

# How to Use Standard Federal Tax Reporter

## What Volumes are included in the CCH Standard Federal Tax Reporter?

*Code Volumes (I, II)*

*Index Volume*

*Volumes 1-19*

*USTC Advance Sheets*

*Citator A-M*

*Citator N-Z*

## How to Use CCH STANDARD FEDERAL TAX REPORTER

**T**he CCH STANDARD FEDERAL TAX REPORTER, otherwise known as the “STANDARD”, is one of the most valuable tools available for income tax research and tax planning. The information in this How to Use guide describes the contents, organization and special features of the STANDARD, and the many ways in which it can be used. Understanding the STANDARD is key to getting the maximum benefit from this tool.

The *IRC Volumes* contain the complete, official text of the basic tax law—the Internal Revenue Code of 1986. Amendment notes following each subsection of the Code describe changes made in the text since 1954. Code Volume I also includes a Topical Index and Table of Contents for the Internal Revenue Code and a “Source Notes-Finding Lists” division, where current Code Sections can be traced back to the 1939 Code. Code Volume II contains both related statutes that affect federal taxation but that do not appear in the Internal Revenue Code and amendments to the 1939 Code. The Code is kept current via weekly updates.

*IRC Volume I* contains the following finding tables.

1. **Table I: Cross-Reference Tables from the 1939 to the 1954 Code.**
2. **Table II: Cross-Reference Tables from the 1954 to the 1939 Code.**
3. **Table III: Cross-references within the Code of 1986:** Cross-References

within the Internal Revenue Code of 1986. This table is updated through 2000 and reflects the latest Joint Committee on Taxation information.

4. **Acts supplementing the 1986 Code:** This finding list shows the Public Laws enacted in 1986 and later years which amend the Internal Revenue Code of 1986 (as so redesignated by the Tax Reform Act of 1986 (P.L. 99-514)). Public Laws enacted in 1971 and later years which amend the Internal Revenue Code of 1954 begin on page 301.
5. **Legislative History Locator Table:** The CCH-prepared table lists the Public Laws (PLs) that have amended or affected the Internal Revenue Code since the enactment of the 1954 Code and identifies companion Committee Reports that contribute to the understanding of tax changes made to the Code.
  - Public Laws that made minor amendments to the Internal Revenue Code and that have no Committee Report relevant to tax changes made are not listed in the table, unless the law is listed in the Cumulative Bulletin.
  - The table denotes the P.L. number, bill number, official name of the legislation, the date the legislation was enacted, the date the Committee Report (or other legislative history) was issued, and the location of the applicable document in the Cumulative Bulletin.

- Where legislation does not carry an official name, a description of the contents of the legislation is provided. Bill numbers for Committee Reports that differ from the bill number of the enacted legislation are noted.

### 6. Public Laws Amending the Internal Revenue Code

The *Index Volume* contains the main Topical Index to the STANDARD, a listing of over 80,000 subject and key word entries that pinpoint the location of the desired information in the Compilation volumes. Tax calendars, tax tables and an inflation adjustment guide, other special tables, checklists, a glossary of tax terms and tax planning sections are located in the Index Volume.

*Volumes 1-18* contain over 40,000 pages detailing the legislative, administrative and judicial aspects of income tax law. The Compilation volumes are arranged by Code sections for effective tax research. Major income tax subjects, Code sections and paragraph designations appear on the spine of each volume. Inside, each income tax section of the Internal Revenue Code is coordinated with pertinent legislative Committee Reports, Regulations, “CCH Explanations,” and summaries of court decisions and rulings from 1913 forward. In addition, Volume 1 includes the following special sections: “Who is the Taxpayer,” “Income Tax Return Preparers,” and “Tax Protesters.” Volume 17 contains the Tax Court Rules of Practice and the Federal Rules of Appellate Procedure. Volume 18 covers IRS Organization, practice and procedure and includes the IRS Statement of Procedural Rules and Circular 230. Internal Revenue forms, publications and personnel are listed in Volume 18. The Code, Explanation and Regulations are kept current via weekly updates.

*Volume 19* contains Treasury Decision preambles, hearing notices, legislative status tables, summaries of Tax Court decisions, full text of IRS rulings and other releases, and the Supreme Court Docket. CCH Comments, Tax Focuses and other analytical articles are also featured. This volume also includes the indexes, case tables and finding lists for new matters, including those in the U.S. Tax Cases-Advance Sheets Volume.

