

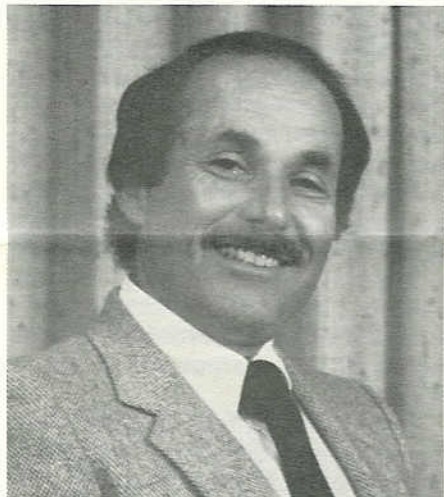
AMERICAN TAXATION ASSOCIATION

Volume 18, Spring 1988

Robert L. Gardner, Editor
School of Accountancy
Brigham Young University

President's Letter

by Michael L. Moore



The year is moving right along and there are a number of activities to report. Last August at the AAA meeting in Cincinnati, Gene Seago took the initiative to organize an ATA long-range planning session. At this meeting many issues vital to the future of the ATA were discussed. A long-range planning committee was formed with the current ATA Trustees as members. This committee followed up on many items discussed at the Cincinnati meeting, as well as other issues important to the ATA, at a mid-year meeting in Los Angeles on January 14. Our Vice-President, John Everett, organized the agenda and prepared a summary of the minutes of this meeting for this newsletter. An idea for a tax manuscript award was generated from discussions at this meeting. Bob Rosen carried the idea back to Ernst & Whinney, who agreed to fund three annual prizes for the best publishable manuscripts by masters or Ph.D. students. The Trustees will be working on the details of the selection process. The first awards will be announced at the ATA meeting in August, 1989.

The 1987-1988 ATA committees have been actively working on their respective charges with fine results to date. One of my agenda items was to increase ATA's role in the tax policy area. Ken Heller's Committee on Subchapter K completed a report on

taxable years of partnerships which was submitted to Treasury. An announcement of this submission appeared in *The Daily Tax Report* on March 8, 1988. A report by Gene Seago's Committee on Income Measurement is nearing completion.

Another of my agenda items was to increase ATA involvement at AAA regional meetings with a view toward increasing ATA membership. Carolyn Strobel's Committee on Regional Programs and Membership has done a splendid job in arranging ATA representation on programs at all of the AAA regional meetings except one. John Everett prepared a packet of ATA promotional materials which Carolyn will arrange to have distributed, along with ATA membership brochures, at the AAA regional meetings. These materials will clearly show many of the benefits of ATA membership to our tax colleagues who are not members of ATA.

The Annual Program Committee, chaired by Sandra Kramer, is within days of announcing the luncheon speaker at the Orlando AAA meetings. This committee has also secured four ATA slots on the AAA program, a panel discussion titled "Artificial Intelligence: Applications in Tax", two tax research sessions, and a session on doctoral research in tax.

Bud Lacy's Committee on Computer Usage and Applications, along with other work, has prepared a current developments release for this newsletter.

The Nominations Committee is soliciting nominations for officer and trustee positions for 1988-1989. Please submit recommendations to Sally Jones, who chairs this committee. This is your opportunity to influence the future direction of ATA.

I received midyear reports from other committee chairs, Tom Porcano, ATA/Price Waterhouse Doctoral Dissertation Award Committee, Stephen Limberg, Tax Manuscript Award Committee, and Bob Rosen, Committee to Analyze the Content of Tax Questions on the CPA Exam. I will report on the activities of these and other committees in the next newsletter.

Meet Your President-elect



Jane O. Burns, ATA President-Elect, is Professor of Accounting and Frank M. Burke Chair in Taxation at Texas Tech University. Although Jane has served ATA in many different roles, her most recent position was Editor of *The Journal of the American Taxation Association*, 1984-1987. Jane's service also includes past president of the International Section of the AAA; chairperson or member of AAA committees; and Editorial Board member for *The International Tax Journal*, *The Tax Adviser*, *Business Horizons*, and the *Journal of Accountancy* and an ad hoc reviewer for several additional publications.

Jane has a Ph.D. from The Pennsylvania State University and MBA and BS degrees from the University of Louisville. Prior to her present academic position, she was Professor of Accounting at Indiana University. She also has four years full-time experience with a CPA firm.

Her primary research interest has been international taxation. She is the author of numerous articles, the co-author/editor of three text books on taxation, and a frequent presenter at conferences and research seminars.

