

Book Reviews

Federal Income Taxation: Model Problems and Outstanding Answers

by Camilla E. Watson

240 pp.; \$29.95

Oxford University Press, Inc., 2011

198 Madison Ave., New York, NY 10016

(800) 445-9714; custserv.us@oup.com

Reviewed by Matthias M. Edrich

Matthias M. Edrich is a tax attorney with the national law firm of Kutak Rock LLP in the firm's Denver office—(303) 292-7887, matthias.edrich@kutakrock.com.



Federal Income Taxation: Model Problems and Outstanding Answers by Professor Camilla E. Watson covers more than thirty-six federal income tax topics, ranging from fundamental concepts such as gross income and property transactions to more complex issues involving tax accounting, tax credits, and tax shelters. Each topic begins with opening remarks describing

the context and setting forth basic rules. For example, the discharge of indebtedness topic summarizes IRC § 61(a)(12) and identifies three relevant cases: *Crane v. Commissioner*, *United States v. Kirby Lumber*, and *Commissioner v. Tufts*. The text then provides an example fact situation, followed by a detailed application of the law. The discussion is in the form of a short-answer exam question, and Watson's application of the law reads like a sample essay answer. Each topic concludes with a list of "tools for self-assessment"—a summary providing additional discussion of the law.

Federal Income Taxation is aimed at law students preparing for an exam in federal income taxation. However, it is not keyed to any casebook and can easily be used as a standalone reference by practitioners wanting to gain a basic understanding of the tax code. The book is a quick read. Each topic comprises no more than five to six pages, which makes it easy to digest in portions at a time during a commute or between client meetings. A list of readings included with each topic provides helpful cross-references to tax law sections and cases that give additional information. Particularly valuable are

the tables of articles, cases, code and regulation sections, and rulings shown in the appendix to the book. These tables can be a handy tool to determine the fundamental relevance of tax sources practitioners may encounter.

Unfortunately, the format of the book necessarily means that each topic is limited to a broad overview of the issue. Those looking for a detailed discussion of the tax code, regulations, and relevant cases, or information concerning corporate, partnership, international, or other specialized tax matters, must supplement their reading with treaties and research publications. This book is not recommended for practicing tax attorneys who should have learned these materials in their basic federal income tax class. It also is not recommended for LLM taxation or Masters in Tax students who will need more detailed reference sources.

The thirty-six topics included in *Federal Income Taxation* cover the following areas of tax law: basic concept of gross income (realization, recognition, exclusions); property transactions (including concepts such as basis, capital recovery, capital gain and loss, depreciation, characterization of gain and loss, installment sales, and transfers of property for services); purchase and sale of principal residences; dissolution of marriages; employee fringe benefits; meals and lodging furnished to employees; life insurance; discharge of indebtedness; assignment of income; education incentives; casualty losses, medical expenses, and the tax benefit rule; charitable deductions; moving expenses; business expense deductions; nonbusiness, profit-oriented expenses; mixed-purpose expenses; sale of vacation and secondary residences; accounting methods; claim of right and tax benefit doctrines; nonrecognition transactions such as wash sales; loss transactions between related persons; income in respect of decedents; grantor trusts; bad debts; interest deductions; adjusted gross income and social security benefits; other individual tax problems (exemptions, deductions, and tax credits); tax shelters; and tax procedure.

The value of *Federal Income Taxation* is its discussion of basic tax topics using example fact situations. The examples make tax law approachable and offer a good stepping stone to more advanced texts. Non-tax practitioners may want to supplement *Federal Income Taxation* with other study guides, such as Joseph Bankman's very helpful *Examples and Explanations: Federal Income Taxation*, released by Aspen Publishers in 2011.