TT TEXTBOOK TESTBANKS

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Chapter 1: Ch01 Understanding and Working with the Federal Tax Law

Total Questions: 93

Multiple Choice (40)

Q1. *[Multiple Choice] · Bloom's: Remember*

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

- **a)** Write-off of research and development expenditures.
- **b) The § 179 immediate expensing of depreciable capital expenditures. ✓ correct**
- **c)** Amortization of pollution control facilities.
- **d)** The rehabilitation tax credit.

Q2. *[Multiple Choice] · Bloom's: Remember*

Which provision could best be justified as encouraging small business?

- **a) Ordinary loss allowed on § 1244 stock. ✓ correct**
- **b)** Percentage depletion.
- **c)** Charitable contributions deduction.
- **d)** Interest deduction on home mortgage.

Q3. *[Multiple Choice] · Bloom's: Understand*

Which provision is*not*justified by social considerations?

- **a)** Refundable earned income credit.
- **b)** Adoption tax credit.
- **c) Like-kind exchange treatment. ✓ correct**
- **d)** Disallowance of illegal kickbacks.

Q4. *[Multiple Choice] · Bloom's: Understand*

Which state is*not*a community property state?

- **a)** Arizona.
- **b)** Texas.
- **c)** New Mexico.
- **d) Virginia. ✓ correct**

Q5. *[Multiple Choice] · Bloom's: Remember*

Douglas and Sue, related parties, are landlord and tenant as to certain business property. If the IRS questions the amount of rent Sue is paying to Douglas, this is an illustration of the:

- **a) Arm’s length concept. ✓ correct**
- **b)** Continuity of interest concept.
- **c)** Tax benefit rule.
- **d)** Substance over form concept.

Q6. *[Multiple Choice] · Bloom's: Understand*

Federal tax legislation generally originates in what committee?

- **a)** House Budget Committee.
- **b)** Senate Finance Committee.
- **c) House Ways and Means Committee. ✓ correct**
- **d)** House Taxation Committee.

Q7. *[Multiple Choice] · Bloom's: Understand*

Regulations are first published in:

- **a) Federal Register. ✓ correct**
- **b)** Cumulative Bulletin.
- **c)** Internal Revenue Bulletin.
- **d)** I.R.S. Digest.

Q8. *[Multiple Choice] · Bloom's: Understand*

Which citation is considered to be a statutory (legislative) citation?

- **a)** Ltr. Rul.202434002.
- **b)** Ann. 94-5, 1994-2 I.R.B. 39.
- **c)** Reg. § 1.1014-1(c)(1).
- **d) § 351. ✓ correct**

Q9. *[Multiple Choice] · Bloom's: Remember*

ATechnicalAdviceMemorandum is issued by:

- **a)** Treasury Department.
- **b) National Office of the IRS. ✓ correct**
- **c)** Office of Chief Council.
- **d)** Area Director.

Q10. *[Multiple Choice] · Bloom's: Remember*

Revenue Procedures are published in the:

- **a)** Congressional Record.
- **b)** Federal Revenue Bulletin.
- **c) Internal Revenue Bulletin. ✓ correct**
- **d)** I.R.S. Digest.

Q11. *[Multiple Choice] · Bloom's: Understand*

Determine the incorrect citation:

- **a) TAM 20002704. ✓ correct**
- **b)** *George W. Guill*, 112 T.C.__, No. 22 (1999).
- **c)** *John H. Wong*, T.C. Summary Opinion 2009-152.
- **d)** Rev. Rul. 98-32, 1998-25 I.R.B. 4.

Q12. *[Multiple Choice] · Bloom's: Understand*

Regarding Technical Advice Memoranda, which statement is*incorrect*?

- **a)** Issued by the National Office of IRS.
- **b)** Most often deal with a completed transaction.
- **c) May be cited and used as precedent. ✓ correct**
- **d)** Issued with multi-digit file numbers.

Q13. *[Multiple Choice] · Bloom's: Understand*

Which of the following sources has the*highest*tax authority?

