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.

Materials

Readings: The readings for class consist of chapters from Sawyers, Raabe, Whittenburg and Gill, Federal Tax Research, 10th Edition (ISBN: 1-285-43939-6) 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 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 business press and tax journal articles are available in Canvas or via links in Canvas.

Instructor class notes: Available on Canvas.

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 LexisNexis Academic – via the University Library’s webpage (www.lib.utexas.edu).

From a tax-law perspective, the content of these services overlaps substantially. However, the structure of our LexisNexis 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.
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 the MPA program) 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, please do not use laptops or cell phones during class or surf the net or text. My apologies; those who preceded you abused the privilege and you are paying for their transgressions. Class participation points come in both positive and negative forms. Any of the previously described behaviors fall in the negative category (see the Evaluation section below).

I will communicate with you regularly via e-mail; please establish a habit of checking your e-mail, as 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 Canvas page for this class also provides useful course information (http://canvas.utexas.edu). You should also make a habit of checking this page on a regular basis. Additionally, class notes for each class (a PowerPoint file) will be posted to Canvas prior to class and you will find assignments here, as well.

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

<table>
<thead>
<tr>
<th>Grade Category</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midterm exam</td>
<td>125</td>
</tr>
<tr>
<td>Case assignments and research skills (lab) exercises</td>
<td>300</td>
</tr>
<tr>
<td>Participation</td>
<td>75</td>
</tr>
<tr>
<td>Final exam (comprehensive)</td>
<td>175 points</td>
</tr>
<tr>
<td>Maximum possible points</td>
<td>675 points</td>
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</tbody>
</table>
**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 positively. If you never participate, this will be detrimentally reflected in your participation grade. Note also that class participation points can be deducted for counterproductive classroom activity, including disrupting the class by inappropriately talking to your neighbors or incessantly texting during class.

Anyone arriving late to class (meaning arriving I have started talking) or not attending class 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.

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 Canvas, 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:** Grading is done on a curve (which is determined relative to mean performance in the course), with the intent of giving roughly 2/5ths As (including A-) and 3/5ths Bs (including B+s and B-s), but giving the occasional C (or worse) to those students who manage to earn a C (or worse). 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.
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, case 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.

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). Should you need such accommodations, please discuss this with me not later than the end of the second week of the semester.

9 | *Religious holy days*

Per university policy, you are expected to 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, 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.
# Course Outline (current as of August 22, 2014)

*Note that this outline is broken out by class day in the Modules section of Canvas*

<table>
<thead>
<tr>
<th>Topic</th>
<th>Assignment</th>
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</thead>
</table>
| **1. Aug. 27** | Introduction to tax research  
 ✓ Read or listen: [http://www.npr.org/blogs/thesalt/2014/05/12/310999067/why-take-and-bake-pizza-is-giving-tax-guys-a-headache](http://www.npr.org/blogs/thesalt/2014/05/12/310999067/why-take-and-bake-pizza-is-giving-tax-guys-a-headache) |
| **2. Sept. 1** | Labor Day holiday |
| **3. Sept. 3** | Authority: Statutory sources  
 *Readings*  
 ✓ *Federal Tax Research* – Ch. 2 (pp. 51-62) and Ch. 3  
 ✓ Internal Revenue Code (IRC) Section 274 – Look to notes for reading guidance  
 ✓ *Fred W. Amend Co.*, 55 RIA TC 320 (1970) (Canvas) |
| **4. Sept. 8** | Authority: Statutory sources (concluded)  
 *Readings*  
 ✓ *Federal Tax Research* – Ch. 3  
 ✓ Starr - Observations about the use of legislative history (Canvas)  
 ✓ Mikva - A reply to Judge Starr (Canvas)  
 ✓ McKinnon - IRS says bitcoin is property, not currency (Canvas) |
| **5. Sept. 10** | Authority: Administrative sources  
 *Readings*  
 ✓ *Federal Tax Research* – Ch. 4 (pp. 118-125)  
 ✓ How revenue rulings are made (Canvas) |
| **Sept. 12** | Case 1, Part I due by 5 pm |
6. Sept. 15  
CCH demonstration (Meet in MOD Lab East – GSB 5.304)

7. Sept. 17  
Authority: Administrative sources
Readings
- *Federal Tax Research* – Ch. 4 (pp. 125-end)
- The value of precedent, Part I (Canvas)
- *Thomas J. Green, Jr.,* 59 RIA TC 456 (1972) (Canvas) – Look to notes for reading guidance

8. Sept. 22  
Authority: Administrative sources (concluded)
Readings:
- Nelson - In search of good guidance (Canvas)
- The value of precedent, Part II (Canvas)
- *Morganbesser* excerpt (Canvas)
- *Laglia,* 88 RIA TC 894 (1987) (Canvas)
- *Chevron* excerpt (Canvas)

9. Sept. 24 
RIA demonstration (Meet in MOD Lab East – GSB 5.304)

10. Sept. 29  
Tax research communication
Authority: Judicial sources
Readings
- *Federal Tax Research* – Ch 5. and Ch. 11 (pp. 410-416)
- Shepard – The distinction in Tax Court decisions (Canvas)
- Glater - In a downturn, more people act as their own lawyers (Canvas)

11. Oct. 1  
Research skills exercise (*Meet in Mod Lab East – GSB 5.304*)

12. Oct. 6  
Authority: Judicial sources
Readings
- *Federal Tax Research* – Ch. 7
- *Sutherland Lumber-Southwest Inc.,* 114 RIA TC 197 (2000)
- *Sutherland Lumber-Southwest Inc. v. Comm.,* 88 AFTR 2d 2001-5026 (CA-8, 2001)
- (Related to *Sutherland*) - Action on Decision 2002-002 (2/19/2002)
- (Related to *Sutherland*) - Notice 2005-24 IRB 1228 (*skim to get the gist*)