The *USTC Volume* contains the full texts of new income tax decisions from the federal courts, including the U.S. Supreme Court, the U.S. Courts of Appeals, the U.S. District Courts and the U.S. Court of Federal Claims. Summaries of the court decisions reported at the end of the previous year also appear in the *USTC Volume*. Included in this volume as well are the Notices of Proposed Rule-making relating to proposed amendments to the regulations.

The two *Citator Volumes*, A-M and N-Z, are used to locate cases and rulings in the Compilation volumes. The Citator Table lists the federal income tax decisions that have been handed down since 1913, together with references to the paragraphs where the cases are summarized or cited in Volumes 1-18. The judicial history of each case is given, as well as a record of citations listing later decisions in which it has been discussed. In addition to the cases reported. Volume N-Z also contains the Finding Lists for locating Revenue Rulings, Revenue Procedures and other IRS and Treasury Department releases. A list of Committee Reports that clarify the Congressional intent behind amendments to the Internal Revenue Code is also included in Citator Volume N-Z.

### Weekly Reports

A weekly report provides new developments in income tax law and updates information in the STANDARD. Each Report consists of two or more parts. “Taxes on Parade” summarizes the tax news of the week. It covers not only all new developments contained in the weekly report, but also other tax news of current interest. Part II of the Report consists of new pages ready for insertion in the loose-leaf volumes. Periodically, the Reports include a CCH Tax Focus, a four-page analysis of a current tax topic or issue.

### Special Publications

Special publications on income tax matters are periodically included with the weekly reports. Legislative specials include the full official text of major tax bills and explanatory Committee Reports. Customers also receive the CCH Explanation and Analysis

of major tax legislation that is passed by Congress. The filled-in forms publications contain reproductions of individual income tax, corporate income tax, estate and trust tax and partnership return forms, filled in for hypothetical taxpayers and accompanied by valuable explanations. Other booklets provide additional information on subjects of current interest.

### U.S. Master Tax Guide

The U.S. MASTER TAX GUIDE is an accurate, up-to-date manual of the current income tax rules. The GUIDE features tax rate schedules and tables, tax calendars, and checklists indicating whether items are taxable, nontaxable or deductible. The GUIDE assists in the preparation of returns and also serves as a reference tool for more detailed tax research via footnotes and other references to the STANDARD.

### Federal Tax Sources 1986 Internal Revenue Code

The two Internal Revenue Code Volumes that accompany the current edition of the STANDARD reproduce the 1986 Code as amended to date

### Committee Reports

Subscribers to the STANDARD receive the full texts of Congressional Committee Reports on major tax legislation by means of “extras” that are issued as the bill is pending in Congress. After a tax bill becomes law, significant portions of the controlling Committee Reports are reflected in the STANDARD, following the Code sections to which they relate.

### Regulations

In the STANDARD, the full text of all proposed, temporary and final Regulations follow the applicable Code sections that they interpret. A list of proposed Regulations, along with the notices of proposed rulemaking, appears in the U.S. Tax Cases Volume. A Regulation Table listing Regulations issued by the IRS under the 1986 Code and the text of recent Treasury Decisions that adopt and amend Regulations appear in Volume 19.

### Federal Court Decisions

- All new regular and memorandum Tax Court decisions are reported and

summarized weekly in Volume 19 of the STANDARD. IRS acquiescence/nonacquiescence action is announced in the Internal Revenue Bulletins and reflected in the STANDARD in the Current Case Table and the Cumulative Index in Volume 19.

- Full texts of current federal income tax decisions issued by the U.S. District Courts, the U.S. Courts of Appeals, the U.S. Court of Federal Claims and the U.S. Supreme Court are reported in the U.S. Tax Cases - Advance Sheets Volume of the STANDARD with each new edition of the STANDARD.
- Court decisions from the prior year are reflected in place in the Compilation volumes in each new edition of the STANDARD. These annotated cases are arranged by topic following the applicable Code section and Regulations.

### IRS Releases

Along with Revenue Rulings and Revenue Procedures, IRS Notices, Announcements and New Releases are reproduced in full text in Volume 19 of the STANDARD as they are issued. Like the cases, annotated rulings and other IRS and Treasury Department releases are incorporated into the Compilation volumes with each new edition of the STANDARD.

### Getting Into the Text

Due to continual restructuring by Congress and frequent interpretations by the IRS and the Courts, the federal tax system grows more complex with each passing year. The STANDARD helps the user resolve problems, both large and small, that arise from the complexity of the tax law. Throughout the volumes, comments, explanations, examples and editorial discussion combine with the official statutes, Regulations and authorities to assist in the solution of tax questions.

