

READING ASSIGNMENTS PART I

NOTES:

- You should read the Syllabus (available on course web site - <http://mkirsch.nd.edu/fedtax>) before the first class
- Unless otherwise noted, assignments listed as “Handouts” are available on the course website.
- You should check the course web site periodically for additions/modifications to these assignments
- Focus on the Code and Regulations sections listed below (rather than the Code and Regulation sections listed in each header in the casebook)
- You are responsible for preparing (prior to class) all assigned problems

PART ONE – INTRODUCTION

1. Orientation

A & B. A Look Forward / A Glimpse Backward

Text: pp. 3-12

C. The Income Tax and the United States Constitution

Text: pp. 12-18

D. The Tax Practitioner’s Tools

Text: pp. 18-38 (you can merely skim the *Mayo Foundation* case)

Code: §§ 7805; 7806. Skim § 7701 (listing of general definitions)

E. The Road Ahead

Text: pp. 38-40

Handout: *Simplified Overview of Income Tax Determination*

Tax Policy Considerations

Handout: Excerpt on tax policy from Government Accountability Office, *Understanding the Tax Reform Debate: Background, Criteria & Questions* (ignore the out-of-date corporate tax rate table on p. 49)

28. Procedure and Professional Responsibility

A. Overview of Federal Tax Procedures

1 & 2. Introduction / The Self-Assessment System

Text: pp. 967-969

Code: §§ 6011(a); 6072(a); 6081(a)

3 & 4. Administrative Procedures / Judicial Procedures

Text: pp. 969-81 (stop reading at *Judicial Finality* on p. 981)

Code: §§ 6213(a); 6501(c)(4); 7463(a); 7482(a), (b)(1). Note §§ 7430, 7491

Problems: p. 987 (Problem 1 only)

B. Special Rules Applicable to Deficiency Procedures

1. Timing Rules, Interest and Penalties

Text: pp. 988-92

Code: §§ 6501(a), (b)(1), (c)(1), (3), (4) & (e)(1)(A); 6503(a)(1); 6601(a); 6621(a)(2); 7502(a)(1), (b), (f). Note §§ 6651; 6662; 6663; 7201; 7203; 7206

Problem: p. 987 (Problem 2 only); p. 992 (Problem 1 only)

C. Special Rules Applicable to Refund Procedures

Text: pp. 996-1000

Code: §§ 6511(a); 6511(b); 6513(a); 6611(a); 6621(a)(1); 7502(a), (b), (f)

Problem: p. 1000 (Problem 1(a) & (b) only)

29. Professional Responsibility Issues

Text: pp. 1001-05

Code: § 6694

Regs: § 1.6662-4(d)(1), (2), (3)(i), (ii) & (iii)

Problem: p. 1005

PART TWO – IDENTIFICATION OF INCOME SUBJECT TO TAXATION

2. Gross Income: The Scope of Section 61

A. Introduction to Income

Handout: Excerpt on the tax base from Alvin Warren, *Three Versions of Tax Reform* (this provides a brief summary of the Haig-Simons economic definition of income; while this conceptual definition is not directly relevant to the Internal Revenue Code, it is useful to consider before looking at how the Code and case law define income)

Text: pp. 43-44

Code: § 61

B. Equivocal Receipt of Financial Benefit

Text: pp. 44-60

Code: § 61

Regs: §§ 1.61-1(a); 1.61-2(a)(1), -2(d)(1); 1.61-14(a)

Problems: pp. 60-61 (skip Problem 5)

C. Income Without Receipt of Cash or Property

Text: pp. 61-62 (skip the *Dean* case)

Code: § 61

Regs: §§ 1.61-2(a)(1), -2(d)(1)

Problem: p. 63 (Problem 2 only)

3. The Exclusion of Gifts and Inheritances

A. Rules of Inclusion and Exclusion

Text: 65-66

Code: §§ 102(a) & first sentence of (b)

Regs: § 1.102-1(f) (proposed)

B. Gifts

1. The Income Tax Meaning of Gift

Text: pp. 66-76

Code: § 102(a)

Problems: p. 76

2. Employee Gifts

Text: pp. 76-78

Code: § 102(c); 274(b)(1)

Regs: § 1.102-1(f) (proposed)

Problems: p. 78 (skip Problem 2)

C. Bequests, Devises, and Inheritances

Text: pp. 78-86

Code: §§ 102(a), (b) first sentence, (c)

Regs: § 1.102-1(a), -1(b)

Problems: pp. 86-87 (skip Problem 1(i) and Problem (2))

4. Employee Benefits

A. Exclusions for Fringe Benefits

Text: pp. 89-98

Code: §§ 132; 61(a)(1). Note §§ 79(a); 106(a); 112; 125; 127; 129

Regs: §1.132-1(b)(4); 1.132-2(a)(1), (2) & (3); 1.132-6(d)(2)(i); 1.132-6(e)(1);
1.132-8(a)(1), -8(a)(2)(i)

Problems: pp. 99-100 (skip Problems 1(g), (h), (k) & (o))

In addition, consider the extent to which any person has gross income under the following scenarios:

(x) Employee of a commercial airline is entitled to acquire vouchers that allow Employee, her spouse, or her dependent children to fly free on her airline. The seats are available only on a “stand-by” basis – i.e., if there are empty seats after all paying passengers have boarded. Employee’s spouse utilizes a voucher for a free flight that otherwise would have cost \$500.

(y) Same as (x), except the vouchers can also be used by Employee’s siblings, and her brother utilizes a voucher for a free flight that otherwise would have cost \$500.

(z) Same as (x), except the vouchers can also be used by Employee’s parents, and her mother utilizes a voucher for a free flight that otherwise would have cost \$500.

B. Exclusions for Meals and Lodging

Text: pp. 100-103

Code: §§107; 119(a), (b)(1)

Regs: § 1.119-1 (skip -1(a)(3))

Problems: pp. 103-04 (Problems 1 & 4 only)

5. Awards

A. Prizes

Text: pp. 108-110 (skip *McDonell* case)

Code: § 74; 274(j). Note §§ 102(c); 132(a)(4), (e)

Regs: §§ 1.74-1(a); 1.74-1(b), (c)(1) (proposed)

Problem: p. 110

B. Scholarships and Fellowships

Text: pp. 110-113

Code: §§ 117. Note § 127(a), (b)(1), (c)(1)

Regs: §§ 1.117-6(b), -6(c)(1)-(4), -6 (d)(1)-(3) (proposed)

Problems: p. 113 (Problem 1 only)