



ACCT 384.1 – Tax Research Methodology

Fall 2013

Unique Numbers: 02950, 02955, 02960

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1 | Learning objectives

The goals of this class are: (1) to provide you an understanding of what it means to undertake rigorous tax research and (2) to teach you how to undertake such research. Thus, this semester we will

- learn about the different sources of tax law and the extent to which they can and should be relied upon to answer tax research questions,
- develop and enhance the skills necessary to identify the tax issues in a problem and formulate tax research questions, and
- learn how to communicate the results of tax research to a third party.

2 | Materials

Readings: The readings for class consist of chapters from Rabbe, Whittenburg and Sanders, *Federal Tax Research*, 9th Edition (ISBN: 1-111-22164-2) and various business press and tax journal articles. You can access the textbook readings in the manner most convenient for you. One way to do so is to use Cengage Brain (www.cengagebrain.com) to buy the individual chapters from the text. You can also rent the text from Cengage or buy or rent the text from another source. I am not concerned how you access the textbook; I am only concerned that you read the material in the text that is assigned. The additional readings are available on BlackBoard or in the tax research services.

Instructor class notes: Available on BlackBoard.

Tax research services: All University of Texas students have access to three electronic tax databases - CCH Tax Research Library, RIA Checkpoint Tax Research Service, and Lexis-Nexis Academic Universe – via the University Library’s webpage.

From a tax-law perspective, the content of these services overlaps substantially. However, the structure of our Lexis-Nexis subscription may limit the usefulness of this service for tax research assignments. You will receive training in how to use CCH and RIA during class. You will also, via practice in class and outside of class, familiarize yourself with these services. Note that all of these services should be available 24 hours a day, 7 days a week. Routine maintenance is performed occasionally and the number of users on one service at a single time can be limited. Thus, if you cannot access one of the services, try another. If you cannot access one of the services for an extended period of time, please let me know.

3 | *Keys to success*

Tax research skills are developed through practice and dedicated study. While my intent is to provide you with a solid foundation in the skills necessary to undertake tax research, you will not master these skills (or be able to use them well when you leave these classrooms and join the “real world”) unless you apply yourself and rise to the challenges provided.

In addition to practicing your tax research skills, in order to be successful in this course, you are expected to attend class. This means that you are expected to arrive on time, to remain for the entire class period and to understand that your attendance record is factored into your final grade. Your success in this course will be enhanced if you also prepare in advance by reading the assigned pages in the text and supplemental articles and participate in class by asking questions and responding to requests for discussion.

While you may occasionally be tempted to miss class, please remember that success in this course is highly correlated with attendance. If you do miss a class, it is your responsibility to ensure that you understand the material covered in the class missed.

Finally, because we will not be using laptops or mobile phones in class on a regular basis, I ask that you not use your laptops or mobile phones during class unless asked to do so.

4 | *E-mail, course web page, and class notes*

I will communicate with you regularly via e-mail; you are responsible for the content of these messages. These e-mails will be addressed to the e-mail account that appears in the class roster (which is the e-mail address that appears in your UT Directory entry). If you have changed your e-mail address in the recent past you should verify, via UT Direct, that the e-mail address specified there is the e-mail address you are using. I will verify/update the e-mail list at the end of the first week of class. If you change your e-mail address after the first week, please let me know so that I can update the e-mail list.

The BlackBoard page for this class also provides useful course information (<http://courses.utexas.edu>). You should check this page on a regular basis. Additionally, class notes for each class (a PowerPoint file) will be posted to BlackBoard prior to class and you will find assignments here, as well.

