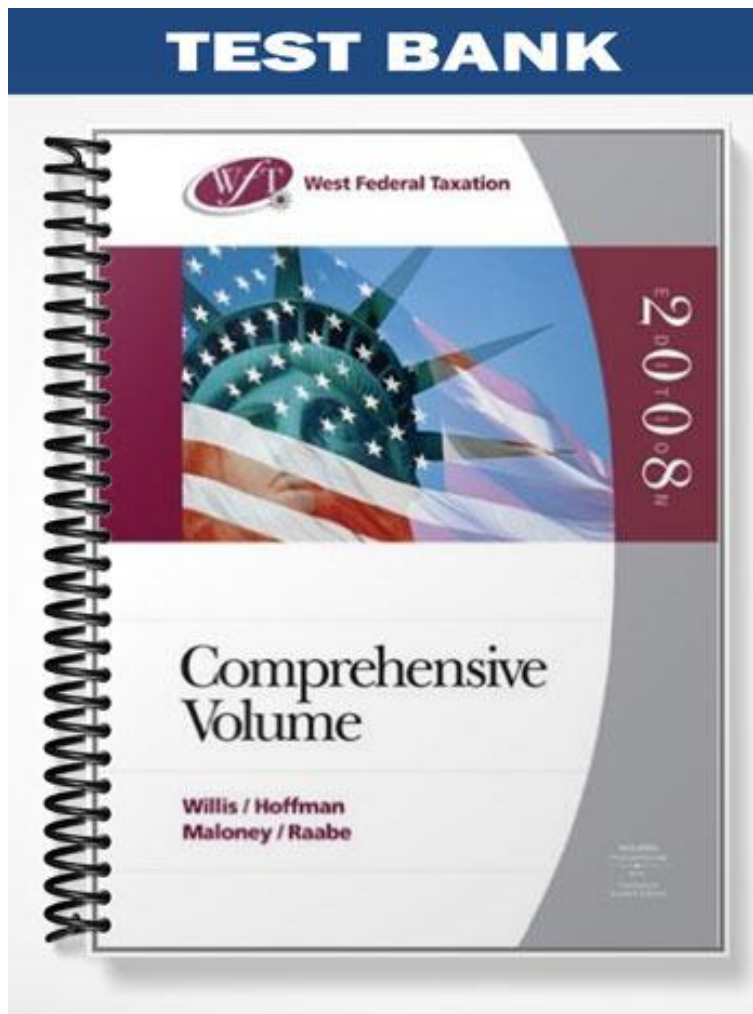


# TEST BANK



## CHAPTER 2

## WORKING WITH THE TAX LAW

## EXAMINATION QUESTIONS

## MULTIPLE CHOICE

- \_\_\_ 1. Subchapter P refers to the “Partners and Partnership” section of the Internal Revenue Code.
- \_\_\_ 2. The IRS is not allowed to make a letter ruling public.
3. Which statement is true with respect to TAMs ?
  - a. They are issued by the Local Office of the IRS.
  - b. They deal with proposed transactions.
  - c. They may be cited or used as precedent.
  - d. They are issued at the request of the taxpayer.
  - e. None of the above.
4. A taxpayer may not appeal a case from which court?
  - a. U.S. District Court.
  - b. U.S. Tax Court.
  - c. U.S. Court of Appeals.
  - d. Small cases Division of the U.S. Tax Court.
  - e. All of the above.
5. Which trial court allows a jury trial?
  - a. Small Cases Division of the U.S. Tax Court.
  - b. U.S. District Court.
  - c. U.S. Court of Appeals.
  - d. U.S. Tax Court.
  - e. None of the above.
6. In § 212(1), the number (212) stands for the:
  - a. Section number.
  - b. Subsection number.
  - c. Paragraph designation.
  - d. Subparagraph designation.
  - e. None of the above.
7. What statement is *not* true with respect to Temporary Regulations?

- a. May not be cited as precedent.
  - b. Issued as Proposed Regulations.
  - c. Automatically expire within three years after the date of issuance.
  - d. Found in the *Federal Register*.
  - e. All of the above statements are true.
8. Which statement is true with respect to letter rulings?
- a. They are issued by the National Office of the IRS.
  - b. They deal with completed transactions.
  - c. They may be requested for any area of taxation.
  - d. They are issued at the request of the IRS.
  - e. None of the above.
9. A taxpayer who loses in the U.S. Tax Court may appeal directly to the:
- a. U.S. Court of Appeals (Regional Circuit).
  - b. U.S. Court of Appeals (Federal Circuit).
  - c. U.S. District Court.
  - d. U.S. Supreme Court.
  - e. None of the above.
10. Subchapter K of the Internal Revenue Code covers what topic?
- a. Penalty taxes.
  - b. S Corporations.
  - c. Excise taxes.
  - d. Partners and Partnerships.
  - e. None of the above.

**SOLUTIONS TO EXAMINATION QUESTIONS**

1. F Subchapter K is the correct Subchapter. p. 2-6
2. F The law now requires the IRS to make letter rulings available for public inspection after identifying details are deleted. p. 2-10
3. e All of the statements are false regarding TAMs. TAMs are released by the National Office of the IRS, deal with completed transactions and may not be cited as precedent. TAMs are also issued in response to questions raised by IRS personnel during audits and not at the request of taxpayers. p. 2-11
4. d Appeals are available from all courts listed except the Small Cases Division of the U.S. Tax Court. p. 2-11 and Figure 2-3
5. b A jury trial is only available in the U.S. District Court. p. 2-14 and Concept Summary 2-1
6. a p. 2-6
7. a pp. 2-7 and 2-8
8. a All of the statements except a. are false regarding letter rulings. Letter rulings are issued by the National Office of the IRS (option a.) at the request of the taxpayer (option d.), deal with proposed transactions (option b.), and are restricted to selected areas of taxation (option c.). p. 2-10
9. a The appeal from the U.S. Tax Court is directly to the U.S. Court of Appeals (Regional Circuit). p. 2-14 and Figure 2-3
10. d Subchapter K covers Partners and Partnerships. p. 2-6