CCH understands that tax professionals need options to help them find relevant information quickly and easily. Therefore, the STANDARD offers a variety of excellent finding-tools for rapidly pinpointing specific information: the binder spine, the index volume, the table of contents at the beginning of each volume, the Overviews, and the Citator and finding lists. Paragraph

references in the index system, finding lists and the Citator provide the exact location of information. Guide cards group the contents of each volume to facilitate speedy reference to a particular point.

- **Spine**-The spine of each volume of the STANDARD clearly lists the main topics or other materials contained in the volume, along with the Code sections and paragraph numbers included, allowing you to find the appropriate volume at a glance.
- **Topical Index**-The Index Volume contains a detailed alphabetical subject matter index to the entire set.
- **Table of Contents**-The Table of Contents for the entire set, listing the topics covered in each volume, is located at the beginning of each volume. Each division in the STANDARD begins with a Table of Contents that lists Code sections, Regulations and CCH Explanation paragraphs included in that division.
- **Overviews**-Each division begins with a preliminary discussion of the subjects covered to help you narrow your search.
- **Citator and Finding Tables**-The two Citator Volumes provide access to information through case tables and finding lists for IRS and Treasury Department releases.

### Special Features of the Text

The individual “Compilations”-coordination of Code sections, Regulations, CCH Explanations and summaries of court decisions and IRS rulings-utilize a distinctive typography and format for each component.

### Standard Federal Uniform Paragraph Numbering

No Decimal Points

- Code
- Regulations

Decimal Points

- Committee Reports
- Explanations
- Annotations

### FED Explanation Numbering

.001	Legislative Developments
.002	Significant Developments

.01	Synopses
.02	Taxpayers Affected
.021—.0599	[Reserved for General Explanations]
.06	Effective Dates
.062	Transition Issues
.066	Exceptions
.068	Penalties
.07	Key Rates & Figures
.073	Elections
.075	Reporting Requirements
.08	Proposed Regulations
.09	Related Code Sections
.095	Other sources.

Each Code section is reproduced in full and flagged in the left margin. “Historical Notes” indicate whether there have been any amendments since 1954 and cite the location of other pertinent information, such as Committee Reports. Code sections are always kept up-to-date. Amendments and changes are published promptly, and new pages are included in current Reports for insertion in the Compilations.

Regulations are always introduced by a catch-line identifying the type of Regulation-final, temporary, or proposed. The Regulations are printed in larger type across the full width of the page. Proposed Regulations, and proposed amendments to existing Regulations, are reported in place following the applicable Code section that they are intended to implement. Their unique presentation within boxes alerts readers to their status as proposals and to their relationship to existing Regulations. Paragraph references to the Notice of Proposed Rulemaking in the *USTC* volume are also provided.

If the IRS has not updated a Regulation to reflect changes brought about by recent legislation, CCH alerts you to the fact with a caution note. Caution notes are also used elsewhere in the STANDARD to flag the effective date of new legislation and to point out other special circumstances concerning a particular Code section, Regulation or annotation.

Controlling Committee Reports are reproduced following the text of the Code Section. Committee Reports are printed in double column format.

CCH Explanations are set in larger type. They have their own catch-line and are enclosed within boxes to distinguish them from official contents. CCH Explanations

provide interpretation and analysis of the law and point out trends or conflicts among authorities.

Examples contained in the CCH Explanations use actual calculations to show how a Code section applies to a specific problem, giving concrete illustrations of likely tax consequences.

Summaries of decisions and rulings, called “annotations,” follow the Code section and Regulations construed. A table indexing the annotations precedes each large group of annotations. Annotations are arranged in double column format. The case name or ruling number, as well as the citation to the full text, is noted under each annotation.

Any authoritative source is only as up-to-date as the latest revision of its contents. The CCH system of rapid and efficient current reporting informs you immediately of new and pending matters. New pages are dispatched weekly to replace or add to existing pages in the loose-leaf volumes. Thus, the STANDARD always contains the latest information on income tax matters.

Subscribers are alerted to significant New Developments and recent tax legislation at the beginning of each explanation. Tax law changes are highlighted in the first paragraph or paragraphs of the relevant explanation with the use of a .001 Tax Legislation sidehead that describes the change and gives the popular name of the law. For example:

**.001 Tax legislation—dependent care credit.—Gulf Opportunity Zone Act of 2005.**

The explanation provides a summary of the tax law change and refers the subscriber to the explanation paragraph where the change is described in more detail.