When there is free time, Jane enjoys racquetball, reading fiction, and traveling.

Notices

Arthur Young Grant

"Publication Opportunities for Tax Researchers" has been revised by Jane O. Burns (Texas Tech University), Janis R. Reeder (University of Delaware), and James L. Wittenbach (University of Notre Dame). This revised edition is being duplicated and distributed to all ATA academic members compliments of Arthur Young. Additional copies of the booklet can be obtained by sending \$3 each (to cover AAA handling costs) to: American Accounting Association, 5717 Bessie Drive, Sarasota, Florida 34233.

Call for 1988-89 ATA Committee Members

If you are interested in serving on an ATA committee during 1988-89, please type or print your name and address (including summer address if different) on a 3" x 5" card and send it to: Professor Jane O. Burns; Accounting, College of Business Administration; Texas Tech University; Lubbock, TX 79409-4320. A letter requesting each of you to rank the committees you prefer will be mailed in May. Assignments will be made during the summer so that each committee chairperson can establish a time at the AAA Annual Meeting in Orlando to plan the committee's 1988-89 activities. Also, please send any suggestions about committees and committee charges you believe are relevant to ATA to Jane Burns at the same address.

Ernst & Whinney Announces Manuscript Awards

Ernst & Whinney is pleased to announce the funding of three annual prizes (\$2,500 for first place, \$1,500 for second and \$1,000 for third) for the best publishable manuscripts submitted by a candidate in either a masters program or a Ph.D. program. The manuscript cannot be part of a doctoral dissertation. Details regarding this award will be announced in the newsletter in the fall of 1988. The first awards will be given at the ATA meeting in August, 1989.

AICPA Graduate Tax Education Symposium

The American Institute of Certified Public Accountants has announced the sponsoring of its biennial Graduate Tax Education Symposium. The Symposium is scheduled to take place at the University of Denver on June 6-7, 1988. The 1988 Symposium will cover topics such as (1) The Future of the Tax Profession, (2) Cooperative Opportunities—Academia and Practice (3) Tax Practice in an Adversarial Environment, and (4) Automated Tax Research and Expert Systems. Participants will also have the opportunity to attend three of four concurrent breakout sessions to exchange ideas about (1) Teaching Tax Research and Current Developments, (2) Administering a Graduate Tax Program, (3) Teaching Communication Skills and People Skills to Tax Majors, and (4) Gamesmanship, Video and Other Creative Applications in Teaching Taxes. The registration fee for the program is \$200.00 which includes a reception on June 5, dinner on June 6, and other meals and incidental expenses which are part of the program. It does not include transportation or hotel expenses. The AICPA has reserved a block of rooms at the Stouffer Concourse Hotel near the Denver airport. The special rates for Symposium participants begin at \$55.00 for a single room. For further details regarding registration, please contact Lisa A. Winton at the AICPA offices in Washington (202/737-6600), who will be coordinating the registrations.

AAA Seminar on Professionalism and Ethics

The American Accounting Association has initiated a project to develop an annual seminar on professionalism and ethics. The objective of the project is to collect groups of real-world cases involving ethical issues that can be discussed at the seminar and/or be made available to academics and practicing accountants for use in formal education programs and in continuing professional education. The project involves collecting cases in each of the typical areas that accountants perform services in the business world, including financial reporting, external and internal auditing, income

tax, management accounting, management services, personal financial planning, governmental accounting, and international accounting. Since the key ingredient for the project is the collection of real-world cases involving ethics and professionalism in accounting, the AAA is seeking help from ATA members who are willing to supply short case situations that illustrate professional and ethical issues related to the accounting functions they perform. The intention is to prepare cases that are disguised as to industry, company, and geographical location so as to maintain confidentiality (unless already in the public domain), yet illustrate significant professional and ethical issues in accounting, or have a focus that includes not only accounting but also other areas of business operations.

Please send generic cases or ideas for such cases to the project director, Dr. Harold Q. Langenderfer, CPA, Peat Marwick Main Professor of Professional Accounting; Graduate School of Business Administration; University of North Carolina; CB# 3490 Carroll Hall; Chapel Hill, NC 27599-3490. As an alternative to sending a case, those interested in providing ideas for a case can call Dr. Langenderfer at (919) 962-3219. The AAA and Dr. Langenderfer will be very grateful for any assistance ATA members can provide in what can be a very valuable contribution in enriching the accounting curriculum and in raising the consciousness of all accountants regarding professional and ethical issues.

