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| 1. Many states have balanced budgets because laws or constitutional amendments preclude deficit spending.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-01 - LO: 1-01 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - TX - AICPA: FN-Measurement United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 2 min. | |

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| 2. The United States Federal government has a provision in the Constitution which precludes deficit spending.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | There is no such provision and the national debt continues to grow. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-01 - LO: 1-01 | | *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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| 3. Revenue-neutral tax laws reduce deficits.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | They do not reduce deficits, but do not aggravate the problem. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-01 - LO: 1-01 | | *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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| 4. Longer class lives for depreciable property and the required use of straight-line method of depreciation would likely dampen the tax incentive for purchasing capital assets.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - TX - AICPA: FN-Reporting United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 2 min. | |

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| 5. The Internal Revenue Code is a compilation of Federal tax legislation that appears in Title 26 of the United States Code.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research United States - TX - FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 2 min. | |

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| 6. The domestic production activities deduction is structured to create jobs.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Measurement -  AICPA: FN-Measurement | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 2 min. | |

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| 7. The encouragement of private-sector pension plans can be justified under the encouragement of certain industries.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | Justified under social considerations and encouragement of certain activities (e.g., savings). | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - TX - AICPA: FN-Measurement United States - AK - AICPA: FN-Reporting | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 2 min. | |

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| 8. 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 | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - TX - AICPA: FN-Measurement United States - AK - AICPA: FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 2 min. | |

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| 9. Since interest and taxes are deductible by a homeowner, a person who rents an apartment may take an itemized deduction equal to 20% of rent payments.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | No such deduction is allowed. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Reporting | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 2 min. | |

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| 10. Although a corporation is subject to a Federal income tax, a partnership is not.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Reporting | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 2 min. | |

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| 11. The Federal tax law allows a taxpayer to claim a deduction for state and local income taxes.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Reporting | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 2 min. | |

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| 12. Alabama and South Carolina are community property states.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | They are common law states. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Reporting | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 2 min. | |

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| 13. A tax bill cannot originate in the Senate Finance Committee.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | Tax bills typically originate in the House Ways and Means Committee, but the Senate Finance Committee may attach a tax bill as a rider to other legislative proposals as was the case with the American Taxpayer Relief Act of 2012. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Reporting United States - TX - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 2 min. | |

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| 14. Taxpayers may read Committee Reports to determine the intent of Congress.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 15. These Internal Revenue Code citations are incorrect: § 212(1) and § 1221(1).   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | These sections are correct (and a part of the Internal Revenue Code). | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 16. Internal Revenue Code § 6 involves gross income and § 7 outlines itemized deductions.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | These are no §§ 6, 7, 8, 9, and 10 in the Internal Revenue Code. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 17. Subchapter P refers to the subchapter in the Internal Revenue Code that deals with partners and partnerships.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | Subchapter K (not Subchapter P) in the Internal Revenue Code deals with partners and partnerships. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 18. Regulations are arranged in a different sequence than the Internal Revenue Code.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | Regulations are arranged in the same sequence as the Internal Revenue Code. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 19. Proposed Regulations have the force and effect of law.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | They carry no such weight. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 20. Temporary Regulations have the same authoritative value as Final Regulations for 4 years.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | Temporary Regulations have the same authoritative value for 3 (not) 4 years. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 21. Proposed Regulations are published in the *Federal Register*.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *RATIONALE:* | Proposed Regulations are published in the *Federal Register.* | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 22. Regulations are issued by the Treasury Department.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 23. Revenue Rulings carry the same legal force and effect as Regulations.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | They do not carry the same legal force as Regulations. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 24. A Revenue Ruling is a legislative source of Federal tax law.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | A Revenue Ruling is an administrative source of Federal tax law. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 25. Revenue Procedures deal with the internal management practices and procedures of the IRS.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 26. Treasury Decisions are issued by the Treasury Department to promulgate new Regulations.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 27. Determination letters usually involve proposed transactions.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | They involve *completed* transactions. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 28. Letter rulings are issued by the National Office of the IRS.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 29. 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:* | Only in the U.S. Tax Court can a taxpayer file suit without first paying the assessed tax deficiency. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 30. 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 | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 31. A U.S. District Court must abide by the precedents set by the U.S. Court of Appeals of its jurisdiction.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 32. Appeals from the U.S. Court of Federal Claims go to the U.S. Supreme Court.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | The appeals are to the U.S. Court of Appeals for the Federal Circuit. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 33. A jury trial is available when a case is heard by a U.S. Court of Appeals.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 34. Only one judge hears a trial in a U.S. District Court.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 35. The *Golsen* rule no longer applies to the U.S. Tax Court.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *RATIONALE:* | U.S. Tax Court still follows *Golsen*. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 36. When there is a direct conflict between an Internal Revenue Code section and a treaty provision, the most recent item takes precedence.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 37. “Legislative" regulations carry more weight than “interpretative” regulations.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-08 - LO: 1-08 | | *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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| 38. 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 write-off of depreciable capital expenditures. | |  | c. | Amortization of pollution control facilities. | |  | d. | The rehabilitation tax credit. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - TX - AICPA: FN-Measurement United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 39. Which provision could best be justified as encouraging small business?   |  |  |  | | --- | --- | --- | |  | a. | Ordinary loss allowed on § 1244 stock. | |  | b. | Percentage depletion. | |  | c. | Domestic production activities deduction. | |  | d. | Interest deduction on home mortgage. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - TX - AICPA: FN-Measurement United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 40. Which provision is *not* justified by social considerations?   |  |  |  | | --- | --- | --- | |  | a. | Refundable earned income credit. | |  | b. | Adoption tax credit. | |  | c. | Like-kind exchange treatment. | |  | d. | Disallowance of illegal kickbacks. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - TX - AICPA: FN-Measurement United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 5 min. | |