5 | *Evaluation*

Grades in Tax Research are earned based on your performance on the following:

Midterm exam	125 points
Case assignments and research skills (lab) exercises	300 points
Participation	75 points
Final exam (comprehensive)	<u>150 points</u>
Maximum possible points	<u>650 points</u>

Case assignments: Three tax research cases will be assigned during the term. The first case may be worked on in a group of no more than three students. The remaining cases are to be worked on individually and independently. Late case assignments will lose 10 points per day until they are handed in. No assignment will be accepted after the case is discussed in class

Participation: I believe that participating during class allows you to better understand the topics we discuss and improves the learning environment for everyone. Explicitly including participation in your performance evaluation provides an incentive to take preparation for class and participation seriously. Your participation will be evaluated on three dimensions: (1) attendance, (2) voluntary contributions to class discussion and (3) answers to questions asked of you (by me) during class. That is, during a portion of class each day, I will randomly call on students to answer questions related to the topic of discussion. When you are called on, your participation grade will be detrimentally affected if you choose not to answer the question, cannot attempt a reasonable answer or are not in class.

Evaluating class participation can be subjective. Generally, if you add to the discussion or ask relevant questions about the material, I will evaluate your participation generously. If you never participate, this will be detrimentally reflected in your participation grade.

Anyone arriving late to class (meaning arriving I have started talking) will lose their participation points for that class period.

Individual absences from class do not need to be explained, but if you would like to e-mail me to tell me that you will not be in attendance, you are welcome to do so.

Finally, I expect that you will attend the section of the course in which you are enrolled.

Midterm and Final Exam: This course has a midterm exam and a comprehensive final exam. You are required to take both of these exams. **There are no make-ups for any exam.** Both the midterm and the final will be given as common evening exams. The date and location of these exams will be posted to BlackBoard, will be disseminated to you via e-mail and will be announced in class. Each student is responsible for managing his/her own personal schedule to be present at these exams. If you miss an exam because of an illness or other dire and irreconcilable conflict, you should notify me as soon as possible and present written documentation of your absence (e.g., note from physician). I have final authority to determine if your absence is justified; note that this is an individual determination based on the facts and circumstances of each case.

Grading questions: Any concerns or questions about grading on an assignment, case or exam must be resolved in the week after the graded item is returned. Such concerns must be submitted to me in writing in a manner that is detailed enough to explain the concern.

6 | *Academic misconduct*

Academic misconduct includes (but is not limited to) cheating, fabrication, facilitation of academic misconduct by others, and plagiarism. Academic misconduct is a serious academic offense; neither the Department of Accounting nor I will tolerate academic dishonesty.

In this class, careful attention should be paid to what constitutes academic misconduct as many of the assignments will require extensive work outside the classroom and, as such, a student might be inclined to work with other students to prepare answers to these assignments. Group work is encouraged when collaboration is limited to guidance and education, but everyone is responsible for conducting their own research and preparing their own solutions. IN ALL CASES, group work is prohibited if it involves the communication of a solution. Students may discuss research procedures and alternatives with classmates, but, again, are prohibited from communicating solutions.

To clarify this policy, discussions with classmates often provide invaluable insights, and because I believe in the value of cooperative learning, I encourage students to discuss the course material and assignments outside of class. However, the actual writing of any assignment or exam is to be done strictly on an individual basis. This prohibition includes the solutions produced by students in this course in earlier semesters and by others not enrolled in this course. (This prohibition does not apply to discussions with consultants in the Writing Skills Center.)

To help you better understand what constitutes academic misconduct, here are some examples:

Example 1: Explaining a specific research technique to a classmate is not an act of dishonesty, whereas providing a list of relevant authorities would constitute an act of dishonesty.

Example 2: Discussing the merits of a specific argument with a classmate is not an act of dishonesty, whereas providing a list of issues or conclusions to a classmate would constitute an act of dishonesty.

Example 3: Questioning a classmate who has finished an exam about the exam's contents would constitute an act of dishonesty. Likewise, the communication of information about the contents of an exam to classmates who have not yet taken the exam would also constitute an act of dishonesty. In other words, don't ask and don't tell.