Similarly, significant developments are indicated with the use of .002 Significant developments side head. For example:

**.002 Significant developments—final regulations released on the education credits.**

The explanation provides a summary of the development and refers the subscriber to the explanation paragraph where the development is described in more detail.

“CCH Comments” in Volume 19 discuss significant rulings and decisions interpreting the law and Regulations, with special emphasis on problems not yet definitely settled by the courts. These concise analytical articles probe the tax meaning of the cases, point out their ramifications and indicate the probable effect on other controversies.

“CCH Tax Focus and Features,” another exclusive and practical feature of the STANDARD, analyze current tax problems and demonstrate their effective solution. They may also spotlight diverse Code and Regulation provisions bearing on one particular subject. Questions upon which the courts do not agree are frequently analyzed.

### Researching with the STANDARD

The STANDARD is designed to give you several options for tax problem solving. Its Code section organization and multiple information finding tools make even the most detailed research logical and easy.

There are 3 basic approaches for finding what you need in the CCH STANDARD FEDERAL TAX REPORTER:

- Approach by Number
- Approach by Subject
- Approach by Case Name

#### Approach by Number

The STANDARD is “Code-organized” throughout; thus, the Internal Revenue Code Sections appear in numerical order. Code sections, topics and paragraph numbers appear on the spines of the binders so you can quickly select the volume that discusses the issue you are researching. The tab guide for each division indicates the topics, first Code section, and beginning paragraph number included in that division.

For example, you have a question about casualty losses, which you know are governed by Code Sec. 165.

To find Code Sec. 165, first look at the spines of the binders. This Code section is located in Volume 4:

- Go to the tab guide in Volume 4 that lists “Deductions: Losses.” This division begins at ¶9801. Code Sec. 165 is found at ¶9802, the relevant Regulation appears at ¶10,004, and the CCH Explanation on casualty losses is at ¶10,005.
- Always check the Cumulative Index in Volume 19 to find recent develop-

ments corresponding to the issue that you are researching.

- The second volume of the Citator includes finding lists of IRS and Treasury Department releases. You may use the finding lists to locate specific information when you already know the number of a relevant IRS ruling or procedure. These lists provide paragraph references to where each item is discussed or annotated in the main volumes.
- You know that Rev. Rul. 90-61, relating to the loss of tree seedlings to a severe drought, will answer one of your questions about casualty losses. The Finding List in Citator Volume N-Z provides several paragraph references where this ruling is annotated, including ¶10,005.71.
- The Finding List will also describe further action relating to the ruling, such as whether it has been modified, amplified, superseded or revoked. Always check the Current Finding Lists in Citator Volume N-Z and the Finding List of Rulings in Volume 19 for the latest information on rulings and other releases.

#### Approach by Subject

The main subject indexes for the STANDARD are located in the Index Volume. Use the detailed alphabetical Topical Index to pinpoint the location of precise rules on point.

You can research the issue of casualty losses relating to timber in the following manner.

- Go to the Topical Index in the Index Volume; see “Casualty losses.” The one and two-dot entries pinpoint the exact location of information on the issue you are researching. You will find a one-dot entry for “timber” directing you to ¶10,005.71-->¶10,000.76.
- After you read the material at ¶10,005, go to Volume 19 and check the Topical Index to New Developments and the Latest Additions to the Topical Index for entries under “Casualty losses” for the latest developments in the area.

The tables of contents can also be used to quickly locate information when you know the general topic. A list of Code sections

and a table of contents for the entire set, listing the topics covered in each volume, are located at the beginning of each volume. Each division also contains a table of contents listing each Code section, Regulation and CCH Explanation paragraph that appears in that division. An Overview that summarizes the contents of each division follows the table of contents and provides further guidance.

In researching the issue of the deductibility of disaster losses, you can use the three levels of the tables of contents to locate the desired information.

- Go to the main Table of Contents found at the front of each volume. Scanning the list of topics, you will find that “Deductions: Losses” are discussed in Volume 4, in the division beginning with Code Sec. 165 at ¶9801.
- Go to Volume 4 and turn to the Table of Contents for the division beginning at ¶9801.
- You find that the text of Code Sec. 165, dealing with deductible losses, is at ¶9802. The Regulation and the CCH Explanation that discuss disaster losses are located at ¶10,200 and ¶10,201.
- Turn to the Overview following the Table of Contents for further information on the topic of disaster losses.
- Check the Cumulative Index to see if there are any new developments relating to the relevant Explanation sections. The entries will highlight any pertinent new cases, rulings or regulations.

