

CHAPTER 1

UNDERSTANDING AND WORKING WITH THE FEDERAL TAX LAW

EXAMINATION QUESTIONS

- ___ 1. Regulations are usually not issued immediately after a statute is enacted.
- ___ 2. The IRS is not required to make a letter ruling public.
3. Which statement is true with respect to TAMs ?
 - a. They are issued by the Regional Office of the IRS.
 - b. They deal with completed transactions.
 - c. They may be cited or used as precedent.
 - d. They are issued at the request of the taxpayer.
 - e. None of the above.
4. A taxpayer may not appeal a case from which court?
 - a. U.S. District Court.
 - b. U.S. Tax Court.
 - c. U.S. Court of Appeals.
 - d. Small Cases Division of the U.S. Tax Court.
 - e. All of the above.
5. Which trial court hears only tax cases?
 - a. U.S. District Court.
 - b. U.S. Court of Appeals.
 - c. U.S. Tax Court.
 - d. U.S. Court of Federal Claims.
 - e. None of the above.
6. In § 2(a)(1)(A), the (a) stands for the:
 - a. Section number.
 - b. Subsection number.
 - c. Paragraph designation.
 - d. Subparagraph designation.
 - e. None of the above.

7. 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.
8. Which statement is true with respect to letter rulings?
 - a. They are issued by the Regional Offices of the IRS.
 - b. They deal with completed transactions.
 - c. They may be requested for any area of taxation.
 - d. They are issued at the request of the taxpayer.
 - e. All of the above.
9. A taxpayer who loses in the U.S. Court of Federal Claims may appeal directly to the:
 - a. U.S. District Court.
 - b. U.S. Supreme Court.
 - c. U.S. Court of Appeals (Regional Circuit).
 - d. U.S. Court of Appeals (Federal Circuit).
 - e. None of the above.
10. Subchapter K of the Internal Revenue Code covers what topic?
 - a. Penalty taxes.
 - b. S Corporations.
 - c. Excise taxes.
 - d. Partners and Partnerships.
 - e. None of the above.

SOLUTIONS TO EXAMINATION QUESTIONS

1. T Regulations require time to be issued and may never be issued on a particular statutory change in a Code section. p. 1-18
2. F The law now requires the IRS to make letter rulings available for public inspection after identifying details are deleted. p. 1-22
3. b All of the statements except b. are false regarding TAMs. TAMs are released by the National Office of the IRS, deal with completed transactions and may not be cited as precedent. TAMs are also issued in response to questions raised by IRS personnel during audits and not at the request of taxpayers. p. 1-21
4. d Appeals are available from all courts listed except the Small Cases Division of the U.S. Tax Court. p. 1-25 and Figure 1.1
5. c The U.S. Tax Court deals with tax cases only. p. 1-24 and Concept Summary 1.1
6. b p. 1-18
7. a All of the statements are true except a. pp. 1-20 and 1-21
8. d All of the statements are false regarding letter rulings. Letter rulings are issued by the National Office of the IRS (option a.) at the request of the taxpayer (option d.), deal with proposed transactions (option b.), and are restricted to selected areas of taxation (option c.). pp. 1-22 and 1-23
9. d The appeal from the U.S. Court of Federal Claims is directly to the U.S. Court of Appeals (Federal Circuit). p. 1-25 and Figure 1.1
10. d Subchapter K covers Partners and Partnerships. p. 1-18