TAX RESEARCH GUIDANCE

To complete Tax Research Assignments, you will need to conduct research in the three areas of primary tax law. Work through the searches below to learn how to do tax research. Review these steps each time you begin working on a new research assignment.

There are many different ways to do research. The list below is one method, but keep in mind it is not the only way to find documents. If an area is new to you, you may wish to use Google first, to see what others say on the topic and figure out what kinds of authority might exist on the issue. The power of Google is that it can quickly pinpoint an IRS Code citation or Revenue Ruling or Procedure on your issue. However, as you may know, Google can turn up anything on the internet, and might lead you to sites that have incorrect, outdated, or misleading information. Exercise your good judgment accordingly, and in this class, for your research projects and homework, only cite to information you obtained from the internet sites listed below which have been shown to be trustworthy. In other words, feel free to use Google as a way to learn what Code sections or administrative materials may apply. But then use a more reliable internet site (such as UMUC's library) to actually provide you with the text that you will evaluate and cite.

Once you get a sense of the topic, and maybe even a code section or other citations, you can turn to LexisNexis (in the Tax Law library) to pull up specific legislative, administrative, or judicial authority. As a future professional and a member of this class, the following three areas of primary tax law (legislative, administrative, and judicial) are the types of authority you should rely upon and discuss in your research work.

1. Legislative Authority

Internal Revenue Code (IRC)

a. CHECKPOINT and INTELLICONNECT are widely used tax research services. These services require a subscription. You are certainly free to use them if you have access to them. However, the resources discussed below are available to you free of charge and should be adequate to your research needs in this course.

Lexis/Nexis Academic – available through the UMUC electronic library: Lexis/Nexis combines many tax resources in one spot and offers fast, up-to-date information. Your future employers may expect you to be familiar with Lexis (or its rival, Westlaw) so take the time now to learn how it works:

www.umuc.edu.
Link to Library.
Link to “Subject Guides”.
Link to “Accounting”.
Under the Most Recommended Resources bar, link to “LexisNexis Academic”.
Enter your username and password (if necessary).
On the Left Menu Bar, click on Research
Guides

Under Academic URLs, click on

Accounting and Tax Law Links.

In the red box, enter your search terms and click search. Try "ordinary w/3 necessary" (but omit quotation marks). This search should bring up a number of IRC sections.
In the "Show" box, you can click on KWIC (Key Word in Context) to see portions of your retrieved documents with your search terms highlighted. This will help you to decide whether a retrieved document might be relevant to your research objective. One document in your retrieved list is §162 Trade or Business Expenses. In the "Show" box you can click on Full to display the full document., which is the entire IRC section.

b. **Cornell website**: If you know what code section you are looking for, one of the fastest ways to find it is through Cornell University Law School's website at this link: http://www.law.cornell.edu/uscode/ But note that the Code on Cornell's website may not be current enough for research assignments. Lexis/Nexis is a current database. If you put "26" in the Title box and the Code section in the section box and hit Go, you can retrieve the specified Code section.

2. Administrative Authority:

a. Treasury Regulations (Regs);
b. Revenue Rulings (Rev. Rul.);
c. Revenue Procedures (Rev. Proc.);
d. Private letter rulings (PLR)

When looking for administrative materials where you do not have a citation, you can start by putting key words into the search function at the IRS.gov homepage. If regulations or rulings have been published on the issue, they will usually pop up here. The IRS publications can also be helpful in providing an overview, ***but they are not considered primary authorities.***

a. Treasury Regulations

If you know the regulation citation, some direct ways to pull it up are:

Go to:
www.irs.gov
Link to Help & Resources on the tool bar at the top of the page
Link to Tax Code and Regulations on the left side of page
Under Treasury (Tax) Regulations
Link to Go under Table of
Contents
Leave IRS website
Under actions on the left side of the page, click on browse Code of Federal Regulations.
Under Related Resources, click on the link to Electronic Code of Federal Regulations (e-CFR)
Scroll down to Title 26 and hit Go. This will take you to a list of links to Treasury Tax Regulations. You can search the CFR by clicking on search options on the left.

Or

Go to "LexisNexis Academic" in the UMUC electronic library.

Under Academic URLs, select Legal Links.
Click on Statutes, Codes & Regulations.
Click on Code of Federal Regulations.
In the Quick Find box, enter your citation, *e.g.*, enter 1.61, and click Find.
Treasury Regulation 1.61-1 on Gross Income will be retrieved. Generally, we will use regulations with the number 1. Internal Revenue Code section 61 is the definition of gross income. Treasury Regulation 1.61-1 further provides for this law on gross income. An example of proper citation of a Treasury regulation is Treasury Regulation § 1.61–9(c).

b. Revenue Rulings

How to research a Revenue Ruling:

Go to www.umuc.edu.
LexisNexis Academic database.
Go to Tax Law
Content.
Click on "IRS Bulletins, Rulings, & Memoranda Decisions Combined"
In the Search box enter, *e.g.*, Rev. Rul. 99-7.
Search. One of the documents retrieved is the Revenue Ruling.
Several results turn up related to the issue discussed in the Revenue Ruling.