### Approach by Case Name

Each Citator Volume includes a table of cases, arranged in alphabetical order. You may use the Citator table to locate specific information when you already know the name of a relevant case. These lists provide paragraph references to the place where each item is discussed or annotated in the Compilations.

Suppose you want to find decisions that discuss the Supreme Court’s decision in R.P. Groetzinger, relating to the deduction of losses by full-time gamblers.

- The Groetzinger case is located in Citator Volume A-M. Following the case name, you will find the paragraphs

where the annotation of the case appears. A list of other decisions that discuss the case follows.

- When using the Citator, also, check the Current Citator Table at the beginning of Citator Volume A-M and the Current Case Table in Volume 19 for further action on the case.
- Check the Cumulative Index to see if there are any new developments relating to the relevant CCH Explanation or annotation paragraph. The entries will highlight any pertinent new cases, rulings or regulations.

Items contained in “Taxes on Parade,” the weekly report letter, are digested or reproduced in full text in Volume 19 or in the U.S. Tax Cases volume of the STANDARD. The headnotes for the cases or rulings that appear in these new volumes include back references to the relevant explanation or annotation paragraphs.

For example, a “Taxes on Parade” story summarizes the loss issues in the J. Green case ¶49,693(M). The decision discusses a loss deduction that was disallowed for an uncollectible judgment.

- As noted at the end of the “Taxes on Parade” story, the headnote for the decision appears at ¶47,693(M) in Volume 19 of the STANDARD. You will find back references to the appropriate annotation paragraphs for the Code Sec. 165 issues at the end of the headnote.

### Practice Aids

The STANDARD offers a variety of special practice aids.

- Checklists-A quick check on common deductions (including medical expense deductions) and income items can be made by using the checklists in the Index Volume. The various items are listed by type, with references to the relevant Code sections and CCH Explanations for full details. Other checklists cover Form 1040, Form 1120, State real property taxes, tax elections, information returns and disaster areas.
- Tax Calendar-The Tax Calendar in the Index Volume indicates the final dates for filing various returns and meeting other requirements imposed by the Code and Regulations.

- Tax Rates-Another special division in the Index Volume includes the income tax rates for each year, all the way back to 1913. Current estate, gift and excise tax rates are also listed.
- Tax Terms-Commonly used tax terms are defined in the “Tax Terms-Quick Answers” division of the Index Volume, with references to the main volumes for further information.
- Administration and Procedure-Administrative and procedural questions are covered in Volume 17 and Volume 18. Included are Code provisions, Regulations, CCH Explanations and annotations. Special features include lists of IRS personnel, Tax Court Rules and the procedure for appealing to the Courts of Appeals.
- Tax Treaties-The “Tax Treaties” division in Volume 11 reproduces the full text of the Canadian tax treaty and provides summaries of other tax conventions. A treaty developments status table and annotated cases and rulings are also included.
- Withholding Tables-Current income tax withholding tables for the various payroll periods, as well as a table showing the percentage method of withholding, are reproduced in the Index Volume.
- Special Tables-the following special tables are included in the Index Volume: Depreciation Tables, Annuity Tables, U.S. Savings Bond Tables, Interest Rate Tables, Low-Income Housing Credit Tables and the Per Diem Rate Tables.
- Tax Planning-Major tax factors to be considered in tax planning are discussed in separate divisions in Volume 1. In addition, the inflation adjustment guide provides a handy reference to items affected by inflation adjustments.
- Supreme Court Actions-You can locate U.S. Supreme Court actions in three different ways in the STANDARD. The Supreme Court Docket in Volume 19 lists pending appeals by name and shows where each case stands currently. The Current Case Table in the same volume also lists

Supreme Court actions. Finally, the Cumulative Index in Volume 19 notes applications for certiorari, actions on petitions for certiorari, and Supreme Court holdings.

- **Forms and Publications Lists**—The more important IRS forms are listed both numerically and alphabetically by subject in Volume 18. The numerical listing includes a description of the form, its purpose and the date of the last revision. Also appearing in Volume 18 is a numerical listing of the more commonly used IRS publications. The publication number and title are indicated along with a brief description of the subject matter.

### How to Cite This Reporter

The STANDARD is cited by year or edition (e.g., 2006) and volume number. These numbers are combined with the letters “CCH” and the paragraph number referenced. Thus, “2006(7) CCH ¶18,951” refers to the 2006 edition, Volume 7, ¶18,951. A reference to “964 CCH ¶2620” directs you to Volume 4 of the 1996 edition, ¶2620.

