Business 223A
Writing Tips for Tax Research Memos and Letters

Thought out before putting pen to paper; prepare an outline first
Answers the question or problem
eXcellent appearance (easy to read, looks nice)

Well organized by issues and sub-issues
Re-write if necessary to make it clearer
In own words (need for quotes should be rare)
Tax and factual issues all identified and addressed
Includes all pertinent authority (IRC, regulations, rulings) with proper cites
Nothing important missing – Citator and recent developments checked
Good grammar – use a grammar guidebook when in doubt

- Follow a logical format in your memos. The following is recommended: Facts, Issue, Law, Analysis (discussion of how the law applies to your facts and issue), Conclusion and Next Steps. Or, you may want to have the Conclusion follow the Issue.
- Use and easy to read format – use indentations, bullets, and numbering and listing of items, if appropriate. Use spaces between your paragraphs and some type of highlight (underline, caps, bold, etc.) to show where each section (Facts, Issue, etc.) begins.
- Be sure to discuss relevant IRC and regulation sections in the Law Section. If is best to put these items into your own words, rather than to quote or copy them. If there are no regulations issued, note that in the law section – it will let the reader/reviewer know why regulations are not covered.
- Be sure to discuss enough of each relevant case and IRS ruling so the reader can determine that the case is on point to your issue and why it is included in the memo. However, don't go into more than you need. If the case also discusses other issues not relevant to your memo, they should be omitted.
- Sometimes in performing tax research you will find out something that you did not think was originally important about your facts or your issue. In such situations, you should probably be sure that your facts and/or issue cover this item. For example, in researching whether your client's hot tub is a deductible medical expense, you find some cases that held that the costs of a lavish pool were not a deductible medical expense. Your client's hot tub is not lavish so you did not originally think to mention that in the Facts of your research memo. After finding the line of cases on "lavish" expenditures, you now know that the cost of the hot tub is important. Failure to discuss this fact would make your memo incomplete because someone might later wonder whether the issue was ignored or just not present.
- Cases should be discussed using the past tense since they occurred in the past.
    - Incorrect – "In Revenue Ruling 73-173, the IRS states that …"
    - Correct – "In Revenue Ruling 73-173, the IRS stated that …"

- Watch your heading – don't title your memo "constructive dividends" because it gives the appearance that your already know the answer.
- Quotes – they should rarely be used. Instead, put the passage into your own words. If you do feel that a particular passage is so on point and well-written that you can't/shouldn't paraphrase it or summarize it, be sure to use quotes (" ") and reference your source. When a reader/reviewer sees sentences in quotes that could have been better explained in the writer's own words, it might lead the reader to believe that the writer did not fully understand the original passage so decided to quote it verbatim.
- The text in the various tax services (such as RIA and CCH) is written by the editors of these publishing companies. That text is not primary authority. The services provide you with the tools to find relevant primary authority and provide you with some explanation based on the editors' understanding of the topic. Therefore, do not cite to the edited text of a tax service. Instead, use it for background information to help you better understand a topic and to find primary authority.
- Don't use the words *petitioner* and *respondent* when discussing court cases. It is much easier to read your write-up if you either use the actual names, or use *taxpayer* and *IRS*.
- Cites – be sure they are complete and correct (source, date, name). We will discuss this more in class.
- Conclusion – this should be the short answer to your issue. This would also be the place for putting any tax advice or action for the client to take. For example, with respect to a problem where the IRS is taking the position that an art purchase is a constructive dividend because it is hanging in the shareholder's home, we could mention that we need to determine why the painting is in the shareholder's home – perhaps there is a valid reason. Also, we need to find out what the earnings and profits (E&P) level of the corporation is.
- Watch your spelling and grammar – use the spell check feature, proofread and use a grammar guidebook.
- Don't use extra words – keep your writing simple and to the point.

  Too many words: "While members negotiated directly with each other to exchange services in the case decided by Rev. Rul. 79-24…"

  Better: "While members negotiated directly with each other to exchange services in Rev. Rul. 79-24…"

  Too many words: "A taxpayer using the cash receipts and disbursements method of accounting …"

  Better: "A cash method taxpayer…"

  Too many words: "in the event that"

  Better: "if"
- Avoid legalese – this turns readers off and causes confusion.

  Difficult to understand: "per the aformentioned IRC section"

  Better: "per Section ___"
- Be sure your sentences are not too long. You will be reading many court cases, regulations and IRC sections where the sentences are too long – don't pick up that habit!