
Warner H. Henrickson
BOOK REVIEWS


Every lawyer and student who has struggled in the thickets of the Federal income tax provisions and regulations has experienced a helpless moment when a view of the forest would be reassuring. Before this book was written, there were no points of lookout which were not challenges in themselves. There was Magill’s probing book on Taxable Income, or the intricate cross-reference systems of the loose-leaf reporters, or a 12 volume treatise by Mertens. Sensing the need for a compact and readable summary of the concepts underlying each statutory provision, the authors of this book now offer a refuge for the beginner and a pleasant resort for the expert.

The book deals with sections 1 to 511 of the Internal Revenue Code, which comprise the income tax provisions, and discusses each section separately under its Code number and in the order in which it is found in the Code. The reader is assumed to have read the Code provision and appropriate regulations thereunder. Written in an interesting style suggestive of the weekly tax news-letters, the book proceeds to explain the idea behind each section, how it works in general application, and the more important interpretations that have been given the section by administrative practice or the courts. For example, under section 29.22(a)-13 (in this instance the book is keyed directly to Regulations 111) the reader will find a cautious statement of the rule on cancellation of indebtedness, an illustration or two, a treatment of the Kirby case, the solvency limitation, the Hirsch case, the American Dental case, a footnote to the Jacobson case now on certiorari, a mention of the gift tax problem which seems so far to be no problem, and a reference to section 22(b)(9). This is all important material, well selected and handled with disarming ease. The extent of discussion of any particular section varies with its importance and difficulty. Stock options are handled in detail, but more often the tendency is to scan the problem in broad outline, stating the law to be thus and so without annotation except for a few leading decisions. It must be said that the book is a masterpiece of English exposition. The passages on bad debts and losses are gems, and the way in which the material on corporate reorganizations is handled is sheer artistry. The authors might have dealt less gingerly with the insurance exclusions, certainly a point of frustration for beginners, but in a work of this kind selectivity was essential to the main purpose.

The book is properly a source of intermediate reference. When used to solve particular problems, the general practitioner should first
read the Code section and regulations, and then refer to the appropriate paragraph of this book bearing the same number. He will find there in good grammar much of what Congress has successfully obscured, and will emerge with a well-rounded conception of the issues involved. Thus fortified, he can now re-submerge into the Code, regulations, rulings and decisions with a sense of bearing and perspective. He will derive from this book roughly the advantage that could be obtained by discussing the statute with a good tax expert.

Experts in the tax field will enjoy this book as straight reading because it is the kind of book they might have written themselves if the day had more hours. They will enjoy mentally annotating the many statements of law which the authors purposely left undocumented, and they will appreciate the skillful job that has been done. It is not improbable that they will derive much practical benefit from the over-all picture painted in three hundred odd pages, because the vagaries of practice can be unconsciously narrowing.

To the student there are many practical slants given in the book that it would be impossible to divine from a library reading room, and if there is one thing that stimulates students, it is the breath of practicality. The suggested differences, tax-wise, between debt and equity financing, or the hard-headed fact that you can achieve an assignment of income by making members of the family corporate employees, are all piquant sauce to the cloistered lawyers of the future. Furthermore, the materials on trusts and estates, basis, and reorganizations are all useful reading for the classroom, covering much ground that defies the casebook system. All in all, bouquets to Messrs. Stanley and Kilcullen for a job well conceived and neatly executed.

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