EXAM: review case names and contents for those cases that appear in our assigned reading
PRINT OUT problem set answers!!!!

For 100,000, Tax rate is about 27%. But Employer also pays 5% for Social Security so tax rate is around 31%. But there are other benefits. Total tax rate is about 30%

Federal Tax Law
- Internal Revenue Code (Commonly called “The Code” or "IRC of 1986") includes all of USC 26,
- Estate & Gift Tax, Social Security and Excise Tax
- Regulations by Department of Treasury.
- IRS rulings.
- Interpretation of Code by Courts.

Federal Income Tax is authorized by the 16th Amendment of the US Constitution.
- § 7805 – Agency is authorized to pass “Needful” regulations for enforcing the Code; "treasury regulations"
- US Statutes at large: often contain exceptions to various code provisions (for particular taxpayers or grandfathered provisions) that may not appear in the USC
  - tax lawyer should also review the "notes" contained in USCA
- tax lawyers can't say how something is treated under the law, but can give an opinion as to how something will likely be treated under The Code

What is Income?
- Gross Income Defined § 61.
  - All Income from whatever source derived, including Income from Business, gains from Property, Interest, Rents, Royalties, Dividends, Alimony, Annuities, Life Insurance, Pensions, Discharges of debt, Income from Wills, Income from Trust and Estates.
    - Does not have to be for compensation for goods and services.
    - Can include things not expressly innumerated
    - §§71-90 make further clarifications of what is income: e.g., prizes and awards; unemployment compensation
    - §§101-138 specifically exclude some items: e.g., gifts; interest on state and local bonds
    - Barter also constitutes income (i.e., if you are paid for your services with property, the income is the FMV of the property or services (Reg §1.61-2(d)(1)) [i.e., form of payment doesn't matter]
  - Gross Income Test § 61: 1. There must be an Economic Gain, 2. Economic Gain must primarily benefit taxpayer.