

A Continuing Journey Through a Stream of Tax Research

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Abstract

This paper recounts a multi-year journey through a specific stream of tax research. It is a personal narrative, descriptive in nature, illustrating the successes and challenges of this particular effort. It offers the academic, in accounting or business, reluctant to be involved in scholarly activity a view of intellectual contributions that may motivate serious reflection on the possibilities for success. While this paper is not intended to provide specific ideas for a line of research to pursue, it may be a catalyst which can lead to appropriate research ideas for others. The successes and challenges illustrated from this stream of research may help faculty choose research avenues with a relatively high probability of success. The paper is intended for those who want to pursue the joys of a teaching career while meeting, and even enjoying, the demands of scholarly activity increasingly prevalent at undergraduate institutions, especially those working toward AACSB accreditation. However, it may offer insights to a broad range of academics.

Introduction

When I entered a Ph.D. program in accounting, many friends and family members, knowing a Ph.D. to be a research degree, asked me, "What do you research in accounting?" I have to admit, my initial responses to this inquiry were not very satisfactory, either to those who inquired or to me. Because relatively few people really understand accounting, it was difficult to explain accounting research, especially since it initially all looked to me like finance research (capital markets research) or psychology research (behavioral research). Perhaps my responses became more coherent, at least in my mind, as I learned more about academic accounting research throughout my Ph.D. program and as I took a number of different Ph.D. seminars focusing on different research areas.

Although I was able to complete the required course work, including the Ph.D. seminars in accounting, and the accompanying comprehensive exam, I struggled to find a dissertation topic that was of the appropriate nature, magnitude, and potential. With significant help from a non-accounting faculty member, I was able to design a dissertation proposal that tied to research he had been doing. My proposal became part of a larger research project with this faculty member, and he became one of the members of my dissertation committee. This project resulted

not only in my completed and accepted dissertation, but also, thanks in large part to the research expertise of my co-author, in several conference presentations, proceedings publications, and journal articles.

These scholarly outputs were very helpful to my initial and almost immediate success in my first academic appointment at an undergraduate institution. Since the School of Business at this institution is seriously pursuing AACSB accreditation, these intellectual contributions also helped me support the accreditation efforts. I focused my intellectual contributions exclusively on outputs from this project for the first two years of my academic career. However, even though these efforts brought me success in the scholarly arena, I was not passionate about the topic. Therefore, these intellectual contributions were more a pursuit of success as defined by others than they were a real fulfillment of my intellectual curiosity and excitement.

As I started to exhaust ideas for new articles that could come from this project and data set, I began work on additional projects of personal interest to me while continuing work on in-process articles from the dissertation project. Because I was at an undergraduate institution with a teaching-oriented mission, these newer projects focused on educational, pedagogical, and/or application-oriented topics. Though most of these new projects were short-term ideas that could result in only one or two papers, a passion for the topics made these projects alive and exciting for me intellectually.

A New Stream of Research

Sometime in 1998, I stumbled onto a new stream of research by accident of circumstance. When the idea first confronted me, I had no idea it would lead me to a multi-year stream of research for which I would have great passion and which would bring continued success for the intellectual contribution requirements of my professional life.

Being a parent with three adopted children at the time, I had some awareness of adoption costs and procedures. Although I did not teach tax classes or prepare tax returns other than my own, I had some measure of understanding of federal tax laws. I had taken two tax classes during my undergraduate and master's programs. I had also paid attention to tax laws that I thought would affect me. In 1998 I

became more fully aware of the adoption tax credit and exclusion that first became available in 1997. Because of personal interest in adoption, I started learning more about these adoption tax benefits. Thus, the first part of my scholarly activity in this new area was simply learning about something related to my professional area that also interested me personally.