- **a)** Treasury Regulation.
- **b)** Revenue Procedure.
- **c) Internal Revenue Code. ✓ correct**
- **d)** Temporary Regulation.

Q14. *[Multiple Choice] · Bloom's: Remember*

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

- **a) Rev. Rul. 2010-19. ✓ correct**
- **b)** Joint Conference Committee Report.
- **c)** Section 12(a) of the*Internal Revenue Code*.
- **d)** All of these.

Q15. *[Multiple Choice] · Bloom's: Remember*

A decision in which of the following courts carries the lowest tax authority?

- **a)** U.S. Court of Appeals for the Federal Circuit.
- **b)** U.S. Court of Appeals for the Second Circuit.
- **c) U.S. District Court. ✓ correct**
- **d)** U.S. Supreme Court.

Q16. *[Multiple Choice] · Bloom's: Understand*

In*Forty-Four Cigar Co.,*2 B.T.A. 1156, the 1156 stands for:

- **a)** The volume number.
- **b)** The year of the decision.
- **c)** The paragraph number.
- **d) The page number. ✓ correct**

Q17. *[Multiple Choice] · Bloom's: Remember*

Which statement is*not*true about this citation:*Bonkowski v. Comm.,*29 TCM 1645 (1970),*aff'd*458 F.2d 709 (CA-7, 1972),*cert. den.*?

- **a)** The Supreme Court decided not to agree or disagree with the Seventh Court of Appeals.
- **b) The Seventh Court of Appeals disagreed with the Tax Court. ✓ correct**
- **c)** The Tax Court decision starts on page 1645.
- **d)** The Seventh Court of Appeals decision appears in Vol. 458.

Q18. *[Multiple Choice] · Bloom's: Remember*

Which of these notations would appear after a U.S. Tax Court citation if the IRS disagrees with the decision?

- **a)** *Rev'd*935 F.2d 203 (1991).
- **b) *Nonacq*. 1979-1 C.B. 1. ✓ correct**
- **c)** *Cert. den*. 361 U.S. 875 (1959).
- **d)** *Acq.*1990-1 C.B. 2.

Q19. *[Multiple Choice] · Bloom's: Remember*

Which of the following refers to a trial court rather than an appellate court decision?

- **a) *Forgeus v. Comm.,*6 B.T.A. 291 (1927). ✓ correct**
- **b)** *Farris v. Comm.,*222 F.2d 320 (CA-10, 1955).
- **c)** *Danville Plywood Corp.,*899 F.2d 3 (Fed Cir. 1990).
- **d)** *Boehm v. Comm.,*326 U.S. 287 (1945).

Q20. *[Multiple Choice] · Bloom's: Remember*

Which citation refers to a Third Circuit Court of Appeals decision?

- **a)** 40 T.C. 1018.
- **b)** 2 TCM 205 (1951).
- **c)** 354 F.Supp. 1003 (D. Ct. Ga, 1972).
- **d) 914 F.2d 396 (CA-3, 1990). ✓ correct**

Q21. *[Multiple Choice]* · *Bloom's: Remember*

Which state is located in the jurisdiction of the Fifth Circuit Court of Appeals?

- **a) Louisiana. ✓ correct**
- **b)** California.
- **c)** New York.
- **d)** South Carolina.

Q22. *[Multiple Choice]* · *Bloom's: Understand*

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. ✓ correct**
- **d)** A U.S. Court of Appeals decision that was affirmed on appeal.

Q23. *[Multiple Choice]* · *Bloom's: Understand*

Which citation refers to a Second Circuit Court of Appeals decision?

- **a)** 40 T.C. 1018.
- **b) 159 F. 2d 848 (CA-2, 1947). ✓ correct**
- **c)** 354 F. Supp. 1003 (D. Ct. Ga, 1972).
- **d)** 914 F. 2d 396 (CA-3, 1990).

Q24. *[Multiple Choice]* · *Bloom's: Understand*

Which citation refers to a U.S. Court of Federal Claims decision?

