Tax return position paper

Tax Return Position Paper Tax Return Position Paper The main primary sources of tax law include Internal Revenue treasury regulations, case laws, administrative decisions, and legislative history. Internal Revenue Code (IRC) is well organized with all cross references and the provisions on related tax topics. Internal Revenue Code contains a table of contents that shows all the tax topics covered in the code. The code also contains a glossary that explains major terms used in taxation. The internal revenue code contains more than fifty words that are well defined. The internal revenue code contains landmarks on dates that the code was amended. These landmarks help the taxpayer to trace tax references and materials used in taxation. For example, the internal revenue code of the United States is contained in Title 26 of the United States Code. The United States Code contains tax laws of the federal government. The advantages of reading the internal revenue code are that the taxpayer acquaints him/herself with the best ways of using tax services, other sources and citators. Regulations by the treasury help to interpret and understand the internal revenue code. The regulations are issued by the treasury with the intention of giving guidance to the internal revenue code. The treasury regulations that are final are coded according to the Code of Federal Regulations. Later, these regulations are announced as Treasury Decisions in the Federal Register. The main treasury regulations include proposed, final and temporary regulations. The proposed regulations usually last for a minimum of a comment period and thirty days . the period that applies for the proposed period is laid down by Certified Public Accountants (CPA). Final regulation become authoritative once they are coded according to the Code of Federal Regulations and publicized on Federal Register. The temporary regulations are issued temporarily and can

only last for three years. During the three years that temporary laws are issued, they are treated as final treasury regulations. Case laws play a major role in interpreting and understanding tax laws. Tax research has shown that case laws are vital in addressing issues of regulations and codes. The tax cases mostly come from the district courts, federal claims and tax courts. For example, in the United States the most common sources of tax cases include the United States Courts of Federal Claims, United States District Courts, and United States Tax Court. Administrative decisions are made by the Internal Revenue Services. The taxpayer and practitioners need to pay attention to these laws in tax returns. The administrative decision helps taxpayers and tax administration practitioners to understand Revenue Procedures and Rulings. Most of administrative decisions are found in the public sites due to freedom of information made by the Freedom of Information Act (FIA). Most of administrative decisions about tax returns and laws are found in the websites. Legislative history is history on tax regulations mostly found in libraries. The law libraries have several books that contain complied histories about legislation of tax. The history covers tax acts that are most important in formulation of tax laws. For example, the legislative history files in the United States contain all major acts of tax, administrative news and congressional codes (Johnson, 2008) The main sources of secondary tax laws include practice guides, handbooks, formbooks and treaties, nutshells, periodical indexes, periodicals and tax journals, joint committees on taxations, dictionaries, and legal encyclopedias. Practice guides include annotations and analysis of tax cases, administrative decisions and treasury regulations for example the Federal Standard tax Reporter (FST). Practice guides are arranged either by subject or by code. Handbooks are important

for tax practitioners as they provide a summary of all federal tax topics as well as charts. Hornbooks and treatises are mostly used for research in legal dimensions. Formbooks and treatises contain the general overview of tax regulations and laws. The hornbooks and treatises contain annotations to tax cases, administrative decisions and statutes. Nutshells are just like the hornbooks and treatises. The main difference is that the nutshells are briefer. Some examples of nutshells include federal income taxation of corporations and stockholders. Periodical indexes provide a map to tax journals, article reviews on law and periodicals. Periodicals are useful in addressing issues and topics on major areas of taxation. Legal encyclopedias are useful in researching about tax laws while dictionaries are used to define terms used in taxation. Examples of tax dictionaries include WG&L tax dictionary and West's Tax Law Dictionary. Substantial authority asserts that taxpayers can take a return of tax position without any disclosure or penalty if there is substantial authority to show that the position will sustain even after being investigated. Under the current tax laws, a taxpayer can take a position which they think can be right on tax returns. According to Financial Accounting Standards Board Interpretation number 48, under disclosures states that taxpayers should take only those positions that they think are true on their tax returns. Tax regulations or treatment can only be enacted if there is substantial authority to support the tax regulation or treatment. Substantial Authority is determined when the entire tax authorities are involved. The substantial authority is determined by the circumstance and the facts relating to the prescribed manner. The main role of court rulings is to help in interpreting tax laws. The court rulings have been analyzed in terms of tax cases. These cases portray what should be done if a certain

position about tax arose that is portrayed by the case. The role of internal revenue code is to enable the taxpayer to trace tax references and materials used in taxation. The internal revenue code familiarizes the taxpayers with the tax codes used in taxation as well as where they can get these codes (Raabe, et al, 2011). References Johnson. M., et al. (2009). Federal Tax Course (2009). Chicago, IL: Carter Hawley Hale Publishers. Raabe, A. (2009). Federal Tax Research. Mason, OH: South Western Cengage Learning.