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| 41. Which state is *not* a community property state?   |  |  |  | | --- | --- | --- | |  | a. | Arizona. | |  | b. | Texas. | |  | c. | New Mexico | |  | d. | Virginia | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - TX - AICPA: FN-Measurement United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 5 min. | |

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| 42. 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. | |  | b. | Continuity of interest concept. | |  | c. | Tax benefit rule. | |  | d. | Substance over form concept. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-04 - LO: 1-04 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - TX - AICPA: FN-Measurement United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 43. Federal tax legislation generally originates in what committee?   |  |  |  | | --- | --- | --- | |  | a. | House Budget Committee. | |  | b. | Senate Finance Committee. | |  | c. | House Ways and Means Committee. | |  | d. | House Taxation Committee. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | c | | *RATIONALE:* | The point of origination normally is the Ways and Means Committee of the House of Representatives. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 44. Regulations are first published in:   |  |  |  | | --- | --- | --- | |  | a. | *Federal Register.* | |  | b. | *Cumulative Bulletin.* | |  | c. | *Internal Revenue Bulletin.* | |  | d. | *I.R.S. Digest.* | |  | e. | All of the above. |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Regulations are first published in the *Federal Register*. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 45. Which citation is considered to be a statutory (legislative) citation?   |  |  |  | | --- | --- | --- | |  | a. | Ltr. Rul. 199952058. | |  | b. | Ann. 94-5, 1994-2 I.R.B. 39. | |  | c. | Reg. § 1.1014-1(c)(1). | |  | d. | § 351. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 46. A Technical Advice Memorandum is issued by:   |  |  |  | | --- | --- | --- | |  | a. | Treasury Department. | |  | b. | National Office of the IRS. | |  | c. | Office of Chief Council. | |  | d. | Area Director. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 47. Revenue Procedures are published in the:   |  |  |  | | --- | --- | --- | |  | a. | *Congressional Record.* | |  | b. | *Federal Revenue Bulletin.* | |  | c. | *Internal Revenue Bulletin.* | |  | d. | *I.R.S. Digest.* | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | c | | *RATIONALE:* | Revenue Procedures are published weekly in the *Internal Revenue Bulletin*. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 48. Determine the incorrect citation:   |  |  |  | | --- | --- | --- | |  | a. | TAM 20002704. | |  | 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. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | This citation should have 9 digits. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 49. 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. | |  | d. | Issued with multi-digit file numbers. | |  | e. | None are incorrect. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 50. Which of the following sources has the *highest* tax authority?   |  |  |  | | --- | --- | --- | |  | a. | Treasury Regulation. | |  | b. | Revenue Procedure. | |  | c. | Internal Revenue Code. | |  | d. | Temporary Regulation. | |  | e. | All have the same weight. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 CPET.SWFT.LO: 1-08 - LO: 1-08 | | *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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| 51. Which of the following is an administrative source of tax law?   |  |  |  | | --- | --- | --- | |  | a. | Rev. Rul. 2010-19. | |  | b. | Joint Conference Committee Report. | |  | c. | Section 12(a) of the *Internal Revenue Code*. | |  | d. | All of the above. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Revenue Rulings are issued by the National Office of the IRS. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 52. 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. | |  | d. | U.S. Supreme Court. | |  | e. | U.S. Court of Appeals Federal Circuit. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 53. 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. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 54. 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. | |  | c. | The Tax Court decision starts on page 1645. | |  | d. | The Seventh Court of Appeals decision appears in Vol. 458. | |  | e. | All of the above. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 55. 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. | |  | c. | *Cert. den*. 361 U.S. 875 (1959). | |  | d. | *Acq.* 1990-1 C.B. 2. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 56. 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). | |  | 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). | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 57. Which citation refers to a Fourth 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). | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | e | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 58. Which state is located in the jurisdiction of the Fifth Circuit Court of Appeals?   |  |  |  | | --- | --- | --- | |  | a. | Louisiana. | |  | b. | California. | |  | c. | New York. | |  | d. | South Carolina. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 59. 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. 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, U.S. Court of Federal Claims, U.S. Court of Appeals, and the U.S. 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 U.S. Courts of Appeal. They do not report the decisions of the U.S. Tax Court, U.S. District Courts, and the U.S. 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 Division 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 U.S. 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 U.S. Court of Appeals (reported in the F.2d series), or choice c. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 10 min. | |

