

**Chapter 02 2025 - Comprehensive**

*Indicate whether the statement is true or false.*

- \_\_\_ 1. There are 11 geographic U.S. Circuit Court of Appeals.
  - a. True
  - b. False
  
- \_\_\_ 2. A taxpayer should always minimize their tax liability.
  - a. True
  - b. False
  
- \_\_\_ 3. In a U.S. District Court, a jury can decide both questions of fact and questions of law.
  - a. True
  - b. False
  
- \_\_\_ 4. The *Golsen* rule has been overturned by the U.S. Supreme Court.
  - a. True
  - b. False
  
- \_\_\_ 5. The Small Cases Division of the U.S. Tax Court will hear only those cases involving amounts of \$100,000 or less.
  - a. True
  - b. False
  
- \_\_\_ 6. A treasure trove is taxable when sold or exchanged.
  - a. True
  - b. False
  
- \_\_\_ 7. The U.S. Tax Court meets most often in Washington, D.C.
  - a. True
  - b. False
  
- \_\_\_ 8. The primary purpose of effective tax planning is to reduce or defer the tax in the current tax year.
  - a. True
  - b. False
  
- \_\_\_ 9. Tax planning usually involves a completed transaction.
  - a. True
  - b. False
  
- \_\_\_ 10. A U.S. District Court is considered the lowest trial court.
  - a. True
  - b. False
  
- \_\_\_ 11. A letter ruling applies only to the taxpayer who asks for and obtains a letter ruling.
  - a. True
  - b. False

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- \_\_\_ 12. 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
- \_\_\_ 13. Revenue Rulings issued by the National Office of the IRS carry the same legal force and effect as Regulations.
- a. True
  - b. False
- \_\_\_ 14. Tax changes passed as part of the Inflation Reduction Act of 2022 became part of the Internal Revenue Code of 1986.
- a. True
  - b. False
- \_\_\_ 15. Texas is in the jurisdiction of the Second Circuit Court of Appeals.
- a. True
  - b. False
- \_\_\_ 16. The first codification of the tax law occurred in 1954.
- a. True
  - b. False
- \_\_\_ 17. This Internal Revenue Code section citation is correct: § 212(1).
- a. True
  - b. False
- \_\_\_ 18. Subchapter D refers to the “Corporate Distributions and Adjustments” section of the Internal Revenue Code.
- a. True
  - b. False
- \_\_\_ 19. Revenue Rulings are first published in the Internal Revenue Bulletin.
- a. True
  - b. False
- \_\_\_ 20. Technical Advice Memoranda may *not* be cited as precedents by taxpayers.
- a. True
  - b. False
- \_\_\_ 21. A taxpayer can obtain a jury trial in the U.S. Tax Court.
- a. True
  - b. False
- \_\_\_ 22. Post-1984 letter rulings may be substantial authority for purposes of the accuracy-related penalty in § 6662.
- a. True
  - b. False

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- \_\_\_ 23. Deferring income to a subsequent year is considered to be tax avoidance.
  - a. True
  - b. False
  
- \_\_\_ 24. Revenue tax measures typically originate in the Senate Finance Committee of the U.S. Congress.
  - a. True
  - b. False
  
- \_\_\_ 25. In recent years, Congress has been relatively successful in simplifying the Internal Revenue Code.
  - a. True
  - b. False
  
- \_\_\_ 26. Three judges will normally hear each U.S. Tax Court case.
  - a. True
  - b. False
  
- \_\_\_ 27. Arizona is in the jurisdiction of the Eighth Circuit Court of Appeals.
  - a. True
  - b. False
  
- \_\_\_ 28. A Bluebook is substantial authority for purposes of the accuracy related penalty.
  - a. True
  - b. False
  
- \_\_\_ 29. The IRS is *not* required to make a letter ruling public.
  - a. True
  - b. False
  
- \_\_\_ 30. 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
  
- \_\_\_ 31. Subchapter C refers to the subchapter in the Internal Revenue Code that deals with partnerships and partners.
  - a. True
  - b. False
  
- \_\_\_ 32. The *petitioner* refers to the party against whom a suit is brought.
  - a. True
  - b. False
  
- \_\_\_ 33. Revenue Rulings issued by the National Office of the IRS carry the same legal force and effect as Regulations.
  - a. True
  - b. False