- **a) *Apollo Computer, Inc. v. U.S.,*95-1 USTC ¶ 50,015 (Fed. Cl., 1994). ✓ correct**
- **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 AFTR 2d 1439 (CA-9, 1975).

Q25. *[Multiple Choice]* · *Bloom's: Understand*

If these citations appeared after a trial court decision, which one means that the decision was viewed favorably?

- **a) *Aff'd*633 F. 2d 512 (CA-7, 1980). ✓ correct**
- **b)** *Rem'd*399 F. 2d 800 (CA-5, 1968).
- **c)** *Rev'd*914 F. 2d 396 (CA-3, 1990).
- **d)** *Rev'd*935 F. 2d 203 (CA-5, 1991).

Q26. *[Multiple Choice]* · *Bloom's: Remember*

Which trial court normally has 16 judges?

- **a)** U.S. Tax Court.
- **b) U.S. Court of Federal Claims. ✓ correct**
- **c)** U.S. Supreme Court.
- **d)** U.S. Court of Appeals.

Q27. *[Multiple Choice]* · *Bloom's: Remember*

Which trial court's jurisdiction depends on the geographical location of the taxpayer?

- **a)** U.S. Tax Court.
- **b) U.S. District Court. ✓ correct**
- **c)** U.S. Court of Federal Claims.
- **d)** Small Cases Division of the Tax Court.

Q28. *[Multiple Choice]* *· Bloom's: Understand*

Which trial court decision is generally less authoritative?

- **a)** U.S. District Court.
- **b)** U.S. Tax Court.
- **c)** U.S. Court of Federal Claims.
- **d) Small Cases Division of the Tax Court. ✓ correct**

Q29. *[Multiple Choice]* *· Bloom's: Understand*

A Memorandum decision of the U.S. Tax Court could be cited as:

- **a) T.C. Memo. 1990-650. ✓ correct**
- **b)** 68-1 USTC 9200.
- **c)** 37 AFTR 2d 456.
- **d)** All of these.

Q30. *[Multiple Choice]* *· Bloom's: Understand*

Which court decision is generally more authoritative?

- **a)** A U.S. Tax Court decision.
- **b)** A U.S. Court of Federal Claims decision.
- **c)** A U.S. District Court decision.
- **d) A U.S. Court of Appeals decision. ✓ correct**

Q31. *[Multiple Choice]* *· Bloom's: Understand*

Which of the following statements about an acquiescence is correct?

- **a)** An acquiescence is issued in the*Federal Register*.
- **b)** Acquiescences are published only for certain regular decisions of the U.S. Tax Court.
- **c) An acquiescence is published in the*Internal Revenue Bulletin.* ✓ correct**
- **d)** The IRS does not issue acquiescences to adverse decisions that are not appealed.

Q32. *[Multiple Choice]* *· Bloom's: Remember*

Which is a primary source of tax law?

- **a) *J.W. Yarbo v. Comm.*, 737 F. 2d 479 (CA-5, 1984). ✓ correct**
- **b)** Article by a Federal judge in*Harvard Law Review*.
- **c)** IRS Determination letter.
- **d)** IRS Letter ruling.

Q33. *[Multiple Choice]* *· Bloom's: Remember*

A landlord leases property upon which the tenant makes improvements. The improvements are significant and are not made in lieu of rent. At the end of the lease, the value of the improvements is not income to the landlord. This rule is an example of:

- **a) The wherewithal to pay concept. ✓ correct**
- **b)** The tax benefit rule.
- **c)** The arm’s length concept.
- **d)** A clear reflection of income result.

Q34. *[Multiple Choice]* *· Bloom's: Remember*

What statement is not true with respect to Temporary Regulations?

- **a) They may not be cited as precedent. ✓ correct**
- **b)** They are issued with Proposed Regulations.
- **c)** They automatically expire within three years after the date of issuance.
- **d)** They can be found in the Federal Register.

