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# PREFACE

Many tax professors and not a few practitioners have long considered William D. Andrews' *Basic Federal Income Taxation* to be the most insightful, policy-oriented, and coherent treatment of the field. The prospect of losing such a remarkable tool upon the author's retirement was not a happy one, but fortunately Professor Andrews decided to keep the book current with the assistance of a coauthor. Under such circumstances the role of a coauthor is to be a faithful steward, not an innovator; the cardinal rule of revision is, do no harm. This eighth edition of *Basic Federal Income Taxation*, the first since the death of Professor Andrews in 2017, aims to update a classic while preserving its distinctive attributes.

The style of the book has been retained, with its focus on cases and tax policy. A few observations from the preface to the fifth edition remain apt:

We are teaching students for a career at the bar, not just a season, and one of the challenges is to sort out and focus on things that are likely to be of lasting importance. I try to think what students will most need to know and understand ten years from now. From this perspective the main objective is to teach students about persistent underlying problems, to which current legislation may be only an ephemeral response. But ephemeral or not, it is the authoritative text through which the persistent problems are currently revealed.

Cases, text, and problems—this book has all of these. What appears to distinguish it now is more cases and less text than some other books. For students just coming to the subject, selected cases often represent by far the most efficient way to arouse interest and define the problems with which the statute and administrative authorities must deal. Even cases that turn closely on superseded provisions offer a good base for evaluating subsequent legislative provisions, actual and potential. In a sense, cases provide a proxy for the actual experience seasoned professionals will bring to bear in studying the statute. There may be other proxies, but good law students respond to judicial opinions in a lively, interactive way that is hard to duplicate with any other materials.

In this eighth edition, the book's organization has been reworked somewhat. Return of capital timing issues are now addressed immediately before capital appreciation (realization and recognition). Gifts, taxation of the family, and assignment of income issues have been grouped together to highlight common themes. Losses and tax shelter limitations have been folded into one chapter, and the leverage and leasing materials trimmed.

The great challenge in the introductory tax course always concerns what to leave out. I suspect that many instructors will cover Chapter 4A–C, then skip to Chapter 5, perhaps assigning a case or two illustrating accrual accounting problems. Chapter 9, on assignment of income from property, is likewise a candidate for abbreviated treatment, and cuts can be made from Chapter 12 (Capital Cost Recovery) and Chapter 13 (Losses and Tax Shelter Limitations) without loss of conceptual coherence. The handling of capital gains and losses (Chapters 17–19), while hugely important, often must be largely sacrificed in the basic income tax course, but the central policy issues are introduced at the end of Chapter 5.

The passage of considerable time since publication of the seventh edition has of course occasioned numerous changes to reflect new developments, legislative, administrative, and judicial. The Tax Cuts and Jobs Act of 2017 reduced rates and substantially altered the

treatment of personal expenses (suspending personal exemptions, greatly increasing standard deductions temporarily, and limiting itemized deductions). The durability of those changes remains an open question, but their pervasive influence is reflected throughout the book. Starting with Chapter 1, this edition emphasizes the distribution of individual income tax burdens across the income spectrum, from the earned income tax credit to the impact of capital gain rates on high-end progressivity.

Reflecting on interim developments, the 2009 edition noted that the grand compromise of the Tax Reform Act of 1986 (lower rates for a broader base) had continued to unravel, as both the Bill Clinton and George W. Bush Administrations sought to advance contested policy priorities piecemeal through tax incentives. The Obama, Trump, and Biden Administrations have not reversed that trend, nor made comprehensive tax reform a political priority. Viewed at large, Congress still seems engaged in a halting semi-conscious (intermittently candid?) conversion of the federal revenue system from a realization-based income tax to a covert personal consumption tax.

A note about conventions: Where footnotes from excerpted material (cases, committee reports, etc.) are reproduced, the original numbering is retained. To distinguish authors' footnotes, consecutive alphabetical references are used within each chapter. All section references in this book, unless otherwise indicated, are to the Internal Revenue Code of 1986, which is Title 26 of the United States Code. References to Treasury regulations, which are in Title 26 of the Code of Federal Regulations, are given as "Reg. §".

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