*Case 1, Part II due by 5 pm*

*Case 1, Part III due by 5 pm*
13. Oct. 8  
Authority: Judicial sources – citation format  
Readings  
✓ Self study – Module and handouts posted to Canvas  
✓ For reference: *Federal Tax Research* Ch. 5

Authority: Judicial sources (concluded)  
Readings  
✓ Liptak – Supreme Court term (2014)  
✓ Interview - Thomas Wells, US Tax Court (Canvas)  
✓ *Golsen*, 54 RIA TC 742 (1970) (don’t get lost in the details; look for Golsen rule)  
✓ *Ruegsegger* excerpt (Canvas)

15. Oct. 15  
Communicationg research results  
Readings  
✓ *Federal Tax Research* – Ch. 11 (review Memo writing portion)  
✓ Sample (imperfect) memo (BlackBoard)

16. Oct. 20  
Research skills exercise (*MOD Lab East*)

17. Oct. 22  
BNA self-training (due by 5 pm), assignment and assignment directions posted to Canvas

18. Oct. 27  
**Midterm exam** Common exam for all sections, 7:00 – 9:00 pm

19. Oct. 29  
Ethics and professional responsibility  
Readings  
✓ Analogy exercise (Canvas)  
✓ Beck - Avoiding tax may be legal, but can it ever be ethical (Canvas)  
✓ AICPA Statement on Standards for Tax Services:  
<table>
<thead>
<tr>
<th>Oct. 31</th>
<th>Case 1, Part V due by 5 pm</th>
</tr>
</thead>
<tbody>
<tr>
<td>20. Nov. 3</td>
<td>Ethics and professional responsibility</td>
</tr>
<tr>
<td></td>
<td>✓ SOX Section 201 (Canvas)</td>
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<tr>
<td></td>
<td>✓ PCAOB Professional Standards (Canvas)</td>
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<tr>
<td></td>
<td>✓ Kinney, Palmrose and Scholtz (<em>Read introduction and conclusion</em>) (Canvas)</td>
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<tr>
<td></td>
<td>✓ KPMG didn’t register strategy (Canvas)</td>
</tr>
<tr>
<td>21. Nov. 5</td>
<td>Administrative procedures</td>
</tr>
<tr>
<td>Readings</td>
<td>✓ Lipton- Proposed regulations radically overhaul tax opinion and other rules in Circular 230 (Canvas)</td>
</tr>
<tr>
<td></td>
<td>✓ Tax Practice – Final Circular 230 regulations (Canvas)</td>
</tr>
<tr>
<td></td>
<td>✓ Accounting Today – Tax fraud blotter (Canvas, skim)</td>
</tr>
<tr>
<td>22. Nov. 10</td>
<td>Administrative procedures</td>
</tr>
<tr>
<td>Readings</td>
<td>✓ Taylor - 11 ways to catch the eye of someone at the IRS (Canvas)</td>
</tr>
<tr>
<td></td>
<td>✓ Reilly – Tax Court petitions (Canvas)</td>
</tr>
<tr>
<td></td>
<td>✓ IRS apologises for scrutiny of conservative groups (Canvas)</td>
</tr>
<tr>
<td></td>
<td>✓ <em>Barr, et ux.</em>, RIA TC Memo 2009-250</td>
</tr>
</tbody>
</table>
23. Nov. 12  Administrative procedures

Readings
✓  Jones - Preparer penalties (Canvas)
✓  Woodsum, 136 RIA TC 585 (2011)
✓  Pages 36 – 41: http://engagedscholarship.csuohio.edu/cgi/viewcontent.cgi?article=1098&context=clevstlrev
✓  Gregory v. Helvering, 14 AFTR 1191 (S. Ct., 1935)
✓  IRC Sec. 7701(o)
✓  Lipton - Economic substance codification (Canvas)
✓  August – Codification of economic substance doctrine – Excerpt (Canvas)
✓  Tandon – Economic substance codification (Canvas)

Nov. 14  Case 2 due by 5 pm

24. Nov. 17  Research skills exercise (MOD Lab East)

25. Nov. 19  ASC 740 (SFAS 109/FIN 48)

Readings
✓  Motley Fool - Understanding deferred taxes (Canvas)
✓  August - Understanding FIN 48 (excerpt) (Canvas)
✓  Morgenson - A tax secret emerges from the murk (Canvas)

26. Nov. 24  State and local taxes

Readings
✓  Harrell – Amazon’s sales tax collection (Canvas)
✓  ITEP - Corporate income tax apportionment (http://www.itepnet.org/pdf/pb11ssf.pdf)
✓  ITEP - Combined v. separate reporting (http://itepnet.org/pdf/pb24comb.pdf)

27. Nov. 26  State corporate income taxation

28. Dec. 1  State corporate income taxation - Texas Margin Tax

✓  Batheja – Texas tax profile (Canvas)
✓  Henchman (Tax Foundation) – Texas Margin Tax (Canvas)

Case 3 due by 5 pm
<table>
<thead>
<tr>
<th>29. Dec. 3</th>
<th>Wrap up and final exam review</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Readings</strong></td>
</tr>
<tr>
<td></td>
<td>✓  <strong>Last names beginning A-M:</strong> <em>Elkins</em>, 81 RIA TC 669 (1983)</td>
</tr>
<tr>
<td></td>
<td>✓  <strong>Last names beginning N-Z:</strong> <em>Schwalbach</em>, 111 RIA TC 215 (1999)</td>
</tr>
</tbody>
</table>

**Final exam** - Common exam for all sections, date and time TBA