### An Income Tax Problem to Solve

Researching an actual problem is the best way to demonstrate how the STANDARD can be used. The pages illustrating the coverage of the following problem appeared in a recent edition of the STANDARD, but the methods of research described here would apply equally to any edition. See the end of the problem for excerpts from the STANDARD that are used to solve the problem.

- Your clients Mr. and Mrs. Black paid their grandson’s first-semester tuition. They have heard that there is something called the Hope scholarship credit and wonder if they can claim the credit on their income tax return. Their grandson is claimed as a dependent on his parent’s income tax return.

### Approach by Subject

The main subject area in this problem is education credits. You can use the main Topical Index in the Index Volume to begin your research.

Using the main Topical Index, find the main heading “CREDITS AGAINST TAX” and the entry for Hope scholarship credit. This leads to ¶3830.01–¶3830.075. There is a further subheading for “third-party payments” leading to ¶3830.041.

Note how the index is structured. The main heading, “CREDITS AGAINST TAX,” is in capital letters and large, boldface type. The subheadings, such as “Hope scholarship credit,” are indented and preceded by a single dot. More specific entries, such as “third-party payments,” are further distinguished by two dots.

You can see how easily the main Topical Index pinpoints the material you need. It provides the appropriate references that show which paragraphs in the main volumes pertain to your question.

### Selecting the Correct Volume

Selecting the correct volume is simple. The paragraph numbers printed on the spines of each binder indicate the range of paragraphs covered in each volume. You can see that ¶3830 appears in Volume 1, which includes paragraphs ranging from ¶621 to ¶5500. You can turn directly to the correct division in this volume by noting the beginning paragraph number on each tab guide. The paragraphs that you have located are in the division beginning with ¶3501. “Tax Credits” appears on the tab guide.

Following the tab guide, you will find the division Table of Contents. You will note that ¶3820 is the reference for Code Sec. 25A, and that the related CCH Explanation appears at ¶3830. There are also regulations on the education credits at ¶3821--¶3828.

The full text of Code Sec. 25A is reproduced at ¶3820 in Volume 1. Immediately following the Code section is a listing of the various laws that have amended the section. By reading the text of Code Sec 25A, we find the rules that apply to the Hope scholarship credit, but the answer to the Blacks’ question is not obvious.

You will have to look further to find the information on third-party payments. You can turn to the CCH Explanation and annotations paragraphs that you found in the main Topical Index for more information.

### CCH Explanations

The CCH Explanation summarizes the subject. At ¶3830.041, you learn that qualified tuition and related expenses paid by a third party are treated as if paid by the student. The explanation cites Reg. §1.25A-5(b). The Cumulative Index also directs you to a CCH Code Section which is found at ¶3828. Another entry listed in the Topical Index, “dependent payments” at ¶3830.043 will now be of interest. This explanation, citing Code Sec. 25A and Reg. § 1.25A-5(a) states that expenses paid by a “dependent are treated as paid by the taxpayer if the student is claimed as a dependent of the taxpayer.

### Annotations by Topic

The Topical Index also directs you to summaries of cases and rulings, called “Annotations.” Another aid for annotated cases and rulings is the “Annotations by Topic” table that follows the CCH Explanations.

You can now turn to the annotations to help solve the problem. The annotation at ¶3830.20 “Guidance” is the full text of Notice 97-60. This Notice discusses various aspects of the Hope scholarship credit; Q2, Q10 and Q12 will be of interest.

### From Compilations to Cumulative Index

You have gone as far as you can in the Compilation Volumes. However, you have by no means completed your research. Even an apparently conclusive answer from the CCH Explanation or annotations may be completely altered by a new decision or ruling on the point in question. Pending matters, a proposed regulation, for example, or a case under appeal may indicate the wisdom of awaiting further developments.

A careful reading of the Code, the CCH explanations and the annotated cases indicates the Blacks will not be able to claim the credit because they do not claim their grandson as a dependent on their return. However, you should check for New Developments that could have an impact on this conclusion.

Your first stop will be the Cumulative Index in Volume 19, the New Matters Volume.

### Cumulative Index

The listings in the Cumulative Index under Code Sec. 25A lead us to T.D. 9034 at new development ¶47,015, which indicates that the regulations cited in the explanation were recently finalized. Thus, they represent the most up-to-date authority on the issue. The cumulative index also directs you to a CCH Comment on the final regulation.

While the main Cumulative Index presented you with a recent development that should help you solve the Blacks' problem, there is more. To be absolutely certain that you have the latest developments, you should also check the Latest Additions to the Cumulative Index, a supplement that is updated every week. There are no additional items of interest to the Blacks in the Latest Additions.

