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# **The Contemporary Tax Journal**

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# **The Contemporary Tax Journal Winter 2018**

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# **The Contemporary Tax Journal Winter 2018**

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## Letter from the Editor

***Our Winter 2018 Issue of The Contemporary Tax Journal features articles that were written before the Tax Act.***

We are proud and grateful in our seventh year of this journal to provide you with the following interesting articles:

In *Featured Contributors*, **Dr. David Randall Jenkins** helps us understand the argument of why Section 179(b)(3)(A)'s business income limitation does not apply to partnerships and S corporations. **Dr. Paul D. Hutchison, Dr. C. Elizabeth Plummer, and Dr. Benjamin George** discuss the latent semantic analysis (LSA) and its application and research opportunities for tax research, which will be a key to understanding 'big data', an increasingly trendy topic.

**June Hostetter** and **Sara Sun** examine start-up costs and R&D credits pertaining to high-tech companies, and **Stephen Wildt** explores the mortgage interest deduction policy in *Tax Enlightenment*.

In *Tax Feature*, you will enjoy summaries written by my fellow MST students for the 2017 IRS-SJSU Small Business Tax Institute, where analysts and staff from the IRS, the California FTB Taxpayers' Rights Advocate Office, and experts from CPA firms and IT companies addressed various issues in our current digital economy concerning small businesses and their tax advisers.

Our *Tax Maven* of this issue of the journal is **Mr. Jim Fuller**, a tax partner at Fenwick at West LLP. I am honored to have interviewed him and learned about his illustrious career and opinions. It was a treasured and fascinating experience for me personally, and I hope his words will inspire you as well. Mr. Fuller shared that his key to success is to "stay current," genuine advice that requires a tremendous amount of diligence, and that I will always take to heart.

Finally, *A Focus on Tax Policy* presents the analyses of various tax bills by our MST students in the Summer 2017 *Tax Policy Capstone* class using the Guiding Principles of Good Tax Policy outlined in the AICPA Tax Policy Concept Statement No. 1.<sup>1</sup> In the midst of understanding the new tax reform, I sincerely encourage you to assess and understand these new tax policies with professionalism, objectivity, and context, with the articles in this section serving as examples.

2017 has been an eventful year for our U.S. tax system. It's been 32 years since the Tax Reform Act of 1986, and now we finally have another tax reform: The Tax Cuts and Jobs Act of 2017.<sup>2</sup> I just graduated in December 2017, and I am excited to start my career in this historic moment in tax. I vividly remember during my MST program in 2015, my mentor and personal hero, the MST

<sup>1</sup> American Institute of Certified Public Accountants (AICPA) Tax Division. (January 2017). *Tax Policy Concept Statement 1 - Guiding Principles of Good Tax Policy: A Framework for Evaluating Tax Proposals*. Retrieved from: <https://www.aicpa.org/ADVOCACY/TAX/downloadabledocuments/tax-policy-concept-statement-no-1-global.pdf>

<sup>2</sup> The full title of the 2017 Tax Act is: An Act to Provide for Reconciliation Pursuant to Titles II and V of The Concurrent Resolution on The Budget for Fiscal Year 2018 (Public Law No. 115-97).

Program Director Professor Annette Nellen told us our friends and family might ask us why we are getting a master's degree in taxation as tax laws change all the time. She ensured us what we will be learning are the fundamental skills to understand the changes no matter what they are, as long as we stay abreast of the new developments. Clearly, that's never been more real than right now.

At this point, I want to thank all the contributors to this issue, as well as Catherine Dougherty, our MST coordinator and journal webmaster, and Sara Sun, our assistant student editor. Their insights and hard work made this issue of the journal possible.

I also want to give an enormous 'THANK YOU' to **Professor Annette Nellen and Professor Joel Busch**, the advisors for this Journal. They have deftly guided me through editing and learning journey. As I reflect upon my now-concluded MST experience, I can say that enrolling in the program is one of the best decisions I've made in my life. I am prepared for the professional world in every possible way. Starting a new career in tax can be daunting and overwhelming. I work through my daily projects drawing upon the knowledge and skills I am equipped with from my classes and my work on the Journal, and I couldn't be more grateful for the program. As my lifelong journey in tax continues, I hope this Journal will serve as a good reminder for me to "stay current" in this ever-changing tax world.

As always, we invite your comments and hope you will consider contributing to our upcoming issues.

I now present to you, the Winter 2018 issue of *The Contemporary Tax Journal*.

Enjoy,  
Ophelia Ding, *MST*  
Student Editor