



Dbriefs U

Supplemental Material

Tax Research — Laying the Foundation

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About the Supplemental Material

Each Dbriefs U webcast is accompanied by teaching material including discussion or homework questions, activities, and related resources. Material is distributed by email in conjunction with the live broadcast of each webcast. For questions or more information, email dbriefsu@deloitte.com.

To request the solutions for this material, email dbriefsu@deloitte.com.

Discussion/Homework Questions

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Identify the two types of tax research and briefly explain how they differ.

What were the five common steps of tax research introduced in the webcast?

Which three of the following authorities are “authoritative” authorities?

- Temporary Regulations
- Tax Court Memorandum decision
- Revenue Ruling
- Internal Revenue Code
- Legislative history
- Private Letter Ruling
- Proposed Treasury Regulations

As a tax advisor, why is it important to validate authority?

What is tax research and why is it an important for a tax advisor?

What were the four common components of a tax research memo that were introduced in the webcast?

Activity

To request the solutions for this material, email dbriefsu@deloitte.com.

Overview

Analyzing and Communicating Your Research Results: The Tax Research Memorandum

Length: Varies between 1-4 hours, depending on version of the activity the instructor selects

Type: Individual or team activity

Materials: Taxpayer facts and issues detailed below.

Learning Objectives: Provide students with an opportunity to connect the skills that they have learned in the broadcast to research and draft a tax research memorandum that is grounded in real world taxpayer issues and experiences.

Summary: Students should (either individually or in teams) use the taxpayer facts and circumstances provided below to develop a draft tax research memorandum.

There are a number of ways that instructors can leverage this exercise depending on the level and experience of their students or their course's overall objective. This exercise can be completed individually or as a team project, or may be broken up into smaller, discrete exercises on each individual part of a tax research memorandum. Additionally, instructors can opt to provide students with copies of the relevant tax authorities to reduce the amount of time spent on this exercise or shift the focus of the exercise to place more emphasis on writing/communicating tax research results vs. conducting tax research.

Activity

Analyzing and Communicating Your Research Results: The Tax Research Memorandum

Using the taxpayer facts and circumstances provided below, develop a draft tax research memorandum.

Facts

In 2009, Bob McDonald, a shareholder in Late-Night Sandwiches Delivery Corporation (“Late-Night”), an S corporation, obtains an accident and health insurance plan in his name. The plan provides coverage for Bob (who owns a 50 percent share of the company stock), along with his wife and their two children. Bob makes all the premium payments for the plan during 2009 and furnishes proof of the payments to Late-Night. Late-Night then reimburses Bob for the payments, and reports the premium payments as wages on Bob’s Form W-2 for 2009. Bob reports the wages as gross income on his individual income tax return.

Bob’s earned income from Late-Night exceeds the amount of the premiums paid for the health coverage and he is not eligible to participate in any subsidized health plan maintained by his employer or his spouse’s employer.

Bob asks his CPA, John “Numbers Cruncher” Dorland, whether he can take a deduction on his return for the premiums paid.

Related Resources

Suggested book: Gardner, Robert L., et al. (2005) *Tax Research Techniques*, 7th edition. New York: AICPA

Webcast Poll Questions

To request the solutions for this material, email dbriefsu@deloitte.com.

Question

Lexi reported to her tax advisor that she received a check and inquired as to if she needed to include it in her gross income. Which question below would her tax advisor NOT need to ask?

- What was the amount of the check?
- Who was the check from?
- What was the check for?
- Did she cash it?
- Her advisor should ask all of these questions

Question

Which of the following is a primary source?

- IRC section 61
- *Journal of Taxation*
- CCH Standard Federal Tax Reporter
- *IRS Practice and Procedure*

Question

What resource might you consult if you wanted to understand more about IRC section 1031?

- LexisNexis
- WestLaw
- CCH
- RIA
- BNA
- All of the above

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