In an accounting department of three full-time faculty, two of us (neither of whom taught the tax classes for our university) were adoptive parents. This mutual interest in adoption made it easy for us to become co-authors on several papers about the adoption tax credit and exclusion. Much of the research we have done in this area has been descriptive and would perhaps be described as legal research in the tax area. Legal research is not just a description of the tax law but can also include discussion of the implications to both taxpayers and the government from different tax laws. Since we know that tax laws are often based on political, social, or economic policies; these implications can be significant in comparing the possible results of the tax law with the intended results.

Sometimes legal research is not viewed as being as rigorous as some other types of research because it does not necessarily involve the steps of the scientific method to test a set of specific research hypotheses to either falsify them or lend support to them. However, legal research involves a different type of technical rigor and still requires significant scholarly activity to be successful in terms of peer scrutiny.

Some of the more recent articles in this stream of research have moved from the simply descriptive dimension to the prescriptive dimension and have included tax policy suggestions to overcome some of the ironies and complications that have been illustrated in the descriptive articles. The stream of research has even proposed an empirical dimension, but this dimension has not yet been fruitful, perhaps because of resource constraints and difficulty in gathering empirical data relevant to the prior research.

Genesis

The first two papers we presented at conferences (Tew and Smith, 1999; Smith and Tew, 1999a) on this topic were very general and perhaps based on our incomplete understanding of the new tax laws. However, they did evidence our initial

scholarly activity in this area. Also, we moved along the learning curve quite quickly, especially because my wife and I adopted a brother/sister sibling group in 1998. Both before the adoptive placement and while we were waiting for finalization, I was very involved in better understanding both the credit and the exclusion. I spent time downloading draft copies of tax forms from the IRS web site and working through them to understand the implications of how these adoption tax benefits would affect us.

Since I worked for an employer that provided adoption benefits and I knew these adoptions through a private lawyer would be much more expensive than any of our previous adoptions, I wanted to maximize the adoption tax benefits we would receive. One of the limitations on the adoption tax benefits is an income limitation. The benefits are phased out proportionately for taxpayers with more than a certain level of income. At that time, I earned a significantly larger salary than I do now; and the income level in the tax law to begin the phase out of benefits was much less than it is now. Therefore, I knew my income would be close to or above this income level. Not wanting to lose any of the tax benefits, I undertook a proactive plan to shift some of my income from 1998 to 1999. Since the adoptive placement took place in September, I did not have much time left to pursue income-shifting strategies. However, I was able to get my employer to postpone payment of some of my salary from one year to the next. Doing all of this planning helped me to understand even better the true implications of the tax laws related to adoption tax benefits.

From Conferences to Journals

By the time we made a third conference presentation, an article on the ironies of the adoption tax credit (Smith and Tew, 1999b), we felt that our information might be worthy of further dissemination in some journal. However, since neither of us was a general tax expert or legal tax research expert, we did not know which journals might be appropriate outlets for our research. When we presented this paper at the American Accounting Association Western Region annual meeting, we specifically asked the audience of that tax session for advice. *Tax Notes* was suggested as a possible outlet.

Neither of us was familiar with *Tax Notes*, so my co-author found a contact name and number and called to speak with the editor about our topic. In addition, the editor graciously mailed copies of prior issues for us to examine. *Tax Notes* is a weekly

publication of *Tax Analysts*. It includes coverage of new tax laws and regulations. It covers outcomes of legal cases involving taxes. It also includes legal research and commentary. *Tax Notes* is aimed at tax professionals as well as policy makers.

After reviewing prior issues of *Tax Notes*, we decided to update our article, make appropriate changes, and polish it further to submit it. We spent a considerable amount of time going over the article in great detail, sometimes discussing minor wording issues at length. We wanted to maximize the chance of our article being accepted. We also wanted to make sure we were correct with our details of the adoption tax benefits as well as related tax laws that we referred to but that were not really within our scope of expertise.

Our efforts were successful, and the paper was accepted for publication in *Tax Notes* (Smith and Tew, 1999c). Although I had participated in many prior journal publications from my dissertation project and had even authored or co-authored journal articles from other projects, this article was the one, up to that time, that I felt most pleased with because of the effort that we had put into it and because of the feeling that its content was significant.