In this class, the use of written solutions prepared by others is to be strictly avoided. However, this prohibition cannot be avoided by merely verbally dictating a written solution to another student.

Example 4: Verbally dictating a list of authorities, issues, or conclusions to a classmate (rather than providing a written list) would constitute an act of dishonesty if the intent or effect of the communication is to merely transmit the contents of a solution (rather than learn about research techniques or the merits of a particular argument).

Obviously, there will be times when it may be difficult to determine if a communication is intended to be dishonest. However, as many public accountants will attest, it is important to avoid even the appearance of impropriety. Hence, if there is any question about whether an activity or a communication is academically dishonest, the best course of action is full disclosure (ask me for clarification or clearance in advance of any action).

In any case where academic dishonesty is discovered, a grade of "F" will be assigned the student(s) involved and formal disciplinary action, as administered by the Vice President of the Office of Student Affairs, will be requested.

7 | *Dropping the course*

The course catalog details both add and drop date deadlines. Note that in graduate classes all students, at the discretion of the instructor, are allowed to drop the class up until the last day of the term without academic penalty. A student who stops attending without notification or without the submission of a drop form will automatically earn a grade of "F" for the semester.

8 | *Academic accommodation for students with disabilities*

The University of Texas at Austin provides, upon request, appropriate academic accommodations for qualified students with disabilities. For more information, contact the Division of Diversity and Community Engagement, Services for Students with Disabilities, at 471-6259 (471-6441 TTY).

9 | *Religious holy days*

Per university policy, you must notify me of an absence related to a religious holy day observance not later than 14 days prior to the observance of that holy day. If you must miss an exam or a research skills exercise as a result of a holy day observance, you will be given an opportunity to make up this work, either prior to or post the holy day, depending on the nature of what was missed as well as the particular holy day observance.

10 | *Course outline*

The course outline details daily topic coverage, assigned readings, case due dates and exam dates. This outline is contained in a separate document posted to BlackBoard and is incorporated into this syllabus by reference.



ACCT 384.1 – Course Outline (current as of August 18, 2013)
Fall 2013

	Topic	Assignment (BlackBoard)
1. Aug. 28	Introduction to tax research ✓ Read or listen: http://www.npr.org/2013/07/14/201925236/a-bipartisan-road-show-to-reform-the-tax-code	
2. Sept. 2	Labor Day holiday	
3. Sept. 4	Authority: Statutory sources <i>Readings</i> ✓ http://economix.blogs.nytimes.com/2013/08/06/the-sacrosanct-mortgage-interest-deduction/?_r=0 ✓ <i>Raabe</i> – Ch. 2 (pp. 50-60) and Ch. 3 ✓ Internal Revenue Code (IRC) Section 274 ✓ <i>Fred W. Amend Co.</i> , 55 RIA TC 320 (1970) (BlackBoard)	
4. Sept. 9	Authority: Statutory sources (concluded) <i>Readings</i> ✓ <i>Raabe</i> – Ch. 3 ✓ Starr - Observations about the use of legislative history (BlackBoard) ✓ Mikva - A reply to Judge Starr (BlackBoard)	
5. Sept. 11	Authority: Administrative sources <i>Readings</i> ✓ <i>Raabe</i> – Ch. 4 (pp. 120-127) ✓ How revenue rulings are made (BlackBoard)	
Sept. 13		<i>Case 1, Part 1 due by 5 pm</i>