Recent developments may not always give you conclusive evidence. They may simply support a conclusion already reached in the Compilations, or they may refute your conclusion and give you a basis for reaching an entirely different conclusion. In either case, completing your research in New Developments is necessary.

### Using the U.S. Master Tax Guide

The U.S. Master Tax Guide, with its own Topical Index, is another way to research tax problems via the "subject" method. In consulting the GUIDE for an answer to your question, you find the entry "Credit against tax" in the Topical Index. You are referred to ¶1303 for a discussion of the Hope Lifetime Learning education tax credits. Then, by footnote, the GUIDE refers you to paragraphs in the STANDARD that serve as the starting point for researching the question in more depth. From that point, your research route through the STANDARD is the same.

### Approach by Number

If you know the number of a Code section, Regulation or IRS Ruling pertaining to a tax problem, you can use that information to enter the STANDARD. We can illustrate by using the numbers

involved in our sample problem. In each case, you will be referred to a familiar paragraph-one that you consulted when you used the subject approach. From that point on, the method of research is the same. No matter how you enter, though, be sure to travel the complete route through the STANDARD to get the full picture—from the Code section to the latest current developments.

### Code and Regulations

Since the STANDARD is arranged in Code order, a Code section is easily located. Code Sec. 25A deals with the education credits. Using the inclusive Code sections printed on the spines of the volumes, you select the correct volume. The beginning Code section on each tab guide leads you to the correct division. The Table of Contents following the guide card refers you to the proper paragraph, and you are on your way. The same method is used for a known Regulation.

### IRS Rulings and Other Releases

The Finding Lists in Citator Volume N-Z are used to locate digests of rulings in the Compilations. Rulings and other IRS releases published during the current year appear in the Finding Lists in Volume 19, the New Matters Volume. The Treasury Decision that you located earlier for your problem, T.D. 9034, is listed in the Finding List in Volume 19.

### Approach by Case Name

The Citator Tables in the Citator Volumes index, by name, prior federal court and Tax Court cases that have been handed down since 1913 on the subject of income taxes. The Current Case Table in Volume 19 lists new decisions reported during the year. The Current Citator Table and the Latest Additions to the Case Table supplement the Citator Table and the Current Case Table, respectively.

Assuming that you know the name of the case was an important decision relating to education credits, you can further research the problem to see if any later decisions have cited to that case.

We will keep the same references as in the existing document.

## Hierarchy of Federal Tax Documents Reported in CCH Standard Federal Tax Reporter

### Laws and Statutes:

- Internal Revenue Code (26 USC).
- Non Code Provisions for example CCH-EXP, 2006FED ¶33,538.0265, Employer-Employee Relationship: Employee versus Independent Contractor: Text of Section 530. "In Act Sec. 530 (a non-Code provision) of the Revenue Act of 1978, Congress provided as follows \*\*\*.

### Internal Revenue Code Committee Reports and Amendment Notes:

- These follow the appropriate Code Section.

### Treasury Regulations (26 CFR)

- Final, Temporary and Proposed (and proposed amendments), Treasury Regulations.
- a) Legislative regulations are those for which the IRS is specifically authorized by the IRC to prescribe the operating rules. Generally, legislative regulations have the force and effect of law.
- b) Interpretative regulations explain the IRS's position on the various sections of the IRC. Although interpretative regulations do not have the force and effect of law, the courts customarily accord them substantial weight.
- c) Procedural regulations are considered to be directive rather than mandatory and, thus, do not have the force and effect of law.
- d) Unless designated as reliance regulations, proposed regulations may not be relied upon.

### Court Cases:

- US Tax Cases, Tax Court Regular and Memo, Board of Tax Appeals.

### Agency Publications:

- Revenue Rulings, Procedures, Announcements, Letter Rulings, ISP, MSSP.

### Explanation, Analysis or Treatises:

- Prepared by CCH Editors or outside subject matter experts.

### Headnotes and Annotations:

- CCH editorially prepared summaries of points of law in official documents.

### Report Letters:

- CCH Publication specific letters highlighting current developments.

Topical Index

References are to paragraph (¶) numbers.