Since the exclusion for employer adoption assistance payments was related to, but distinct from, the adoption tax credit, we continued our scholarly efforts by writing another paper on the exclusion to parallel the ones we had written about the credit. This paper described the qualifications and limitations on the exclusion and focused on some of the complications the exclusion can imply for both employers and employees. After making a conference presentation (Smith and Tew, 1999d) we were able to divide this paper into two articles for different audiences. The first article was directed at adoptive employees whose employers offer adoption benefits. That article was accepted as a *Tax Notes* publication (Smith and Tew, 2001a). The second article was a less technical article targeted to employers who offer or might offer adoption benefits. That article was published in *Strategic Finance* (Smith and Tew, 2001b).

From Co-Author to Sole Author

Simultaneous with some of the work on the previously mentioned articles, I began thinking about tax policy and how the ironies and complications we had pointed out could be overcome. Prescribing appropriate tax policy is much different than

describing current tax laws and their implications. It also depends much more on personal beliefs on what the purposes of federal tax policy should be. I began working on some articles on my own, including one with more of a prescriptive focus.

An article relating to policy issues was presented at a conference (Smith, 2000) and was then polished for publication in *Tax Notes* (Smith, 2001b). An update of this article with additional policy suggestions was presented at a conference in 2003. (Smith, 2003)

A proposal for empirical research was presented at a conference (Smith, 2001a), but the data for this proposal has not yet been gathered. Permission to survey adoptive parents as had been proposed was not obtained from the agency contacted.

Federal tax laws change, sometimes frequently. The original laws providing for the adoption tax credit and exclusion had a sunset provision. Another law was passed in 2001 that expanded and extended the adoption tax benefits. Some of the limitations were modified and other changes were made. These changes resolved some of the ironies and complications that had been described in my/our prior articles. Because of the changes in the tax law, I was able to write new articles updating the information that had been provided previously. Two of these articles were presented at conferences (Smith, 2002a, 2002b). As I wrote these two articles, I began to see several ambiguities and inconsistencies in the 2001 updates to the law, so I started writing another article based on the two conference presentations but incorporating a discussion of the problems created by the tax law changes. I was very concerned about making sure I was correct in the way I was reading the tax law. I even had several long phone conversations with an attorney in the Office of IRS Chief Counsel who works extensively with adoption tax credit issues and who is probably the IRS expert on this tax credit. She was very helpful and understood all of my concerns. She also helped me find information about proposed legislation that would affect the adoption tax benefits.

Knowing that many of the ambiguities and inconsistencies would be corrected if the proposed legislation became law, I knew time was of the essence in getting my article in print before the proposed legislation passed. When I was almost finished with my final draft and was ready to send it

to *Tax Notes*, I got word from the attorney at the IRS that the law had just been passed and signed. Therefore, I had to incorporate those changes into my paper. Actually, my paper didn't change too much except I had to show why the changes that had just been made were necessary rather than show why changes were needed. Although I felt this change took some of the impact out of my paper, I still felt it was worthwhile, and I also reported two technical corrections that had not been made by the 2002 legislation. By updating the paper for the new legislation, I was able to submit a paper that referenced and discussed a one-week old law. *Tax Notes* did publish this paper (Smith, 2002c).

Two other reasons contributed to my continuing to work as a sole author on this stream of research. The first is that I often worked toward conference submission deadlines and worked on a just-in-time basis. By the time I had some draft ready for input, I did not give a potential co-author time to give appropriate input before the due date. The second reason is that I switched institutions. The increased geographic distance between me and my prior co-author made it somewhat more difficult to coordinate with each other. While valuable input has still been received from him on many of the articles, it has been more in the form of suggestions for improving a "final" draft rather than effort on a work in progress. In addition, because of the nature of the articles, it has been possible to solicit feedback from tax academics, tax practitioners familiar with taxes in general but not these specific tax code provisions, and adoptive parents. Each of the individuals from these different groups has been able to give me valuable feedback.

