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About this guide
This material was prepared to complement the Dbriefs U webcast Tax Research – The Foundation Every Tax Professional Builds On. For questions or more information, visit www.deloitte.com/us/dbriefsu or email dbriefsu@deloitte.com
Steps of Tax Research

Step 1: Determine the critical facts.

Step 2: Determine the issues or questions.

Step 3: Search for and validate the appropriate authority.

Step 4: Analyze and apply the relevant authority.

Step 5: Communicate the results of your research to the internal or external client.
## Sources of Judicial and Regulatory Tax Authority

<table>
<thead>
<tr>
<th>Sources of Judicial and Regulatory Tax Authority</th>
<th>Available Electronically</th>
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</thead>
<tbody>
<tr>
<td>Action on Decisions (AOD) - A document issued by the National Office litigation functions regarding whether the Service will follow a significant adverse court opinion</td>
<td>IRS – <a href="http://www.irs.gov/foia/lists/0,,id=97630,00.html">http://www.irs.gov/foia/lists/0,,id=97630,00.html</a></td>
</tr>
</tbody>
</table>
| Chief Counsel Advice (CCA) - CCA materials are written advice or instructions prepared by the Office of Chief Counsel and issued to field or service center employees of the IRS or Office of Chief Counsel. Reference Chief Counsel Advice Training Material for additional information about CCA’s. CCA includes Field Service Advice (FSA), technical assistance in the field, service center advice, litigation guideline memorandums, tax litigation bulletins and criminal tax bulletins. | IRS (CCAs) - http://www.irs.gov/foia/lists/0,,id=97705,00.html  
| Cumulative Bulletin (CB) - The Cumulative Bulletins contain all regulatory and legislative materials publish over a period of time. CB is a semi-annual publication of consolidated weekly Internal Revenue Bulletins. | Available in print and through third party vendors such as: Lexis-Nexis, BNA, and CCH. |
| Field Service Advice (FSA) - Taxpayer-specific rulings furnished by the IRS National Office in response to requests made by taxpayers and/or Service officials. | IRS - http://www.irs.gov/foia/article/0,,id=103755,00.html |
| General Council Memorandum (GCM) - General Counsel Memoranda are documents prepared by the Office of the Chief Counsel (CCA documents) that contain the reasons behind the adoption of revenue rulings, private letter rulings, and technical advice memoranda and have important precedent value in determining future tax questions. | IRS – http://www.irs.gov/foia/article/0,,id=103756,00.html |
| Information Letters - An information letter provides general statements of well-defined law without applying them to a specific set of facts. They are furnished by the IRS National Office in response to requests for general information by taxpayers, by congresspersons on behalf of constituents, or by congresspersons on their own behalf. | IRS – http://www.irs.gov/foia/lists/0,,id=97728,00.html |
| Internal Revenue Bulletins (IRB) - The authoritative instrument of the IRS for announcing all substantive ruling necessary to promote a uniform application of tax law. | IRS – http://www.irs.gov/irb/  
 Available in print and through third party vendors such as: Lexis-Nexis, BNA, and CCH. |
 IRS recent releases – Available from link above. Click News Releases in left menu. |
# Sources of Judicial and Regulatory Tax Authority (Cont.)

<table>
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<tr>
<th>Source</th>
<th>Description</th>
<th>Website</th>
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<tbody>
<tr>
<td><strong>Private Letter Rulings (PLR)</strong></td>
<td>A private letter ruling is a written statement issued to a taxpayer that interprets and applies tax laws to their specific facts/circumstances. PLR’s are usually initiated at the request of the taxpayer and are binding for both the taxpayer and the IRS (assuming that the proposed transaction was accurately detailed). Notably, a PLR is not precedent setting for either the IRS or other taxpayers.</td>
<td>IRS – <a href="http://www.irs.gov/govt/tribes/article/0,,id=154944,00.html">http://www.irs.gov/govt/tribes/article/0,,id=154944,00.html</a></td>
</tr>
<tr>
<td><strong>Regulations (REGs)</strong></td>
<td>Regulations are issued by the IRS and Treasury, published in the Federal Register, and intended to either A) provide guidance on new legislation, or B) address issues that arise in the current tax code (US). A final regulation or temporary regulation is released as a TD (treasury decision).</td>
<td>GPO – <a href="http://www.access.gpo.gov/cgi-bin/cfrassemble.cgi?title=200726">http://www.access.gpo.gov/cgi-bin/cfrassemble.cgi?title=200726</a>  &lt;br&gt; Regulations.gov – <a href="http://www.regulations.gov">http://www.regulations.gov</a></td>
</tr>
<tr>
<td><strong>Revenue Procedure (Rev. Proc.)</strong></td>
<td>Published in the Internal Revenue Bulletin, revenue procedures set forth the procedures taxpayers and other members of the public must or should follow to comply with the tax laws, such as procedures for filing returns, withholding taxes, calculating certain expenses, entering into agreements with the IRS, etc.</td>
<td>IRS &gt; Internal Revenue Bulletin – <a href="http://www.irs.gov/irb/">http://www.irs.gov/irb/</a>  &lt;br&gt; Can be found using search function on IRS website.  &lt;br&gt; Also available through third party vendors such as: Lexis-Nexis, BNA, and CCH.</td>
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<tr>
<td><strong>Revenue Ruling (Rev. Rul.)</strong></td>
<td>Published in the Internal Revenue Bulletin, a revenue ruling is an official interpretation by the IRS of the Internal Revenue Code and related statutes. In essence, a revenue ruling is a statement by the IRS concluding how a law is applied given a specific set of facts. A revenue ruling is the “what,” i.e. taxpayers may deduct certain automobile expenses, and a revenue procedure is the “how”, method for computing/deducting said expenses.</td>
<td>IRS &gt; Internal Revenue Bulletin - <a href="http://www.irs.gov/irb/">http://www.irs.gov/irb/</a>  &lt;br&gt; Can be found using search function on IRS website.  &lt;br&gt; Also available through third party vendors such as: Lexis-Nexis, BNA, and CCH.</td>
</tr>
<tr>
<td><strong>Technical Advice Memorandum (TAM)</strong></td>
<td>Written memoranda furnished by the National Office of the IRS upon request of a district director or chief appeals officer pursuant to annual review procedures.</td>
<td>IRS – <a href="http://www.irs.gov/foia/lists/0,,id=97705,00.html">http://www.irs.gov/foia/lists/0,,id=97705,00.html</a></td>
</tr>
<tr>
<td><strong>Treasury Decisions (TD)</strong></td>
<td>General decisions which originate from the Department of Treasury or the Federal Register on specific IRS issues.</td>
<td>Regulations.gov – <a href="http://www.regulations.gov/search/index.jsp">http://www.regulations.gov/search/index.jsp</a></td>
</tr>
</tbody>
</table>
Commonly Used Electronic Tax Research Resources