**CREDITS AGAINST TAX**—see also Refunds and credits

- HOPE scholarship credit . . . 3820—3830.075
- dependent payments . . . . . 3830.043
- educational assistance payments . . . . . 3830.045
- election requirements . . . 3830.049; 3830.15
- eligible educational institution defined . . . . . 3830.025
- eligible student defined . . . . . 3830.023
- in general . . . . . 3830.01
- loans . . . . . 3830.047
- qualified expenses . . . . . 3830.033
- reporting requirements . . . . . 3830.075
- third-party payments . 3830.041; 3830.0475

Explanation

• • CCH Explanation

**.041 Payments by third parties.**—If someone other than the taxpayer, the taxpayer’s spouse or the taxpayer’s claimed dependent makes a payment directly to an eligible educational institution to pay for a student’s qualified tuition and related expenses, the student is treated as receiving the payment from the third party and, in turn, paying the qualified tuition and related expenses to the institution (Reg. §1.25A-5(b)).

*Example (1):* A student’s grandparent makes a direct payment to an eligible educational institution for his tuition and related expenses. The student is not a claimed dependent. The student is treated as receiving the money from his grandparent and, in turn, paying his qualified tuition and related expenses.

Assuming that the taxpayer claims the student as a dependent, if the taxpayer is a custodial parent who is not treated as married under Code Sec. 7703, then the taxpayer may claim an education tax credit for qualified expenses paid by the noncustodial parent on behalf of the student.

*Example (2):* Pursuant to a court-approved divorce decree, Pat is required to pay her son’s college tuition. Pat pays the tuition in 2003 and the son is treated as having received the money and paid the college. According to the divorce decree, Dan has custody of their son and properly claims the son as a dependent on his 2003 tax return. Since expenses paid by the student are treated as paid by the parent claiming the dependency exemption, Dan may claim an education tax credit for the qualified tuition paid directly to the college by Pat.

Regulation

• Regulations

[¶ 3828] § 1.25A-5. **Special rules relating to characterization and timing of payments.**—(a) *Educational expenses paid by claimed dependent.*—For any taxable year for which the student is a claimed dependent of another taxpayer, qualified tuition and related expenses paid by the student are treated as paid by the taxpayer to whom the deduction under section 151 is allowed.

Annotation

**.20 Guidance.**—The IRS has provided guidance in a question and answer format on the higher education tax incentives enacted by the Taxpayer Relief Act of 1997 (P.L. 105-34), including the Hope scholarship credit and the lifetime learning credit.

[Full Text—Notice 97-60]

Cumulative Index

From Compilation Paragraph No.	Cumulative Index	To New Development Paragraph No.
Code Sec. 25A—Hope and lifetime learning credits		
3821	Reg. § 1.25A-0 through 1.25A-5 adopted—TD . . . . .	47.015
3822	Reg. § 1.25A-0 through 1.25A-5 adopted—TD . . . . .	47.015
3824	Reg. § 1.25A-0 through 1.25A-5 adopted—TD . . . . .	47.015
3826	Reg. § 1.25A-0 through 1.25A-5 adopted—TD . . . . .	47.015
3827	Reg. § 1.25A-0 through 1.25A-5 adopted—TD . . . . .	47.015
3828	Reg. § 1.25A-0 through 1.25A-5 adopted—TD . . . . .	47.015
3830	.01 Final regulations answer education tax credit question—Comment . . . . .	48.701
	.01 Inflation adjustments for 2004—Rev. Proc. . . . .	46.891
	.021 Final regulations answer education tax credit question—Comment . . . . .	48.701
	.021 Inflation adjustments for 2004—Rev. Proc. . . . .	46.891
	.031 Final regulations answer education tax credit question—Comment . . . . .	48.701
	.20 Student could claim Hope Scholarship Credit on own return—Letter Ruling . . . . .	47.350
3848	.01 Rev. Proc. 2002-9 modified—Rev. Proc. . . . .	46.597
	.04 Rev. Proc. 2002-9 modified—Rev. Proc. . . . .	46.597
	.045 Rev. Proc. 2002-9 modified—Rev. Proc. . . . .	46.597

Finding List

Treasury Decisions	
No.	Par.
9024 . . . . .	45,701
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9034 . . . . .	47,015

Case Table

(T) = Appeal by Taxpayer. (G) = Appeal by Government.

Tax Court (TC) District Court (DC) Court of Federal Claims (FedCl)	Acquiescence (A.) Nonacquiescence (NA.) Appeal Action-CCH Comments	Court of Appeals (CA) Supreme Court (SCt)
Abu-Awad, N. (DC) 2003-2 USTC ¶ 50,716		
Advanced Delivery & Chemical Systems Nev., Inc. (TC) ¶ 48,200(M); Dec. 55,273(M)		
Aeroquip-Vickers, Inc. (TC) Dec. 51,905		Rev’d, CA-6, 2003-2 USTC ¶ 50,693
Airlie Foundation (DC) 2003-2 USTC ¶ 50,719		