South Western Federal Taxation 2019 Individual Income Taxes 42nd edition Young Test Bank

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Chapter 02: Working with the Tax Law

True / False

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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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 Internal Revenue Code becomes more and more complex. The Tax Cuts and Jobs Act of 2017 simplified certain areas of the tax law (e.g., a flat corporate tax rate; eliminating some individual deductions), while making other areas more complex (e.g., the deduction for qualified business income).
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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6. This Internal Revenue Code section citation is incorrect: § 212(1).
   a. True
   b. False

ANSWER:	False
RATIONALE:	Some Internal Revenue Code sections omit the subsection and use paragraph designation as the first subpart as does § 212.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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8. In general, Regulations are 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 an Internal Revenue Code section.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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 of tax law.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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12. The following citation could be a correct citation: Rev. Rul. 95-271,1995-64 I.R.B. 18.
    a. True
    b. False

ANSWER:	False
RATIONALE:	The citation provided refers to a Bulletin issued in the 64th week of 1995. Since a year only has 52 weeks, the citation *cannot* be correct.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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13. Revenue Procedures deal with the internal management practices and procedures of the IRS.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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17. Determination letters usually involve completed transactions.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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18. Technical Advice Memoranda deal with completed transactions.
    a. True
    b. False

ANSWER:	True
RATIONALE:	TAMs deal with completed transactions.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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19. Technical Advice Memoranda may *not* be cited as precedents by taxpayers.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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 a suit can be instituted in either the U.S. District Court or the U.S. Court of Federal Claims.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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27. The *Golsen* rule has been overturned by the U.S. Supreme Court.
    a. True
    b. False

ANSWER:	False
RATIONALE:	The *Golsen* rule has not been overturned by the U.S. Supreme Court. It is followed by the U.S. Tax Court.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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DATE MODIFIED:	8/15/2018 4:04 PM

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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
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DATE CREATED:	11/15/2017 11:33 AM
DATE MODIFIED:	8/15/2018 4:04 PM

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

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
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33. The following citation is correct: *Larry G. Mitchell*, 131 T.C. 215 (2008).
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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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 expanded its acquiescence program to include other tax cases.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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STATE STANDARDS:	United States - AK - AICPA: FN-Research
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35. There is a direct conflict between an Internal Revenue Code section adopted in 2010 and a treaty with France (signed in 2016). The Internal Revenue Code section controls.
    a. True
    b. False

ANSWER:	False
RATIONALE:	The most recent item takes precedence.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
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36. The *Index to Federal Tax Articles* (published by Thomson Reuters) is available electronically.
    a. True
    b. False

ANSWER:	False
RATIONALE:	It is available only in print form.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
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37. A U.S. District Court is considered the lowest trial court.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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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 Internal Revenue Code or Regulations.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUBUSPROG: Analytic - BUSPROG: Analytic United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Leverage Technology United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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39. Electronic (online) databases are most frequently searched by the keyword approach.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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41. A "Bluebook" is substantial authority for purposes of the accuracy related penalty.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUBUSPROG: Analytic - BUSPROG: Analytic United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Leverage Technology United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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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:	Wealth maximization is the primary goal. Reducing or deferring the tax liability is a secondary tax objective.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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43. Deferring income to a subsequent year is considered to be tax avoidance.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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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
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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45. The Regulation section of the CPA exam is approximately 80% Taxation and 20% Law & Professional Responsibilities.
    a. True
    b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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46. The Tax Cuts and Jobs Act of 2017 became part of the Internal Revenue Code of 1986.
    a. True
    b. False

ANSWER:	True
RATIONALE:	Once passed, act provisions are incorporated into the U.S. Code (in this case, the Internal Revenue Code).
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
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47. Revenue tax measures typically originate in the Senate Finance Committee of the U.S. Congress.
    a. True
    b. False

ANSWER:	False
RATIONALE:	Typically they originate in the House Ways and Means Committee.
POINTS:	1
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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48. Currently, the Internal Revenue Code of 1986 does not contain §§ 308, 309, and 310. This absence means these sections were repealed by Congress.
    a. True
    b. False

ANSWER:	False
RATIONALE:	The absence of these sections may be due to another reason. When the original Code was drafted, the omission of section numbers was intentional. This omission provided flexibility to incorporate later changes in the Code without disrupting its organization.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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49. Before a tax bill can become law, it must be approved (signed) by the President of the United States.
    a. True
    b. False