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| 60. 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 | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 61. 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). | |  | 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). | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 62. 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). | |  | 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). | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 63. Which trial court normally has 16 judges?   |  |  |  | | --- | --- | --- | |  | a. | U.S. Tax Court. | |  | b. | U.S. Court of Federal Claims. | |  | c. | U.S. Supreme Court. | |  | d. | U.S. Court of Appeals. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | The U.S. Tax Court normally has 19 regular judges. The U.S. Court of Federal Claims normally has 16. Neither the U.S. Court of Appeals nor the U.S. Supreme Court is a trial court. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 64. Which trial court’s jurisdiction depends on the geographical location of the taxpayer?   |  |  |  | | --- | --- | --- | |  | a. | U.S. Tax Court. | |  | b. | U.S. District Court. | |  | c. | U.S. Court of Federal Claims. | |  | d. | Small Cases Division of the Tax Court. | |  | e. | None of the above. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 65. 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. | |  | e. | All of the above are the same. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 CPET.SWFT.LO: 1-08 - LO: 1-08 | | *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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| 66. A 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 (AFTR 2d in choice c.). | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 67. 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. | |  | e. | A U.S. Tax Court Memorandum decision. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 CPET.SWFT.LO: 1-08 - LO: 1-08 | | *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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| 68. 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.* | |  | d. | The IRS does not issue acquiescences to adverse decisions that are not appealed. | |  | e. | All of the above are correct. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 69. Which is a primary source of tax law?   |  |  |  | | --- | --- | --- | |  | a. | *J.W. Yarbo v. Comm.*, 737 F. 2d 479 (CA-5, 1984). | |  | b. | Article by a Federal judge in *Harvard Law Review*. | |  | c. | IRS Determination letter. | |  | d. | IRS Letter ruling. | |  | e. | All of the above are primary sources. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-08 - LO: 1-08 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Knowledge | | *OTHER:* | Time: 5 min. | |

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| 70. What impact has the community property system had on our Federal tax laws?   |  |  | | --- | --- | | *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 17 and 18. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-02 - LO: 1-02 | | *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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| 71. How does a treaty with a foreign country impact a section in the Internal Revenue Code?   |  |  | | --- | --- | | *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 or tax treaty takes precedence. When there is a conflict, the most recently enacted item will take precedence. | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 72. Explain the *Golsen* doctrine.   |  |  | | --- | --- | | *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 the *Golsen* decision. Now the Tax Court will decide a case as it feels the law should be applied *only* if the Circuit Court of Appeals of 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 appropriate jurisdiction has previously held otherwise, the Tax Court will conform under the *Golsen* rule even though it disagrees with the holding. | | *POINTS:* | 3 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-05 - LO: 1-05 | | *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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| 73. What is the value of Actions on Decisions to a tax researcher?   |  |  | | --- | --- | | *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. | | *POINTS:* | 3 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-08 - LO: 1-08 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 10 min. | |

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| 74. What value is a tax citator to a tax researcher?   |  |  | | --- | --- | | *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. | | *POINTS:* | 3 | | *DIFFICULTY:* | Easy | | *LEARNING OBJECTIVES:* | CPET.SWFT.LO: 1-10 - LO: 1-10 | | *NATIONAL STANDARDS:* | United States - BUSPORG: Comprehension - BUSPORG:Comprehension | | *STATE STANDARDS:* | United States - AK - AICPA: FN-Research | | *KEYWORDS:* | Bloom's: Comprehension | | *OTHER:* | Time: 10 min. | |