Fulbright Scholar Program

The Council for International Exchange of Scholars has announced the opening of competition for the 1989-90 Fulbright grants in research and university lecturing abroad. The awards for 1989-90 include more than 300 grants in research and 700 grants in university lecturing for periods ranging from three months to a full academic year. There are openings in over 100 countries and, in many regions, the opportunity for multi-country research is available. Fulbright Awards are granted in virtually all disciplines, and scholars in all academic ranks are eligible to apply. Applications are seriously encouraged

Minutes (Condensed Version)

American Taxation Association Trustees Meeting

January 14, 1988

The meeting was called to order by President Michael Moore. Seven members of the Board and Silvia Madeo, Editor of the JATA were present.

President Moore updated the members on the progress of the ATA committees. Silvia Madeo also presented a mid-year report on the JATA. The Spring issue is complete and two articles have been accepted for the fall issue. An increase in the number of submissions may allow expansion to three (and possibly four) issues in the near future.

The remainder of the meeting was devoted to a long-range planning session, chaired by John Everett. Five areas of concern were addressed:

I. ADMINISTRATION OF THE ATA

Winter Meetings of the Board of Trustees. The trustees agreed that the ATA should attempt to sponsor mid-year meetings of the Board each year. This meeting would include reports by the President, Secretary-Treasurer, and the Editor of the JATA. Committee chairpersons would also be required to submit mid-year reports.

Financial Matters. Although relatively large compared to other sections of the AAA, the current budget surplus is expected to decrease during the current year and should not create problems with the AAA Council.

Research Awards and Research Assistance. The members believe the current manuscript and dissertation awards are sufficient in scope and should be continued. One unresolved question is whether a dissertation manuscript should potentially qualify for both awards. President Moore will check the letter of agreement of the Price Waterhouse dissertation award. A competitive manuscript contest for graduate students was proposed. (Note: Bob Rosen took the proposal to Ernst & Whinney and they have agreed to fund this program. See notice in this newsletter).

Administration of Graduate Tax Programs. Currently there is no strong sentiment for establishing a separate Administrators of Tax Programs Committee. However, the ATA should have a liaison with the Administrators of Accounting Programs group. Bob Rosen noted that the Ernst & Whinney meeting for tax program administrators that was held in June, 1987 was very successful,

and the firm plans to sponsor the meeting again in the next two years.

II. External Relations

Recruitment of New Academic Members. The ATA should consider designing a new brochure to be mailed to other disciplines and junior colleges. A proposal was made to develop an information packet for potential members. The packet could include a recent copy of the journal, the Ernst & Whinney Graduate Tax Programs Guide, Tax Planning For Educators, etc.

Relations With Other Professional Organizations. The trustees agreed that the principal motivation for practitioners to join ATA is to gain insight into how we teach their recruits. A separate recruiting packet for these individuals was discussed. The trustees agreed that such recruitment efforts would best succeed on a local level. The possibility of seeking a permanent position on the IRS Advisory Board was also discussed. The trustees agreed that the ATA should serve some role in assisting faculty gain professional tax experience. The ATA newsletter could serve as a clearing house for this purpose by soliciting firm opportunities.

Commenting on Proposed Legislation and Regulation. President Moore moved that a permanent policy committee be established. The motion passed unanimously. It was suggested that the committee membership be for at least a three-year period. The possibility of having an ATA member on the AAA's CPA Exam Committee was also discussed.

III. Education and Development

Teaching Assistance for Members. It was suggested that efforts be made to insure at least one tax section at each regional meeting. Contacts could be made with AAA Regional Vice-Presidents concerning the possibility of allocating a slot to the ATA. Concern was also expressed that the ATA has no control over CPE tax programs presented at the ATA meetings. President Moore will contact Gary Previts to see if the ATA can review and approve course suggestions, materials, and instructors.

Computer-Assisted Tax Research. The trustees discussed problems with coordinating tax research assignments and materials. It was agreed that the newsletter may be the best vehicle for

notifying members of the availability of these materials. The board also endorsed the idea of insuring that the ATA submits a NACAIR grant proposal each year.

Tax Planning With the Computer. The current use of the newsletter for informing members of the availability of tax planning templates and other software was discussed. This is probably the best method of sharing this information.

Curriculum Development. The trustees agreed that the ATA needs a system for retaining all committee reports. Larry Crumbley, the ATA historian, will be asked for suggestions on this issue.