ANSWER:	False
RATIONALE:	A bill can be vetoed by the President and the veto can be overridden by Congress.
POINTS:	1
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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50. Normally, when the Senate version of a tax bill differs from that passed by the House, a Joint Conference Committee drafts a compromise tax bill.
    a. True
    b. False

ANSWER:	True
RATIONALE:	Unless the House agrees to the Senate legislation (as changed by the Senate), a Joint Conference Committee drafts a compromise tax bill.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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51. Subchapter C refers to the subchapter in the Internal Revenue Code that deals with partnerships and partners.
    a. True
    b. False

ANSWER:	False
RATIONALE:	Subchapter C deals with corporations; Subchapter K deals with partnerships.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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52. 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:	Revenue rulings are of lesser stature than Regulations.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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53. Revenue Rulings are first published in the Internal Revenue Bulletin.
    a. True
    b. False

ANSWER:	True
RATIONALE:	Revenue Rulings are published in the Internal Revenue Bulletin.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.
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54. A Temporary Regulation under § 303 of the Code would be cited as follows: Temp. Reg. § 303.
    a. True
    b. False

ANSWER:	False
RATIONALE:	Regulation section numbers contain a prefix number (usually 1) followed by a period (such as 1.). Thus, the proper cite is Temp. Reg. § 1.303.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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Multiple Choice

55. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.
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56. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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57. Federal tax legislation generally originates in which of the following?
    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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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58. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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59. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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DATE CREATED:	11/15/2017 11:33 AM
DATE MODIFIED:	8/15/2018 4:04 PM

60. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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61. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.
DATE CREATED:	11/15/2017 11:33 AM
DATE MODIFIED:	8/15/2018 4:04 PM

62. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research United States - AK - AICPA: FN-Risk Analysis
KEYWORDS:	Bloom's: Knowledge
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63. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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OTHER:	Time: 2 min.
DATE CREATED:	11/15/2017 11:33 AM
DATE MODIFIED:	8/15/2018 4:04 PM

64. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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65. In addressing the importance of a Regulation, an IRS agent must:
    a. Give equal weight to the Internal Revenue Code and the Regulations.
    b. Give more weight to the Internal Revenue Code rather than to a Regulation.
    c. Give more weight to the Regulation rather than to the Internal Revenue Code.
    d. Give less weight to the Internal Revenue Code rather than to a Regulation.
    e. None of these.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.
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DATE MODIFIED:	8/15/2018 4:04 PM

66. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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67. What statement is *not* true with respect to Temporary Regulations?
    a. May not be cited as precedent.
    b. Issued with 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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68. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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69. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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70. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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71. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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72. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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73. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.
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DATE MODIFIED:	8/15/2018 4:04 PM

74. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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75. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.
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DATE MODIFIED:	8/15/2018 4:04 PM

76. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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77. Which publisher offers the *United States Tax Reporter?*
    a. Research Institute of America (Thomson Reuters)
    b. Commerce Clearing House
    c. LexisNexis
    d. Tax Analysts
    e. None of these

ANSWER:	a
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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DATE MODIFIED:	8/15/2018 4:04 PM

78. When searching on an electronic (online) tax service, which approach is more frequently used?
    a. Internal Revenue 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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79. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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80. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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81. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-03 - LO: 2-03
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.
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82. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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83. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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84. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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85. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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86. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Knowledge
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87. 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 task-based simulations 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-07 - LO: 2-07
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Measurement - AICPA: FN-Measurement
KEYWORDS:	Bloom's: Knowledge
OTHER:	Time: 2 min.
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88. 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
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-04 - LO: 2-04
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
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89. Interpret the following citation: 64-1 USTC ¶9618, aff'd in 344 F.2d 966.
    a. A U.S. Tax Court Small Cases Division decision that was affirmed on appeal.
    b. A U.S. Tax Court decision that was affirmed on appeal.
    c. A U.S. District Court decision that was affirmed on appeal.
    d. A U.S. Circuit Court of Appeals decision that was affirmed on appeal.
    e. None of the above.

ANSWER:	c
RATIONALE:	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 Divisions 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.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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90. Which citation refers to a Second Circuit Court of Appeals decision?
    a. 40 T.C. 1018.
    b. 159 F.2d 848 (CA-2, 1947).
    c. 354 F. Supp. 1003 (D.Ct. GA. 1972).
    d. 914 F.2d 396 (CA-3, 1990).
    e. None of the above.