Q35. *[Multiple Choice] · Bloom's: Remember*

What administrative release deals with a proposed transaction rather than a completed transaction?

- **a) Letter Ruling. ✓ correct**
- **b)** Technical Advice Memorandum.
- **c)** Determination Letter.
- **d)** Field Service Advice.

Q36. *[Multiple Choice] · Bloom's: Remember*

If a taxpayer decides not to pay a tax deficiency, they must go to which court?

- **a)** Appropriate U.S. Circuit Court of Appeals.
- **b)** U.S. District Court.
- **c) U.S. Tax Court. ✓ correct**
- **d)** U.S. Court of Federal Claims.

Q37. *[Multiple Choice] · Bloom's: Remember*

Both economic and social considerations can be used to justify:

- **a) Various tax credits, deductions, and exclusions that are designed to encourage taxpayers to obtain additional education. ✓ correct**
- **b)** Disallowance of any deduction for expenditures deemed to be contrary to public policy (e.g., fines, penalties, illegal kickbacks, bribes to government officials).
- **c)** Favorable tax treatment for accident and health plans provided for employees and financed by employers.
- **d)** Allowing a deduction for state and local income taxes paid.

Q38. *[Multiple Choice] · Bloom's: Remember*

Social considerations can be used to justify:

- **a)** Allowing a federal income tax deduction for state and local sales tax.
- **b)** Allowing excess capital losses to be carried over to other years.
- **c)** Allowing accelerated amortization for the cost of installing pollution control facilities.
- **d) Allowance of a credit for child care expenses. ✓ correct**

Q39. *[Multiple Choice] · Bloom's: Remember*

Allowing a net operating loss (NOL) carryforward can be justified:

- **a) As mitigating the effect of the annual accounting period concept. ✓ correct**
- **b)** By economic considerations.
- **c)** As promoting administrative feasibility.
- **d)** Based on the wherewithal to pay concept.

Q40. *[Multiple Choice] · Bloom's: Remember*

Which, if any, of the following provisions of the tax law cannot be justified as promoting administrative feasibility (simplifying the task of the IRS)?

- **a)** Penalties are imposed for failure to file a return or pay a tax on time.
- **b)** Prepaid income is taxed in the year received, not in the year earned.
- **c)** Annual adjustments for indexation increase the amount of the standard deduction allowed.
- **d) A deduction is allowed for charitable contributions. ✓ correct**

True/False (48)

Q41. *[True/False]* · *Bloom's: Remember*

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

a) true

b) false ✓ correct

Correct answer: False

Q42. *[True/False]* · *Bloom's: Remember*

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

a) true ✓ correct

b) false

Correct answer: True

Q43. *[True/False]* · *Bloom's: Remember*

Revenue-neutral tax laws reduce deficits.

a) true

b) false ✓ correct

Correct answer: False

Q44. *[True/False]* · *Bloom's: Remember*

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

a) true ✓ correct

b) false

Correct answer: True

Q45. *[True/False]* · *Bloom's: Remember*

The Internal Revenue Code is a compilation of Federal tax legislation that appears in Title 26 of the United States Code.

a) true ✓ correct

b) false

Correct answer: True

Q46. *[True/False]* · *Bloom's: Understand*

The favorable treatment of research and development expenses(via amortization deductions and tax credits)is one means of controlling the economy.

a) true

b) false ✓ correct

Correct answer: False

Q47. *[True/False]* · *Bloom's: Understand*

The encouragement of private-sector pension plans can be justified under the encouragement of certain industries.

a) true

b) false ✓ correct

Correct answer: False

Q48. *[True/False] · Bloom's: Remember*

One Internal Revenue Code section enables shareholders in a small business corporation to obtain an ordinary deduction for any loss recognized on a stock investment.

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q49. *[True/False] · Bloom's: Understand*

One of the justifications for the enactment of the tax law governing corporate reorganizations was the economic benefit it would provide businesses (including making them more efficient).

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q50. *[True/False] · Bloom's: Understand*

Although a corporation is subject to a Federal income tax, a partnership is not.