Please see the **Internal Revenue Manual** http://www.irs.gov/irm/part4/irm_04-010-007.html for details on the proper citation of primary tax authorities, including revenue rulings in the Internal Revenue Bulletin (I.R.B.) and Cumulative Bulletin (C.B.). If the above link does not take you to the Internal Revenue Manual 4.10.7.2 Researching Tax Law, copy the link and paste it into your browser. This should work. ***You are expected to use the proper citation form in your research projects.*** An example of proper citation of a revenue ruling appearing in the I.R.B. is Rev. Rul. 96–55, 1996–49 I.R.B. 4. Internal Revenue Bulletin No. 1996–49 was issued December 2, 1996. Revenue Ruling 96–55 is found at page 4. An example of proper citation of a revenue ruling appearing in the C.B. is Rev. Rul. 63–107, 1963–1 C.B. 71, 74, which directs the reader's attention to page 74 of Rev. Rul. 63–107 found in volume 63–1 of the Cumulative Bulletin, starting on page 71.

1. The I.R.B. is the authoritative instrument of the Commissioner of Internal Revenue for announcing official IRS rulings and procedures and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published on a weekly basis by the Government Printing Office.
2. It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated.
3. The C.B. is a consolidation of items published in the weekly I.R.B. The C.B. is issued on a semiannual basis. The C. B. is number 1 to 5, inclusive (April 1919 to December 31, 1921); and I–1 and I–2 to XV–1 and XV–2, inclusive (January 1, 1922, to December 31, 1936) . Each *Cumulative Bulletin* number thereafter bears the particular year covered, for example, 1963–1 (January 1 to June 30, 1963).

c. Revenue Procedures

Research a Revenue Procedure:

For *e.g.*, try to find Rev. Proc. 2010-27.

Follow the same steps as for the Rev. Rul. above, but search for Rev. Proc. 2010-27, using the LexisNexis database.

In the Search box, enter Rev. Proc. 2010-27.
Search.
Search results turn up cites related to the Rev. Proc., including the Rev. Proc. itself.

An example of the proper citation format for a revenue procedure is Rev. Proc. 97-19, 1997-1 C.B. 644. ***You are expected to use the proper citation form in your research projects.***

d. Letter Rulings

How to research Letter Rulings:

Same steps as above to access LexisNexis database.
Link to "Tax Law Content".
Click on "IRS Bulletins, Letter Rulings, & Memoranda Decisions, Combined"
In the Search Box, enter, ***e.g.***, PLR 200607003.
Search.
Private Letter Ruling 200607003 appears.

An example of the proper citation format for a letter ruling is Ltr. Rul. 200130006 (July 30, 2001). ***You are expected to use the proper citation form in your research projects.***

3. Judicial Authority

How to find Federal Court Opinions and how to make sure the opinions are still good law.

Research Court Opinions

a. US Tax Court

Access Lexis/Nexis as described above.
Link to "Tax Law Content:
Click on Federal Cases and IRS Administrative Decisions
Click on Look Up a Legal Case and enter the case citation in the Search Box, enter, *e.g.*: TC Memo.1998-220. Search.
Heitz v. Comm'r. will display
Next, in the box labeled Next Steps in the upper right corner, click on the down arrow and select Shepardize.*** Hit Go.
Click on subsequent appellate history. You will notice that the ***Heitz*** case was reversed by the 7th Circuit in ***Exacto Spring Corp. v. Comm'r.***, 196 F.3d 833 (1999)

***On the upper right-hand side, look for the blue link "Shepardize". Shepards is a service that tells you instantly if a case is still good law, or if it has been criticized or

overturned. Click on the blue "Shepardize" link and see what has happened to this case.

An example of the proper citation format for a Tax Court decision *MedChem Products, Inc.,* 116 T.C. 308 (2001). ***You are expected to use the proper citation form in your research projects.***

b. US Supreme Court

You could find a Supreme Court opinion using LexisNexis as described above. Enter the citation 506 U.S. 523. This citation is telling you that the case is reported in US Reporter volume 506, starting at page 523 of that volume.

Supreme Court opinions are also available on the Supreme Court's website. Go to www.supremecourt.gov, and in the search feature, type in 506 U.S. 523. This will give you a link to various US Reporter volumes. Click on 506, then scroll down to page 523 for the opinion.

Tax cases are also decided by Federal District Courts, the U.S. Court of Claims, and U.S. Courts of Appeals. An example of the proper citation format for an appeals court decision is *Graham v. Commissioner,* 6 F.2d 878 (4th Cir. 1964). An example of the proper citation format for a district court decision is *Ruby Smith Stahl v. United States,* 294 F. Supp 243 (D.D.C. 1969). An example of proper citation format for a Court of Claims decision is *Uptown Club of Manhattan, Inc. v. United States,* 83 F. Supp. 823 (Ct. Cl. 1949). When you find a relevant tax case, the heading will include a proper citation to the case. For more detail on researching and citing primary tax authorities, see the Internal Revenue Manual, 4.10.7.2 Researching Tax Law, http://www.irs.gov/irm/part4/irm_04-010-007.html#d0e76.

Tax research is a skill that is developed through practice. As you practice with various services, such as LexisNexis, you will become more adept at discovering relevant authorities on tax research questions that you may encounter. Do not expect to master tax research skills immediately, but commence your acquaintance with those databases that contain the relevant information, and you will learn and improve as you go along.