Continuing Work

Although the tax law with respect to adoption tax benefits is not likely to change in a major way again for several years at least, my work in this research stream continues. Most of the papers presented at conferences have been presented in tax sessions of accounting/business conferences. Although these individuals are interested in the tax aspect of the research, they often have little personal interest in adoption. I made a presentation at an adoption conference (Smith, 2002d), which was less technical in nature but which was given to people with more specific interest in how these tax benefits could affect them.

In addition, I am also working on another paper (Smith, 2002e), which goes into additional depth on one of the ironies of the adoption tax credit

that was mentioned in an earlier paper. This concept also had to be updated because of the 2001 tax law changes. This paper was presentation at a conference and may be suitable for a journal publication with additional work.

I am still interested in finding appropriate ways to study these adoption tax benefits empirically. I will need to find resources if I pursue the empirical portion of this research stream. Although the legal research I have been working on is mostly exhausted, other avenues exist that can be considered for additional scholarly activity.

Successes and Challenges

Some of the successes and challenges of this stream of research have been incorporated in the previous narrative. However, a specific discussion of these items might be helpful, especially for those who will want to consider further implications of the narrative for them. In addition, some of the benefits and difficulties of this project that were not included in the narrative will be mentioned.

Reasons for Success

Several reasons exist for the success I have experienced in this stream of research. Although some of them cannot necessarily be duplicated or created by others who are looking for successful research avenues, some of them can either be considered or sought after in the search for successful research projects. Some of the reasons for success are listed below.

1. Firsthand experience with adoption has increased my personal interest in the research and has helped me be more passionate about this research stream than I have been with some other research projects. Personal experience has also helped me understand the tax laws better than I would with just academic and professional knowledge. In addition, some of the hypothetical examples used to illustrate possible ironies and/or complications in several of the papers had a basis in the actual experiences of the author(s) and/or close friends or relatives. Although some of the examples were simply made up to illustrate specific points, personal experience sometimes highlighted the ironies/complications that were then used advantageously in the papers.

2. Because adoption tax benefits involve a very narrow focus on the tax law, we had very little competition from other academics desiring to work in the same research area. In other words, we did work in a very narrow niche without having to worry much about what other academics were doing. Since academics are involved in scholarly activity as part their job description, many non-academic professionals who might be interested in a narrow area may not have the motivation to research/write in this area, especially if they are from the accounting/tax side of the issue rather than the adoption/social side of the issue.
3. Tax law often changes. Because the original adoption tax benefits legislated in 1996 had a specific sunset provision, new legislation was needed if the benefits were to be continued. Since the new legislation not only extended the benefits but also expanded them, updates of previous papers were possible as additional scholarly contributions. Other related changes in the tax law affected the adoption tax benefits. Together, all of these tax law changes allowed for an ongoing research stream to provide updates of both descriptive and prescriptive articles.
4. In addition to being passionate about the topic of the research, I found that it allowed me to be continually involved in learning in many ways and share that learning with others. The research has been intellectually stimulating, an important result of academic research. Although the research did not apply the scientific method in the usual sense, it did provide many opportunities to learn about details and think about issues involved. I learned how to search for tax code items and public laws on the Internet. I learned much more about tax law and tax forms by following through draft and actual tax forms to see how other items affected or were affected by the adoption tax benefits. I interacted with an IRS expert on the adoption tax credit, a lawyer in Washington who had written some smaller articles in this area, and some staff members who worked for Senators or Representatives on the Congressional Coalition for Adoption. I even sent some of my papers to these various

individuals to help them understand the ironies/complications we had described. In addition, we had to learn about appropriate outlets for this type of research and understand how to write, both for content and for format, to be successful in these journals.