Commercial Tax Publishers:

LexisNexis
Bureau of National Affairs (BNA)
CCH
RIA
Tax Analysts
Westlaw

www.lexisnexis.com
www.bna.com
www.cch.com
ria.thomson.com
www.taxanalysts.com
web2.westlaw.com

Legislative Resources and Taxwriting Committees:

House Ways and Means Committee
Senate Finance Committee
Joint Committee on Taxation
Library of Congress (Thomas)

waysandmeans.house.gov
www.senate.gov/~finance/
www.house.gov/jct/
thomas.loc.gov/

Agencies:

U.S. Department of Treasury
Internal Revenue Service (IRS)
Congressional Budget Office (CBO)
Office of Management and Budget (OMB)
General Accounting Office (GAO)
Government Printing Office (GPO)

www.ustreas.gov/
www.irs.gov/
www.cbo.gov/
www.whitehouse.gov/omb/
www.gao.gov/
www.gpo.gov/

Regulations:

Federal Register
Code of Federal Regulations

www.gpoaccess.gov/fr/index.html
www.gpoaccess.gov/cfr/index.html

Courts and Judicial Resources:

Supreme Court
Tax Court
First Circuit
Second Circuit
Third Circuit
Fourth Circuit
Fifth Circuit
Sixth Circuit
Seventh Circuit
Eighth Circuit
Ninth Circuit
Tenth Circuit
Eleventh Circuit
D.C. Circuit
Federal Circuit
Ct of Federal Claims
Federal Courts Finder (Emory)
Legal Information Institute (Cornell)

www.supremecourts.gov
www.ustaxcourt.gov
pacercf.uscourts.gov/opinions/main.php
www.ca2.uscourts.gov/
www.ca3.uscourts.gov/
www.ca4.uscourts.gov/
www.ca5.uscourts.gov
pacercf.ca6.uscourts.gov/opinions/main.php
www.ca7.uscourts.gov
www.ca8.uscourts.gov/case/case.htm
www.ca9.uscourts.gov/
www.kscourts.org/ca10
www.ca11.uscourts.gov/
www.cadc.uscourts.gov
www.fedcir.gov
www.uscfcc.uscourts.gov/
www.law.emory.edu/index.php?id=2997/
supct.law.cornell.edu/supct/
Commonly Used Electronic Tax Research Resources (Cont.)

**Miscellaneous:**

Multistate Tax Commission  www.mtc.gov

**Professional Resources**

**Professional Associations:**

ABA (Tax Section)  www.abanet.org/tax/pubs/ttl
AICPA  www.aicpa.org
NY Bar (Tax Section)  www.nysba.org
Tax Council  www.thetaxcouncil.org

**Think Tanks:**

American Enterprise Inst.  www.aei.org
Brookings Institution  www.brookings.edu
Carnegie Council  www.cceia.org
The Cato Institute  www.cato.org
Committee for Economic Development  www.ced.org

Economic. Policy Institute  www.epinet.org
The Heritage Foundation  www.heritage.org
Hoover Institution  www-hoover.stanford.edu
National Taxpayers Union  www.ntu.org/main
Progressive Policy Institute  www.ppionline.org
RAND Corporation  www.rand.org
Tax Foundation  taxfoundation.org
Tax Policy Center  taxpolicycenter.org
Urban Institute  www.urban.org
Boolean Search Techniques