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- \_\_\_ 34. A tax professional need not worry about the relative weight of authority within the various tax law sources.  
a. True  
b. False
- \_\_\_ 35. The research process should *always* begin with a tax service.  
a. True  
b. False
- \_\_\_ 36. There is a direct conflict between an Internal Revenue Code section adopted in 2017 and a treaty with France (signed in 2016). The Internal Revenue Code section controls.  
a. True  
b. False
- \_\_\_ 37. The following citation could be a correct citation: Rev. Rul. 2021-42, 2021-64 I.R.B. 982.  
a. True  
b. False
- \_\_\_ 38. Technical Advice Memoranda deal with completed transactions.  
a. True  
b. False
- \_\_\_ 39. The term *petitioner* is a synonym for *defendant*.  
a. True  
b. False
- \_\_\_ 40. On the redesigned 2024 CPA exam, Business Law is allocated 15% to 25% of the REG section.  
a. True  
b. False
- \_\_\_ 41. Determination letters usually involve completed transactions.  
a. True  
b. False
- \_\_\_ 42. The IRS issues an acquiescence or nonacquiescence only for regular Tax Court decisions.  
a. True  
b. False
- \_\_\_ 43. In general, Regulations are issued immediately after a statute is enacted.  
a. True  
b. False
- \_\_\_ 44. 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

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- \_\_\_ 45. Revenue Procedures deal with the internal management practices and procedures of the IRS.
  - a. True
  - b. False
  
- \_\_\_ 46. A Revenue Ruling is an administrative source of Federal tax law.
  - a. True
  - b. False
  
- \_\_\_ 47. 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
  
- \_\_\_ 48. 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
  
- \_\_\_ 49. Electronic (online) databases are most frequently searched by the keyword approach.
  - a. True
  - b. False
  
- \_\_\_ 50. The following citation is correct: *Larry G. Mitchell*, 131 T.C. 215 (2008).
  - a. True
  - b. False
  
- \_\_\_ 51. Temporary Regulations are only published in the *Internal Revenue Bulletin*.
  - a. True
  - b. False
  
- \_\_\_ 52. Rules of tax law do *not* include Revenue Rulings and Revenue Procedures.
  - a. True
  - b. False
  
- \_\_\_ 53. Before a tax bill can become a law, it must be approved (signed) by the President of the United States.
  - a. True
  - b. False
  
- \_\_\_ 54. A Temporary Regulation under § 303 of the Code would be cited as follows: Temp. Reg. § 303.
  - a. True
  - b. False

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Indicate the answer choice that best completes the statement or answers the question.

- \_\_\_ 55. Which of the following statements is *incorrect* as it relates to the redesigned 2024 CPA exam?
- a. The redesigned 2024 CPA exam now has three Core sections and three Discipline sections.
  - b. There are no longer task-based simulations on the exam.
  - c. A candidate must select a Discipline section.
  - d. The previous BEC section material has been spread over other sections.
- \_\_\_ 56. A taxpayer who loses in a U.S. District Court may appeal to the:
- a. U.S. Supreme Court.
  - b. U.S. Tax Court.
  - c. U.S. Court of Federal Claims.
  - d. Appropriate U.S. Circuit Court of Appeals.
- \_\_\_ 57. 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
- \_\_\_ 58. 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.
- \_\_\_ 59. 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
- \_\_\_ 60. Which of the following types of Regulations has the *highest* tax validity?
- a. Temporary
  - b. Legislative
  - c. Interpretive
  - d. Proposed
- \_\_\_ 61. 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.

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- \_\_\_ 62. 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
- \_\_\_ 63. 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).
- \_\_\_ 64. Which is not a judicial citation?
- a. CCA 200909002.
  - b. T.C. Memo 2008-289.
  - c. 39 TCM 32 (1979).
  - d. 592 F.Supp.18.
- \_\_\_ 65. 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
- \_\_\_ 66. A taxpayer who decides not to pay a tax deficiency, must litigate in 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
- \_\_\_ 67. Which publisher offers the *Standard Federal Tax Reporter*?
- a. Thomson Reuters *Checkpoint* (Research Institute of America)
  - b. Wolters Kluwer (Commerce Clearing House)
  - c. Bloomberg BNA
  - d. LexisNexis
- \_\_\_ 68. 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.

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- \_\_\_ 69. 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
- \_\_\_ 70. In § 212(1), the number (1) stands for the:
- a. Section number.
  - b. Subsection number.
  - c. Paragraph designation.
  - d. Subparagraph designation.
- \_\_\_ 71. Which of the following is *not* an administrative source of tax law?
- a. Chief Counsel Advice (CCA)
  - b. Notice
  - c. Code § 199A
  - d. General Counsel Memorandum
- \_\_\_ 72. 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
- \_\_\_ 73. 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.
- \_\_\_ 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.
- \_\_\_ 75. 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).