ANSWER:	b
RATIONALE:	CA-2 designates the Second Circuit Court of Appeals.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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DATE CREATED:	12/5/2017 11:11 AM
DATE MODIFIED:	8/15/2018 4:04 PM

91. Which citation refers to a U.S. Tax Court decision?
    a. Apollo Computer, Inc. v. U.S., 95-1 (USTC ¶50,015 (Fed.Cl., 1994)
    b. Westreco, Inc., T.C. Memo. 1992-561 (1992).
    c. Bausch & Lomb, Inc. v. Comm., 933 F.2d 1084 (CA-2, 1991).
    d. Portland Manufacturing Co. v. Comm., 35 AFTR2d 1439 (CA-9, 1975).
    e. None of the above.

ANSWER:	b
RATIONALE:	T.C. Memo refers to a Tax Court decision. The other citations refer to Court of Appeals decisions (c. and d.) or Court of Federal Claims decisions (a.).
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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92. If these citations appeared after a trial court decision, which one means that the decision was overruled?
    a. Aff'd 633 F.2d 512 (CA-7, 1980).
    b. Rem'd 399 F.2d 800 (CA-5, 1968).
    c. Aff'd 914 F.2d 396 (CA-3, 1990).
    d. Rev'd 935 F.2d 203 (CA-5, 1991).
    e. None of the above.

ANSWER:	d
RATIONALE:	Rev'd indicates a reversal; Aff'd indicates affirmed; Rem'd indicates remanded.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-02 - LO: 2-02
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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DATE MODIFIED:	8/15/2018 4:04 PM

93. Memorandum decision of the U.S. Tax Court could be cited as:
    a. T.C. Memo. 1990-650.
    b. 68-1 USTC ¶9200.
    c. 37 AFTR.2d 456.
    d. All of the above.
    e. None of the above.

ANSWER:	a
RATIONALE:	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 (AFTR2d in choice c.)
POINTS:	1
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-02 - LO: 2-02
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.
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94. Which is a primary source of tax law?
    a. Serverino R. Nico, Jr., 67 T.C. 647 (1977).
    b. Article by a Federal judge in Tax Notes.
    c. An IRS publication.
    d. Written determination letter.
    e. All of the above are primary sources.

ANSWER:	a
RATIONALE:	Items b., c., and d. are secondary sources.
POINTS:	1
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-02 - LO: 2-02
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 2 min.
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95. Which of the following statements about a nonacquiescence is correct?
    a. A nonacquiescence is issued in the Federal Registrar.
    b. Nonacquiescences are published only for certain regular decisions of the U.S. Tax Court.
    c. A nonacquiescence in published in the Internal Revenue Bulletin.
    d. The IRS does not issue nonacquiescences to adverse decisions that are not appealed.
    e. All of the above are correct.

ANSWER:	c
RATIONALE:	A nonacquiescence is not issued in the Federal Register (so a. is incorrect); nonacquiescenses can be issued for any court decision, not just U.S. Tax Court decisions (so b. is incorrect); the IRS can issue a nonacquiescence whether it appeals a decision or not (so d. is incorrect).
POINTS:	1
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-02 - LO: 2-02
NATIONAL STANDARDS:	United States - BUSPROG: Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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Essay

96. 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 Internal Revenue 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:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Essay
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 5 min.
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97. 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:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Essay
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Analysis
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98. 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:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Essay
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
OTHER:	Time: 5 min.
DATE CREATED:	11/15/2017 11:33 AM
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99. 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:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Essay
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension 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
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100. 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:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Essay
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension 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.
DATE CREATED:	11/15/2017 11:33 AM
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101. 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:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Essay
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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102. 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 Internal Revenue 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:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Essay
HAS VARIABLES:	False
LEARNING OBJECTIVES:	IITX.SWFT.2019.LO: 2-01 - LO: 2-01
NATIONAL STANDARDS:	United States - BUSPORG: Comprehension - BUSPORG:Comprehension United States - BUSPROG: Technology: Technology: - BUSPROG: Technology
STATE STANDARDS:	United States - AK - AICPA: FN-Research
KEYWORDS:	Bloom's: Comprehension
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