

Answer S corporation election.
 Percentage depletion.
 Domestic production activities deduction.
 Interest deduction on home mortgage.
 None of the above.

[Add Question Here](#)

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

Question 40 **Multiple Choice** **0 points**

Question Which provision is not justified by social considerations?

Answer Refundable earned income credit.
 Adoption tax credit.
 Like-kind exchange treatment.
 Disallowance of illegal kickbacks.
 None of the above.

[Add Question Here](#)

- Question 41 **Multiple Choice** **0 points** [Modify](#) [Remove](#)
- Question** Which state is a common law property state?
- Answer**
- Arizona.
 - Louisiana.
 - New Mexico.
 - ✓ New York.
 - None of the above.
- [◀ Add Question Here](#)
- Question 42 **Multiple Choice** **0 points** [Modify](#) [Remove](#)
- Question** Doug and Heather, related parties, are landlord and tenant as to certain business property. If the IRS questions the amount of rent Heather is paying to Doug, this is an illustration of the:
- Answer**
- ✓ Arm's length concept.
 - Continuity of interest concept.
 - Tax benefit rule.
 - Substance over form concept.
 - None of the above.
- [◀ Add Question Here](#)
- Question 43 **Multiple Choice** **0 points** [Modify](#) [Remove](#)
- Question** Federal tax legislation generally originates in what body?
- Answer**
- Internal Revenue Service.
 - Senate Finance Committee.
 - ✓ House Ways and Means Committee.
 - House Taxation Committee.
 - None of the above.
- Correct Feedback** The point of origination normally is the Ways and Means Committee of the House of Representatives.
- Incorrect Feedback** The point of origination normally is the Ways and Means Committee of the House of Representatives.
- [◀ Add Question Here](#)
- Question 44 **Multiple Choice** **0 points** [Modify](#) [Remove](#)
- Question** Regulations may first be found in:
- Answer**
- ✓ *Federal Register*.
 - Cumulative Bulletin*.
 - Internal Revenue Bulletin*.
 - I.R.S. Digest*.
 - All of the above.
- Correct Feedback** Regulations are first published in the *Federal Register*.
- Incorrect Feedback** Regulations are first published in the *Federal Register*.
- [◀ Add Question Here](#)
- Question 45 **Multiple Choice** **0 points** [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** **0 points** [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** **0 points** [Modify](#) [Remove](#)
- Question** Revenue Rulings 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 Rulings are published weekly in the *Internal Revenue Bulletin* and semiannually in the *Cumulative Bulletin*.
- Incorrect Feedback** Revenue Rulings are published weekly in the *Internal Revenue Bulletin* and semiannually in the *Cumulative Bulletin*.
- [◀ Add Question Here](#)
- Question 48 **Multiple Choice** **0 points** [Modify](#) [Remove](#)
- Question** Determine the incorrect citation:

Answer Ltr. Rul. 20012305.
George W. Guill, 112 T.C.____, No. 22 (1999).
 Ltr. Rul. 200108052.
 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** **0 points**

[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** **0 points**

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

Question Which of the following sources has the *highest* tax validity?

Answer Treasury Regulation.
 Revenue Ruling.
 Internal Revenue Code.
 Proposed Regulation.
 All of the above have same weight.

[◀ Add Question Here](#)

Question 51 **Multiple Choice** **0 points**

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

Question

Which of the following is an administrative source of tax law?

Answer Rev. Proc. 2010-3.
 Joint Conference Committee Report.
 Section 12(a) of the *Internal Revenue Code*.
 All of the above.
 None of the above.

Correct Feedback Revenue Procedures are issued by the National Office of the IRS.

Incorrect Feedback Revenue Procedures are issued by the National Office of the IRS.

[◀ Add Question Here](#)

Question 52 **Multiple Choice** **0 points**

[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. Summary Opinion, 2005-111.
 All of the above.

Correct Feedback The citation refers to a Tax Court opinion which is a *judicial* source of tax law.

Incorrect Feedback The citation refers to a Tax Court opinion which is a *judicial* source of tax law.

