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Research Assignment 1. Find IRC Sections 451(a). General Rule The amount of any item of gross income shall be included in the gross income for the taxable year in which received by the taxpayer, unless, under the method of accounting used in computing taxable income, such amount is to be properly accounted for as of a different period.

2. Find:

IRC Sections 446(a)

(1) Section 446(a) provides that taxable income shall be computed under the method of accounting on the basis of which a taxpayer regularly computes his income in keeping his books.

IRC Sections 446(b)

Exceptions. (1) If the taxpayer does not regularly employ a method of accounting which clearly reflects his income, the computation of taxable income shall be made in a manner which, in the opinion of the Commissioner, does clearly reflect income.

(2) A taxpayer whose sole source of income is wages need not keep formal books in order to have an accounting method. Tax returns, copies thereof, or other records may be sufficient to establish the use of the method of accounting used in the preparation of the taxpayers income tax returns

IRC Sections 446(c)

Permissible methods—(1) In general. Subject to the provisions of paragraphs (a) and (b) of this section, a taxpayer may compute his taxable income under any of the following methods of accounting:

(i) Cash receipts and disbursements method. Generally, under the cash receipts and disbursements method in the computation of taxable income, all items which constitute gross income (whether in the form of cash,

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property, or services) are to be included for the taxable year in which actually or constructively received. Expenditures are to be deducted for the taxable year in which actually made. For rules relating to constructive receipt, see §1. 451-2. For treatment of an expenditure attributable to more than one taxable year, see section 461(a) and paragraph (a)(1) of §1. 461-1.

(ii) Accrual method. (A) Generally, under an accrual method, income is to be included for the taxable year when all the events have occurred that fix the right to receive the income and the amount of the income can be determined with reasonable accuracy.

(iii) Other permissible methods. Special methods of accounting are described elsewhere in chapter 1 of the Code and the regulations thereunder.

3. Find Rev. Proc. 2004-34

Except as provided in section 5. 02(2) of this revenue procedure for certain short taxable years, this revenue procedure does not permit deferral to a taxable year later than the next succeeding taxable year

4. Find the following court case: Artnell Co. v. Comm (1968). Copy and paste the Heading and the Case Information of this case below.

Case: 400 F. 2d 981 - Artnell Company v. Commissioner of Internal Revenue

Petitioner: Artnell Company,

Respondent: Commissioner of Internal Revenue

Case number: No. 16586

At the United States Court of Appeals Seventh Circuit

Date: Sept. 19, 1968

Verdict:

The court, distinguishing from the holding in Schlude v. Commissioner, held that accrual method taxpayers are not required to include prepayments in

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gross income when there is certainty as to when performance would occur.

5. Find the following court case. Copy and paste the Heading and Case Information

Tampa Bay Devil Rays, Ltd., 84 TCM 394 (2002)

Case: Tampa Bay Devil Rays Ltd. V. Commissioner

Petitioner: Tampa Bay Devil Rays, Ltd., Naimoli Baseball, Enterprises, Inc.,
Tax Matters Partner,

Respondent: Commissioner of Internal Revenue

Filed September 30, 2002

6. Find the following court case. Copy and paste the heading, the case information and Headnotes including parts 1. , 2., and 3.

Schlude v. Comm. (S. Ct., 1963), 63-1 USTC par. 9284, aff'g, rev'g and rem'g
(8 Cir., 1962), 62-1 USTC par. 9137, aff'g 32 TC 1271 (1959).

Case: 372 U. S. 128 - Schlude v. Commissioner of Internal Revenue

Petitioner: Mark E. SCHLUDE (Carl F. Bauersfeld, Washington, D. C for
petitioners)

Respondent: Commissioner of internal revenue (Louis F. Oberdorfer,
Washington, D. C for respondent)

Case number: 80

Argued: Dec. 10, 1962

Decided: Feb. 18, 1963

Verdict: the Court held that, under the accrual method, taxpayers must include as income in a particular year advance payments by way of cash, negotiable notes, and contract installments falling due but remaining unpaid during that year.

7. Find the following court case. Copy and paste the title, the Case

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Information and the Headnote below.

American Automobile Association v. U. S. (03/02/1960).

Case: American Automobile Association V. United States

NO. 311-58.

United States Court of Claims

March 2, 1960

Fleming Bomar, Washington, D. C., for the plaintiff

Jerry M. Hamovit, Washington, D. C., with whom was Asst. Atty. Gen., Charles K. Rice, for the defendant

Verdict: It was held that the Commissioner of Internal Revenue did not abuse his discretion in determining that the prepaid dues were taxable as income in the year in which they were actually received and in rejecting the taxpayers method of accounting