6. Sept. 16	<p><i>Authority: Administrative sources</i></p> <p><i>Readings</i></p> <ul style="list-style-type: none"> ✓ <i>Raabe – Ch 4 (pp. 127-end)</i> ✓ <i>The value of precedent, Part I (Blackboard)</i> ✓ <i>Thomas J. Green, Jr., 59 RIA TC 456 (1972) (look to notes for reading guidance)</i> ✓ <i>Chevron excerpt (BlackBoard)</i> 	
7. Sept. 18	RIA demonstration (Meet in MOD Lab West – GSB 5.304)	
8. Sept. 23	<p><i>Authority: Administrative sources (concluded)</i></p> <p><i>Readings:</i></p> <ul style="list-style-type: none"> ✓ <i>In search of good guidance (BlackBoard)</i> ✓ <i>The value of precedent, Part II (Blackboard)</i> ✓ <i>Morganbesser excerpt (BlackBoard)</i> 	<p><i>Case 1, Part II</i> <i>due by 5 pm</i></p>
9. Sept. 25	<p>Tax research communication</p> <p><i>Authority: Judicial sources</i></p> <p><i>Readings</i></p> <ul style="list-style-type: none"> ✓ <i>Raabe – Ch 5. and Ch. 11 (pp. 382-387)</i> ✓ <i>In a downturn, more people act as their own lawyers (BlackBoard)</i> ✓ <i>Lawyers keep their numbers carefully pruned (BlackBoard)</i> 	
10. Sept. 30	Research skills exercise (<i>Meet in Mod Lab West – GSB 5.304</i>)	
11. Oct. 2	CCH demonstration (<i>Meet in MOD Lab West – GSB 5.304</i>)	
12. Oct. 7	<p><i>Authority: Judicial sources</i></p> <p><i>Readings</i></p> <ul style="list-style-type: none"> ✓ <i>Raabe – Ch 7 (pp. 242-245, 258-end)</i> ✓ <i>Sutherland Lumber-Southwest Inc., 114 RIA TC 197 (2000)</i> ✓ <i>Sutherland Lumber-Southwest Inc. v. Comm., 88 AFTR 2d 2001-5026 (CA-8, 2001)</i> ✓ <i>(Related to Sutherland) - Action on Decision 2002-002 (2/19/2002)</i> ✓ <i>(Related to Sutherland) - Notice 2005-45, 2005-24 IRB 1228 (skim to get the gist)</i> 	<p><i>Case 1, Part III</i> <i>due by 5 pm</i></p>

13. Oct. 9	<p><i>Authority: Judicial sources – citation format</i></p> <p><i>Readings</i></p> <ul style="list-style-type: none"> ✓ <i>Self study – Module and handouts posted to BlackBoard</i> ✓ <i>For reference: Raabe Ch. 5</i> 	
14. Oct. 14	<p><i>Authority: Judicial sources (concluded)</i></p> <p><i>Readings</i></p> <ul style="list-style-type: none"> ✓ <i>Analysis of 2013 Supreme Court term (BlackBoard)</i> ✓ <i>Interview - Thomas Wells, US Tax Court (BlackBoard)</i> ✓ <i>Golsen, 54 RIA TC 742 (1970) (look for Golsen rule)</i> 	
15. Oct. 16	<p><i>Communicating research results</i></p> <p><i>Readings</i></p> <ul style="list-style-type: none"> ✓ <i>Raabe - Ch 11 (review Memo writing portion)</i> ✓ <i>Sample (imperfect) memo (BlackBoard)</i> 	<p><i>Case 1, Part IV due by 5 pm</i></p>
16. Oct. 21	<p>Midterm exam Common exam for all sections, 7:00 – 9:00 pm, UTC 2.102A</p>	
17. Oct. 23	<p><i>Ethics and professional responsibility</i></p> <p><i>Readings</i></p> <ul style="list-style-type: none"> ✓ <i>Avoiding tax may be legal, but can it ever be ethical (BlackBoard)</i> ✓ <i>The ethics environment in which tax professionals practice (BlackBoard)</i> ✓ <i>AICPA Statement on Standards for Tax Services (BlackBoard)</i> 	
18. Oct. 28	<p><i>Research skills exercise (MOD Lab West – GSB 5.304)</i></p>	
19. Oct 30	<p><i>Ethics and professional responsibility</i></p> <p><i>Readings</i></p> <ul style="list-style-type: none"> ✓ <i>The ethics environment in which tax professionals practice (from Class 17)</i> ✓ <i>SOX Section 201 (BlackBoard)</i> ✓ <i>PCAOB Professional Standards (BlackBoard)</i> ✓ <i>Kinney, Palmrose and Scholtz (Read introduction and conclusion) (BlackBoard)</i> ✓ <i>KPMG didn't register strategy (BlackBoard)</i> ✓ <i>Proposed Circular 230 regs (BlackBoard)</i> 	
Nov. 1		<p><i>Case 1, Part V due by 5 pm</i></p>