[◀ Add Question Here](#)

Question 53 **Multiple Choice** **0 points**

[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** **0 points**

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

Question A taxpayer who loses in a U.S. District Court may appeal directly to the:

Answer Supreme Court.
 U.S. Tax Court.
 U.S. Court of Federal Claims.
 U.S. Circuit Court of Appeals.
 All of the above.

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

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

[◀ Add Question Here](#)

Question 55 **Multiple Choice** **0 points**

[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** **0 points**

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

Question Which trial court hears only tax disputes?

- 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** **0 points**

[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** **0 points**

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

Question Which state is located in the jurisdiction of the Ninth Circuit of Appeals?

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

[Add Question Here](#)

Question 59 **Multiple Choice** **0 points**

[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. Circuit 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, Circuit 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 Circuit 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 Circuit 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 Circuit 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, Circuit 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 Circuit 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 Circuit 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 Circuit Court of Appeals (reported in the F.2d series), or choice c.

[Add Question Here](#)

Question 60 **Multiple Choice** **0 points**

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

Question Which citation refers to a Third Circuit 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](#)

Question 61 **Multiple Choice** **0 points**

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

Question Which citation refers to a U.S. Tax Court 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](#)

Question 62 **Multiple Choice** **0 points**

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

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](#)

Question 63 **Multiple Choice** **0 points**

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

Question Which trial court has 19 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](#)

Question 64 **Multiple Choice** **0 points**

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

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](#)

Question 65 **Multiple Choice** **0 points**

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

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](#)

Question 66 **Multiple Choice** **0 points**

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

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](#)

Question 67 **Multiple Choice** **0 points**

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

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](#)

Question 68 **Multiple Choice** **0 points**

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

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	0 points	Modify Remove
<p>Question Which is a primary source of tax law?</p> <p>Answer ✓ <i>J.W. Yarbo v. Comm.</i>, 737 F. 2d 479 (CA-5, 1984). Article by a Federal judge in <i>Yale Law Review</i>. Determination letter. Letter ruling. All of the above are primary sources.</p>			
			Add Question Here
Question 70	Essay	0 points	Modify Remove
<p>Question What is the wherewithal to pay concept? Give an example.</p> <p>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.</p>			
			Add Question Here
Question 71	Essay	0 points	Modify Remove
<p>Question Explain the function of Temporary Regulations.</p> <p>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.</p>			
			Add Question Here
Question 72	Essay	0 points	Modify Remove
<p>Question Explain the <i>Golsen</i> doctrine.</p> <p>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 <i>Golsen</i> decision. Now the Tax Court will decide a case as it feels the law should be applied <i>only</i> 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 <i>Golsen</i> rule even though it disagrees with the holding.</p>			
			Add Question Here
Question 73	Essay	0 points	Modify Remove
<p>Question What are the key components of tax planning?</p> <p>Answer</p> <ul style="list-style-type: none"> · <i>Avoid</i> the recognition of income (usually by resorting to a nontaxable source or nontaxable event). · <i>Defer</i> the recognition of income (or accelerate deductions). · <i>Convert</i> the classification of income (or deductions) to a more advantageous form (e.g., ordinary income into capital gain). · <i>Choose</i> the business <i>entity</i> with the desired tax attributes. · Preserve <i>formalities</i> by generating and maintaining supporting documentation. · Act in a manner <i>consistent</i> with the intended objective. 			
			Add Question Here
Question 74	Essay	0 points	Modify Remove
<p>Question Explain simulations on the CPA examination.</p> <p>Answer Simulations are small case studies designed to test a candidate's tax knowledge and skills using real-life work-related situations. The simulations range from 30 to 50 minutes in length and complement the multiple-choice questions. Simulations include a four-function pop-up calculator, a blank spreadsheet with some elementary functionality, and authoritative literature appropriate to the subject matter. The taxation database includes authoritative excerpts (e.g., Internal Revenue Code and Federal tax forms) that are necessary to complete the tax case study simulations.</p>			
			Add Question Here

OK