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- \_\_\_ 76. Which item may *not* be cited as a precedent?
- a. Regulations
  - b. Temporary Regulations
  - c. Technical Advice Memoranda
  - d. U.S. District Court decision
- \_\_\_ 77. 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 is published in the Internal Revenue Bulletin.
  - d. The IRS does not issue nonacquiescences to adverse decisions that are not appealed.
- \_\_\_ 78. 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
- \_\_\_ 79. 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*.
- \_\_\_ 80. 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
- \_\_\_ 81. Which of the following is the lowest authority in the Federal tax law system?
- a. Revenue Ruling.
  - b. Proposed Regulation.
  - c. Interpretive Regulation.
  - d. Revenue Procedure.
- \_\_\_ 82. 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. All of these choices are correct cites.

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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
- \_\_\_ 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
- \_\_\_ 85. Which citation refers to a U.S. Tax Court decision?
- a. *Apollo Computer, Inc. v. U.S.*, 95-1 (USTC ¶150,015 (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).
- \_\_\_ 86. 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.
- \_\_\_ 87. 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).
- \_\_\_ 88. 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.
- \_\_\_ 89. Which is presently *not* a commercial tax service?
- a. *CCH Intelliconnect*
  - b. *Federal Taxes*
  - c. *Thomson Reuters Checkpoint*
  - d. *Tax Management Portfolios*

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- \_\_\_ 90. Which tax-related website probably gives the best policy-orientation results?
- a. taxalmanac.org
  - b. irs.gov
  - c. EY.com
  - d. taxanalysts.com
- \_\_\_ 91. Which of the following sources has the *highest* tax authority?
- a. Revenue Ruling
  - b. Revenue Procedure
  - c. Regulations
  - d. Internal Revenue Code section
- \_\_\_ 92. 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 these choices are correct.
- \_\_\_ 93. Which publisher offers the *United States Tax Reporter*?
- a. Thomson Reuters *Checkpoint* (Research Institute of America)
  - b. Wolters Kluwer (Commerce Clearing House)
  - c. LexisNexis
  - d. Tax Analysts
- \_\_\_ 94. The Internal Revenue Code was first codified in what year?
- a. 1913
  - b. 1923
  - c. 1939
  - d. 1954
- \_\_\_ 95. Which company does *not* publish citators for tax purposes?
- a. John Wiley & Sons
  - b. Wolters Kluwer (Commerce Clearing House)
  - c. Thomson Reuters (RIA)
  - d. Westlaw
96. How can Congressional Committee Reports be used by a tax researcher?

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97. Discuss the advantages and disadvantages of the Small Cases Division of the U.S. Tax Court.

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98. What is a Technical Advice Memorandum?

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99. How do treaties fit within tax sources?

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100. What are Treasury Department Regulations?

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101. Distinguish between the jurisdiction of the U.S. Tax Court and a U.S. District Court.

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102. Compare Revenue Rulings with Revenue Procedures.

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Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

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**Answer Key**

1. True
2. False
3. False
4. False
5. False
6. False
7. False
8. False
9. False
10. True
11. True
12. True
13. False
14. True
15. False
16. False
17. True
18. False
19. True
20. True
21. False
22. True
23. True
24. False
25. False
26. False

Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

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27. False

28. True

29. False

30. True

31. False

32. False

33. False

34. False

35. False

36. True

37. False

38. True

39. False

40. True

41. True

42. False

43. False

44. False

45. True

46. True

47. True

48. True

49. True

50. True

51. False

52. False

53. False

54. False

Name: \_\_\_\_\_ Class: \_\_\_\_\_ Date: \_\_\_\_\_

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55. b

56. d

57. a

58. a

59. b

60. b

61. d

62. a

63. b

64. a

65. a

66. c

67. b

68. c

69. b

70. c

71. c

72. b

73. a

74. d

75. d

76. c

77. c

78. c

79. a

80. b

81. b

82. d

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83. c
84. d
85. b
86. a
87. d
88. c
89. b
90. d
91. d
92. a
93. a
94. c
95. a
96. 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.
97. 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). Often, 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.
98. 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.
99. 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 to disclose penalty for corporations.



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100. 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.
101. 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.
102. 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.