IV. Member Activities

The group agreed that trustees are not needed to oversee committee activities. Instead, chairpersons should submit mid-year progress reports to the President. AAA evaluation cards should also be completed by the chair for each committee member. These should be reviewed by the ATA President-Elect before being forwarded to the AAA. A suggestion was made that ATA committees be selected earlier in the year in time for the national meeting and regional AAA meetings. Visibility would be improved if an ATA officer or trustee chaired such sessions and provided a 5-minute update on ATA activities.

V. Publications

The Journal of the American Taxation Association. The feasibility of special features sections in the JATA was discussed. Case studies and education articles should be encouraged. However, CPA exam material coverage should be limited to special situations. The feasibility of accepting placement ads and accounting program advertising was also discussed. Silvia Madeo will investigate these possibilities further. It was also suggested that a list of institutional subscribers be compiled so that institutions that do not subscribe can be solicited.

Other Publications. A final series of ads for TAX PLANNING FOR EDUCATORS will begin soon. Sales are still below the breakeven point of 900 copies. Distribution plans for PUBLICATION OPPORTUNITIES FOR TAX RESEARCHERS, funded by a grant from Arthur Young, were also discussed.

from retired faculty and independent scholars.

Benefits include round-trip travel for the grantee and, for most full academic year awards, one dependent; maintenance allowance to cover living costs of grantee and family; tuition allowance, in many countries, for school-age children; and book and baggage allowances.

The basic eligibility requirements for a Fulbright Award are U.S. citizenship; Ph.D. or comparable professional qualifications; university or college teaching experience; and, for selected assignments, proficiency in a foreign language. It should be noted that there is no limit on the number of Fulbright grants a single scholar can hold, but there must be a three-year interval between awards.

Application deadlines for the Awards are: **June 15, 1988** (for Australia, India, and Latin America, except lecturing awards to Mexico, Venezuela, and the Caribbean); **September 15, 1988** (for Africa, Asia, Europe, the Middle East, and lecturing awards to Mexico, Venezuela, and the Caribbean); **November 1, 1988** (for institutional proposals for the Scholar-in-Residence Program); **January 1, 1989** (for Administrators' Awards in Germany, the United Kingdom, and Japan; the Seminar in German Civilization; the NATO Research Fellowships, and the Spain Research Fellowships); and **February 1, 1989** (for the France, Italy, and Germany Travel-Only Awards).

Application materials will be available in April 1988. For more information and applications, call or write Council for International Exchange of Scholars, Eleven Dupont Circle N.W., Washington, D.C. 20036-1257. Telephone (202) 939-5403.

Committee on Computer Usage and Applications: Artificial Intelligence Application in Taxation

During the past two years, the first real-world artificial intelligence (AI) applications in taxation have been publicized. AI is a new type of computer programming that manipulates symbols rather than numbers. This programming has facilitated the use of computers to imitate expert judgment (i.e., expert systems), understand the English language (i.e., natural language processing), develop decision rules from examples (i.e., machine learning) and perform simple physical

tasks (i.e., robotics and vision understanding).

The known applications in taxation have been expert systems. Coopers and Lybrand has developed a system that assists auditors in their examination of the corporate income tax accrual. Tax planning recommendations are also provided. See the Fall 1986 issue of *Auditing* for details. Palladian Software of Cambridge, Massachusetts has developed a system that evaluates the effect of proposed capital expenditures, mergers, and other projects on a company's finances. See the November 4, 1985 issue of *New England Business* for details. Applied Expert Systems of Cambridge, Massachusetts has a program that covers the many facets of executive financial planning. The Research Division of the Internal Revenue Service in Washington, D.C. now has an AI laboratory. The laboratory's first project is an expert system that employs heuristics to determine which individual income tax returns selected by the DIF function should be audited.

Although there is no known application of natural language processing (NLP) in taxation, it has been applied in a related discipline. Arthur Andersen & Co. has developed a program called ELOISE for the Securities and Exchange Commission. ELOISE employs NLP to analyze electronically stored SEC filings and find concepts that the SEC wishes to investigate. It is not too difficult to envision a related use of NLP in the field of taxation. For example, it could be used by the IRS to analyze electronically stored income tax returns. Although it may be too early to predict the future of AI in taxation, based on the examples discussed above, the outlook appears bright. (This notice was provided by Bob Michaelson, North Texas State University, member of the Committee on Computer Usage and Applications.)

Committee on Computer Usage and Applications: Workshops

The Computer Committee will be sponsoring two four-hour Continuing Professional Education workshops at the National Meeting in Orlando. The first workshop is entitled "Computer Assisted Tax Research and Instruction Using Lexis and Phinet". This session will provide participants with information on educational pricing arrangements and hands-on instruc-

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Faculty Notes

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