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q51. *[True/False] · Bloom's: Understand*

The Federal income tax law allows a taxpayer to claim a deduction for state and local income taxes but limits all state taxes to a maximum of $10,000(which could possibly sunset at the end of 2025).

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q52. *[True/False] · Bloom's: Understand*

Alabama and South Carolina are community property states.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q53. *[True/False] · Bloom's: Understand*

A tax bill cannot originate in the Senate Finance Committee.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q54. *[True/False] · Bloom's: Remember*

Taxpayers may readCommitteeReports to determine the intent of Congress.

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q55. *[True/False] · Bloom's: Remember*

These Internal Revenue Code citations are incorrect: § 212(1) and § 1221(1).

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q56. *[True/False]* *· Bloom's: Remember*

Internal Revenue Code § 6 involves gross income and § 7 outlines itemized deductions.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q57. *[True/False]* *· Bloom's: Remember*

Subchapter P refers to the subchapter in the Internal Revenue Code that deals with partners and partnerships.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q58. *[True/False]* *· Bloom's: Remember*

Regulations are arranged in a different sequence than the Internal Revenue Code.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q59. *[True/False]* *· Bloom's: Remember*

Proposed Regulations have the force and effect of law.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q60. *[True/False]* *· Bloom's: Remember*

Temporary Regulations have the same authoritative value as Final Regulations for four years.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q61. *[True/False]* *· Bloom's: Remember*

Proposed Regulations are published in the*Federal Register*.

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q62. *[True/False]* *· Bloom's: Remember*

Regulations are issued by the Treasury Department.

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q63. *[True/False]* *· Bloom's: Remember*

Revenue Rulings carry the same legal force and effect as Regulations.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q64. *[True/False] · Bloom's: Remember*

A Revenue Ruling is a legislative source of Federal tax law.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q65. *[True/False] · Bloom's: Remember*

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

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q66. *[True/False] · Bloom's: Remember*

Treasury Decisions are issued by the Treasury Department to promulgate new Regulations.

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q67. *[True/False] · Bloom's: Remember*

Determination letters usually involve proposed transactions.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q68. *[True/False] · Bloom's: Remember*

Letter rulings are issued by the National Office of the IRS.

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q69. *[True/False] · Bloom's: Remember*

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 ✓ correct**
- **b)** false

Correct answer: True

Q70. *[True/False] · Bloom's: Remember*

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

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q71. *[True/False] · Bloom's: Remember*

AU.S. DistrictCourt must abide by the precedents set by the U.S.Court ofAppeals ofitsjurisdiction.

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q72. [True/False] · Bloom's: Remember

Appeals from the U.S. Court of Federal Claims go to the U.S. Supreme Court.

a) true

b) false ✓ correct

Correct answer: False

Q73. [True/False] · Bloom's: Remember

A jury trial is available when a case is heard by a U.S.Court ofAppeals.

a) true

b) false ✓ correct

Correct answer: False

Q74. [True/False] · Bloom's: Remember

Only one judge hears a trial in a U.S. District Court.

a) true ✓ correct

b) false

Correct answer: True

Q75. [True/False] · Bloom's: Remember

The*Golsen*rule no longer applies to the U.S. Tax Court.

a) true

b) false ✓ correct

Correct answer: False

Q76. [True/False] · Bloom's: Understand

When there is a direct conflict between an Internal Revenue Code section and a treaty provision, the most recent item takes precedence.

a) true ✓ correct

b) false

Correct answer: True

Q77. [True/False] · Bloom's: Understand

“Legislative" regulations carry more weight than “interpretative” regulations.

a) true ✓ correct

b) false

Correct answer: True

Q78. [True/False] · Bloom's: Remember

The U.S. national debt is around $20 trillion.

a) true

b) false ✓ correct

Correct answer: False

Q79. [True/False] · Bloom's: Remember

A change in the individual tax rate has an almost immediate impact on the economy.

a) true ✓ correct

b) false

Correct answer: True

Q80. *[True/False] · Bloom's: Remember*

The like-kind tax free exchange treatment is an example of the wherewithal to pay concept.