20. Nov. 4	Administrative procedures <i>Readings</i> <ul style="list-style-type: none"> ✓ Read or listen: http://www.npr.org/2013/05/28/186861860/why-do-whistle-blowers-become-whistle-blowers ✓ The ethics environment in which tax professionals practice (<i>from Class 17</i>) ✓ 11 ways to catch the eye of someone at the IRS (BlackBoard) ✓ The IRS's disconnect with the public (BlackBoard)
21. Nov. 6	Administrative procedures <i>Readings</i> <ul style="list-style-type: none"> ✓ The ethics environment in which tax professionals practice (<i>from Class 17</i>) ✓ Preparer penalties (BlackBoard) ✓ IRS apologises for scrutiny of conservative groups (BlackBoard) ✓ <i>Barr, et ux.</i>, RIA TC Memo 2009-250 ✓ <i>Woodsum</i>, 136 RIA TC 585 (2011)
22. Nov. 11	Administrative procedures <i>Readings</i> <ul style="list-style-type: none"> ✓ Pervasive judicial doctrines (BlackBoard) ✓ <i>Gregory v. Helvering</i>, 14 AFTR 1191 (S. Ct., 1935) ✓ IRC Sec. 7701(o) ✓ Lipton - Economic substance codification (BlackBoard) ✓ August - Codification of economic substance doctrine - Excerpt (BlackBoard) ✓ Tandon - Economic substance codification (Blackboard)
23. Nov. 13	ASC 740 (SFAS 109/FIN 48) <i>Readings</i> <ul style="list-style-type: none"> ✓ Motley Fool - Understanding deferred taxes (BlackBoard) ✓ In US, high tax rates and big loopholes (BlackBoard) ✓ Understanding FIN 48 (excerpt) (BlackBoard)
Nov. 15	<i>Case 2 due by 5 pm</i>
24. Nov. 18	BNA assignment (due by 5 pm)

25. Nov. 20	Research skills exercise (<i>MOD Lab West – GSB 5.304</i>)	
26. Nov. 25	<p>ASC 740 (<i>SFAS 109/FIN 48</i>)</p> <p><i>Readings (same as those for Class 23)</i></p> <ul style="list-style-type: none"> ✓ Motley Fool - Understanding deferred taxes (BlackBoard) ✓ In US, high tax rates and big loopholes (BlackBoard) ✓ Understanding FIN 48 (excerpt) (BlackBoard) 	
27. Nov. 27	ASC 740 (<i>SFAS 109/FIN 48</i>)	
28. Dec. 2	<p>ASC 740 (<i>SFAS 109/FIN 48</i>)</p> <p><i>Readings</i></p> <ul style="list-style-type: none"> ✓ The practical impact of FIN 48 (BlackBoard) ✓ A tax secret emerges from the murk (BlackBoard) 	<i>Case 3 due by 5 pm</i>
29. Dec. 4	<p>Final exam review</p> <p><i>Readings</i></p> <ul style="list-style-type: none"> ✓ <i>Laglia</i>, 88 RIA TC 894 (1987) ✓ Last names beginning A-M: <i>Elkins</i>, 81 RIA TC 669 (1983) ✓ Last names beginning N-Z: <i>Schwalbach</i>, 111 RIA TC 215 (1999) 	
<p>Final exam - Common exam for all sections, date and time TBA</p>		