

1959

Tax Administration and Procedure: Final Examination (January 19, 1959)

William & Mary Law School

Repository Citation

William & Mary Law School, "Tax Administration and Procedure: Final Examination (January 19, 1959)" (1959). *Faculty Exams: 1944-1973*. 18.
<https://scholarship.law.wm.edu/exams/18>

1. As a duly qualified attorney you may wish to handle tax cases and represent your clients before the Treasury Department and the Tax Court. What steps by way of recognition do you have to take in order to be able to represent them?
2. Your first tax client presents you with an unusually difficult problem involving a close decision as to whether an allegedly uncollectable loan may be deducted as a business or non-business bad debt. Discuss your dilemma in respect to the following points: (a) getting all the facts (b) researching the law (c) request for ruling - tax determination or ruling letter (d) the information to be shown on return in connection with the transaction (e) audit chances (f) possibility of unduly complicating other items of return (g) potential appeal to the Tax Court (h) possible penalties, if any.
3. Assume in (2) above that you have advised your client to claim the loss as a business bad debt and the revenue agent holds it to be non-business. Discuss your course from here on in respect to the following points: (a) attitude in dealing with the revenue agent (b) appellate steps open to you and procedure in connection with each (c) developments along the appellate route which may make you decide to run the full course or short circuit some of them and ask for a 90 day letter; or, pay the deficiency and file claim for refund rather than taking the case to the Tax Court.
4. A client opening a new business becomes liable for several types of taxes, income, excise, employment. He wants to be sure that he gets started out right by way of full and timely compliance. What advice would you give him from a procedural standpoint?
5. A return, Form 1040, with the refund block check is held to be a valid claim and the amount of the refund claimed can be made at any time. Assume that a return of this type is audited 30 days before the statutory period expires and in the course of the audit it is discovered that you are entitled to an additional deduction not claimed on the return. What action, if any, would you take to protect yourself and why?
6. Assessments - No bill for taxes need be paid unless the tax has been legally assessed. List the basic conditions under which the Commissioner may make a legal assessment.
7. Interest - Corporation return, Form 1120 for the calendar year 1954 was filed on March 1, 1955. The return was audited and the appropriate corporate officer signed an assessment waiver, Form 870, consenting to the assessment of a proposed deficiency of \$1,000 on February 15, 1957. The deficiency was duly assessed on June 15, 1957, and notice demanding payment within 10 days was mailed that day. The notice called for the payment of \$1,000 tax and \$140 interest. What would you advise the taxpayer to do in this situation?
8. Illustrate by a simple example the operation of the mutual indebtedness theory underlying the interest correlation provisions of the Technical Amendments Act of 1958.
9. Limitations - (a) Form 1040 for calendar year was filed on September 15, 1957 as a result of an extension of time. What is the last date a deficiency may be assessed and a claim filed? (b) Assume in (a) above that the return was delinquent and no extension had been granted. What are the last dates for assessment and claims? (c) Assume in (a) above that an agreement has been signed extending the statutory period by 1 year. What then are the last dates for assessment and for filing a claim?
10. Collection - A taxpayer owns real estate with a value of \$10,000. On June 15, 1958 a tax deficiency of \$8000 is duly assessed. On Sept. 15, 1958 your client lends the taxpayer \$5000 taking a first mortgage on the property. The taxpayer fails to pay the tax of \$8000 and levy made by the collection officer under sec. 6331. Your client asks you as to his protection under this situation. What would be the nature of your inquiry before answering him and what would you advise him?
11. Penalties - Indicate briefly the nature of the penalties imposed for (a) late filing (b) negligence (c) fraud (civil penalty) (d) criminal penalties for willful evasion and willful failure to file returns.
12. Overall administration - In general for what classes of tax does the law spell out the time and manner of filing returns and for what classes does it leave such matters to be determined by the Commissioner?