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q81. *[True/False] · Bloom's: Remember*

Indexation of various income tax components was eliminated by the Tax Cuts and Jobs Act of 2017.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q82. *[True/False] · Bloom's: Remember*

When there is a direct conflict between a tax treaty and the Internal Revenue Code, the Internal Revenue Code takes precedence.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q83. *[True/False] · Bloom's: Remember*

The Standard Federal Tax Reporter is published by Research Institute of America.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q84. *[True/False] · Bloom's: Remember*

The annual gift tax exclusion in 2025 is $18,000.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q85. *[True/False] · Bloom's: Remember*

Internal Revenue Code Section 318, which deals with the definition of related parties with respect to stock redemptions, includes brothers and sisters in the related-party definition.

- **a)** true
- **b) false ✓ correct**

Correct answer: False

Q86. *[True/False] · Bloom's: Remember*

Complete avoidance of a capital gain tax occurs when the owner of appreciated property transfers it by death.

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q87. *[True/False] · Bloom's: Remember*

The taxation part of the CPA exam (REG)includes both multiple choice questions and task-based simulations.

- **a) true ✓ correct**
- **b)** false

Correct answer: True

Q88. *[True/False] · Bloom's: Remember*

The use of generative AI in the tax field will result in the need for fewer tax professionals.

a) true

b) false ✓ correct

Correct answer: False

Essay (5)

Q89. *[Essay] · Bloom's: Understand*

What impact has the community property system had on our Federal tax laws?

> ***Suggested answer:*** *The position of the residents of community property states was so advantageous that many common law states actually adopted community property systems. The political pressure placed on Congress to correct the disparity in tax treatment was considerable. To a large extent, this correction was accomplished in the Revenue Act of 1948, which extended many of the community property tax advantages to residents of common law jurisdictions. Thus, common law states avoided the trauma of discarding their time-honored legal system familiar to everyone. The impact of community property law on the Federal estate and gift taxes is further explored in Chapters 18 and 19.*

Q90. *[Essay] · Bloom's: Understand*

How does a treaty with a foreign country impact a section in the Internal Revenue Code?

> ***Suggested answer:*** *The United States enters into tax treaties (sometimes called tax conventions) with foreign countries to render mutual assistance in tax enforcement and to avoid double taxation. Neither a tax law nor a tax treaty takes precedence. When there is a conflict, the most recently enacted item will take precedence.*

Q91. *[Essay] · Bloom's: Understand*

Explain the*Golsen*doctrine.

> ***Suggested 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 theGolsendecision. After that change, the Tax Court will decide a case as it feels the law should be appliedonlyif the Circuit Court of Appeals of the 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 the appropriate jurisdiction has previously held otherwise, the Tax Court will conform under theGolsenrule even though it disagrees with the holding.*

Q92. *[Essay] · Bloom's: Understand*

What is the value of Actions on Decisions to a tax researcher?

> ***Suggested answer:*** *Actions on Decisions tell a taxpayer the IRS's reaction to certain court decisions. The IRS follows a practice of either acquiescing (agreeing) or nonacquiescing (not agreeing) with court decisions where guidance may be helpful. This practice does not mean that a particular decision has no value if the IRS has nonacquiesced in the result. It does, however, indicate that the IRS will continue to litigate the issue involved.*

Q93. *[Essay] · Bloom's: Understand*

What value is a tax citator to a tax researcher?

> ***Suggested answer:*** *The use of manual citators or a computer citator search is invaluable to tax research. A citator provides the history of a case including the authority relied on (e.g., other judicial decisions) in reaching the result. Reviewing the references listed in the citator discloses whether the decision was appealed and, if so, with what result (e.g., affirmed, reversed, and remanded). It also reveals other cases with the same or similar issues and how they were decided. Thus, a citator reflects on the validity of a case and may lead to other relevant judicial material.*