

EXAM SPECIFICATIONS FOR TAX LAW

The purpose of the certification examination is to require applicant to demonstrate substantial knowledge of significant legal concepts and corresponding skills in tax law.

DEFINITION. Tax law is the practice of law involving the Internal Revenue Code and other federal, state and local tax statutes and interpretive material in connection with matters in which issues of taxation are significant factors. The practice of tax law includes, but is not limited to, consultations with clients and the giving of advice regarding the tax consequences of proposed, completed and ongoing transactions; the giving of advice regarding the reporting of transactions and other matters of taxing authorities; practice before the Internal Revenue Service and other taxing authorities with respect to proposed, completed and ongoing transactions and other matters; and the administrative appeal and litigation of tax issues.

The practice of tax law may involve special emphasis in subspecialties such as income, estate or gift tax law, international tax law, business associations tax law, oil and gas tax law, employee benefits tax law, and criminal tax law, but applicant must demonstrate a broad-based knowledge of the area of tax law.

KNOWLEDGE. Applicant must have knowledge of the following: **(Not all of the following exam topics will be covered on the exam. Applicant will be tested on all laws currently in effect at the time of the exam.)**

Special Consideration Notation: The Tax Law Board Specialization area requires a hands on/working knowledge of the Internal Revenue Code and the Treasury Regulations; including a strong familiarity with the organization of the tax statutes and the administrative documents.

- I. Federal Income Tax aspects of:
 - A. Marital Property Rights
 - B. Foreclosure, Bankruptcy and Debt Reorganization
 - C. Cancellation of Indebtedness Income
- II. Federal Income Tax rules relating to:
 - A. Partnerships
 - B. Corporations, including S and C corporations
 - C. Related Party Transactions, Passive Activity Losses and Limitations on Deductions
- III. Tax Consequences of Pass-Through Entities
- IV. Corporate Formation, Redemption, Liquidation, Acquisition, and Reorganization
- V. Real Estate Like-Kind Exchange and Installment Reporting

- VI. Employee Benefit Plans
 - A. Qualified Retirement Plans
 - B. Non-Qualified Employee Benefit Plans
 - C. IRAs
 - D. Deferred Compensation
 - E. Stock Options
 - F. Other Compensation Arrangements
 - G. Federal Income Tax Rules Relating to Assignment of Income
- VII. Federal Estate, Gift and Generation-Skipping Tax Rules and Considerations, including related income tax concepts pertaining to estates, trusts, individuals, and business entities
- VIII. Tax Ethics; including the pertinent ABA Model Rules, Treasury Circular 230, the tax return preparer rules, tax/representation matters, and confidentiality/new restrictive disclosure rules
- IX. Procedures Related to the Imposition, Collection and Payment of Federal Taxes, Penalties and Interest, including IRS Appeals; also including civil and criminal tax matters and procedures
- X. Texas state tax matters, including:
 - A. Texas Margin Tax
 - B. Sales and Use Tax
 - C. Ad Valorem Tax
 - D. Texas Tax Procedure
- XI. The Texas Disciplinary Rules of Professional Conduct
The ethics questions regarding this topic will involve an array of hypothetical fact situations which will cover several different aspects of ethical issues that arise in the practice of law. The questions will not be limited to the practice of any one specialty area, and consequently, an applicant is advised to be familiar with all provisions of the TDRPC.

SKILLS. Applicant must demonstrate the:

1. Ability to communicate effectively to a variety of audiences (e.g., communications addressed to clients, counsel, courts, administrative agencies, etc.)
2. Ability to develop and evaluate strategies for solving a problem or accomplishing an objective
3. Ability to analyze and apply legal rules and principles
4. Ability to analyze, sort and use facts, and to plan and direct factual investigations
5. Ability to organize and manage a legal task efficiently within time constraints
6. Ability to represent a client consistent with applicable ethical standards
7. Ability to invoke and utilize the procedures normally required in the area of specialty including pleadings and filings

Specifically, applicant must be able to:

8. Advise clients on tax consequences of proposed and ongoing transactions
9. Draft documents necessary to accomplish client objectives
10. Advise clients of the filing and reporting requirements of taxing authorities
11. Advise clients on Internal Revenue Service procedures in handling tax matters
12. Advise clients on the administrative appeal and litigation of tax issues

STUDY MATERIALS. Applicant will be permitted to bring and use during the exam, if desired, unannotated, unmarked, commercially published sets of the Internal Revenue Code and Federal Tax Regulations, and Estate and Gift Tax Regulations. In answering any question, applicant will be expected to consider the impact of recently enacted legislation and may be called upon to comment in general terms on pending legislation or proposals. Copies of pending legislation or proposals will not be permitted in the exam room, nor will copies of other materials, such as Revenue Procedures, Revenue Rulings, Announcements, Committee Reports, or interpretative or explanatory summaries be permitted.