Terms and Connectors

- **AND** searches for two search words simultaneously
- **OR** looks for either term and is particularly effective when searching for synonyms or related words
- **W/N** locates search terms within a certain number (N) of words of each other, [e.g., W/2].
- ***** holds the place of one character
- **!** holds the place of an infinite number of characters at the end of the word’s root
- **w/s** – within sentence
- **w/p** – within paragraph
- **w/n** – within n words
- **and** – both words or phrases anywhere in document
- **or** – either word or phrase anywhere in document
- **!** – retrieves all suffixes of the root word
- **not w/s** – not in same sentence
- **not w/n** – not within n words
- **w/seg** – within the same segment
- **atleast n(search term)** – term appears at least n times within a document
Sample Citation Formats

**Statutory, Regulatory, Legislative**


Regs: Treas. Reg. § 1.302-1(a)(2)(C)

Revenue Ruling: Rev. Rul. 2006-78

Revenue Procedure: Rev. Proc. 2002-12

Letter Ruling/TAM: PLR 199943574 / TAM 199943574

Gen Counsel Memo: GCM 54245 (May 1, 2006)


**Judicial**

Tax Court Memo:

- Smith v. Comm’r, T.C. Memo 1996-50 or
- Smith v. Comm’r, 54 TCM 432 (1996)

Tax Court

- Smith v. Comm’r, 43 T.C. 121 (1996)

District Court


Claims Court

- Smith v. United States, 159 Ct. Cl. 343 (2005)

Federal Circuit

- Smith v. United States, 323 F.3d 323 (3rd Cir. 2005)

Supreme Court

Best Practices for Communicating Research Results

- Critical that all correspondence be written clearly and concisely
  - Use and easy to read format – use indentations, bullets, and numbering and listing of items, if appropriate. Use spaces between your paragraphs and some type of highlight (underline, caps, bold, etc.) to show where each section (Facts, Issue, etc.) begins.
  - Proper Grammar, Spelling, & Punctuation are important
  - Don’t use extra words – keep your writing simple and on topic

- Citations to controlling tax authority should be appropriately referenced in the document and all citations should follow proper citation format

- Issues to be addressed and scope of our work must be very specifically discussed in the communication

- If you have multiple issues, clearly identify where one stops and another starts

- Be sure to address all relevant authorities in the analysis section. It is best to put these into your own words rather than quote or copy them. If you find no cases or regs on an issue, be sure to state this in your memo, otherwise it appears as though you did not complete your research.

- Do not ignore an authority when it is or seems opposite to your conclusion. You should state why you have determined that it does not apply to the situation at hand.

- Consider the consequences of a IRC section applying or not applying to a situation (e.g. if you concluded that §351 does not apply to the situation, what are the tax consequences?)

- Watch for “domino” effects – when one issue interacts with a second and the second interacts with a third, etc.

- Anticipate questions that the client might have about the situation and address them.

- Be sure to discuss enough of each relevant case and IRS ruling so the reader can determine that the case is on point to your issue and why it is included in the memo. However, don’t go into more than you need.

- Sometimes in performing tax research you will find out something that you did not think was originally important about your facts or your issue – be sure that your facts and/or issue cover this item.
  - For example, in researching whether your client’s hot tub is a deductible medical expense, you find some cases that held that the costs of a lavish pool were not a deductible medical expense. After finding the line of cases on “lavish” expenditures, you now know that the cost of the hot tub is important. Failure to discuss this fact would make your memo incomplete.

- Cases should be discussed using the past tense since they occurred in the past.
  - Incorrect – “In Revenue Ruling 73-173, the IRS states that …”
  - Correct – “In Revenue Ruling 73-173, the IRS stated that …”

- The text in the various tax services (such as RIA and CCH) is written by the editors of these publishing companies and is not primary authority. Therefore, do not cite to the edited text of a tax service. Instead, use it for background information to help you better understand a topic and to find primary authority.

- Quotes should be used rarely. Instead, put the passage into your own words. When a reader/reviewer sees sentences in quotes that could have been better explained in the writer’s own words, it might lead the reader to believe that the writer did not fully understand the original passage so decided to quote it verbatim.
Common Tax Memorandum Mistakes

✓ Failure to obtain a thorough understanding of the facts of the case.
✓ Failure to clearly identify the tax issues and show how those issues are related to the client’s situation and objective.
✓ Failure to conduct adequate tax research to identify the law applicable to the tax issues faced by the client.
✓ Failure to validate authority to insure the law is still binding (e.g., Shepardizing).
✓ Failure to apply the tax law to the client’s situation and provide conclusions that are accurate and helpful.
✓ Failure to show in the memo that the conclusions are based on the tax laws that has been identified.
✓ Use of faulty terminology:
  o IRS Code
  o Court issued regulations
  o Congress issued regulations
✓ Failure to go beyond simply providing bad news. i.e., “the plan won’t work.” Instead, provide suggestions on possible alternative approaches that should be considered because they may provide better tax results.
✓ Failure to proofread the memo, resulting in:
  o Misspelled words
  o Poor sentence structure (including sentences that are too long)
  o Grammatical mistakes.
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