5. The outputs of this research are practical and relevant. Therefore, although only a small segment of the population will have great interest in the results, the results can have a great impact on those affected by the adoption tax benefits. In addition, it is possible that the papers have had or can have some impact on legislation in this area.
6. For several of the papers from this research stream, I had a great co-author who caused me to think very carefully about the technical details of the tax laws and the related implications, championed discussion of the ethical issues involved in the research process, shared the work, helped me to polish the papers for journals, and acted as an important sounding board. Since he was a co-author rather than just a colleague giving input, I could ask for his time and input without feeling terribly guilty. Even though we shared the work on all of our co-authored papers in various ways, he sometimes wrote the first draft that we could then edit, thus helping my research output without my having to always take the lead.

Challenges

This stream of research has also had its drawbacks and challenges. Not everything attempted has been successful. As mentioned earlier, I was unable to get the permission I sought to gather empirical data from a particular source. In addition, at least one paper submitted to a conference was rejected. However, this paper has been rewritten for submission to a different conference; perhaps the result will change this time. Some of the challenges of this research stream are as follows.

1. This research has not always been the most highly rated, even when it has been accepted. Some conferences provide reviewer comments to the author(s). Because the research is not quantitative and has no statistical analysis, some reviewers

discount the importance and contributions of the research.

2. In many cases, time was of the essence, not necessarily because other researchers were competing with us, but because of pending changes in the tax law that could impact both the description of the law and the related implications. While the importance of timeliness did provide motivation not to bog down, it also provided the challenge of and need for quick learning and writing even in the face of heavy teaching loads and other academic responsibilities.
3. Since I do not teach tax classes, this research does not directly relate to my teaching areas. It is difficult to bring this research into my classroom. However, it is still valuable as an ongoing research effort that can have the general effect of improving my teaching and keeping my intellectual curiosity active.
4. Because we were not tax experts, we had to be very careful about becoming "expert" in one extremely narrow area of the tax law. We had to make sure we understood the technical nature of the tax code, used extreme care in word usage, and paid attention to related tax laws that affected our research. In fact, the *Tax Notes* editors pointed out an important detail in one of my papers that needed to be corrected. Had I been a general tax expert, this detail would likely not have escaped me. However, since I was a narrow expert, I was unaware of this detail that affected my paper.
5. Because of the nature of the tax law and our early entry in this research stream, our initial literature review was practically non-existent. Although we did have to learn about technical details of the adoption tax benefit laws and related laws, we did not have to review other academic or practitioner articles on this subject. In fact, most practitioner journals that even mentioned the adoption tax benefits would do so in a news-type column with, perhaps, a one-paragraph explanation that the benefits existed. Of course, as we continued the stream of research, our prior papers became the literature review for our ongoing research. Even though we did not start out

with the same type of literature search that would normally be done for an academic research project, we did do a lot of reading, thinking, and analysis to understand the laws and discover the ironies and complications which were possible from the laws. Therefore, I am convinced that this is a serious form of scholarly activity that provides an appropriate contribution for me and my institution.

6. We faced the challenge of how to continue to write papers on a topic, making sure that each new paper was different from the prior papers or that it was written to a different audience. Since each article had to explain the qualifications and limitations on the adoption tax benefits before we could move into the main focus of the paper, many of the introductory sections were very similar. However, we worked hard to make sure the focus of each paper was distinct from the focus in prior papers.
7. Because of my area of academic training and teaching, the outlets chosen for this research have been mostly accounting/tax conferences and journals. However, the topic is probably much more important to adoption-related conferences and publications. These outlets would not need as much of the technical detail but would probably be very important for the implications of this research on adoptions and adoptive parents.

Conclusion

This paper has been a narrative of a personal experience with a stream of research. A simple description of research leading to a series of conference presentations and journal articles would not, by itself, be very important, interesting, or relevant. However, taken in context of how other faculty members can learn from these experiences and the related successes and challenges, this paper may provide motivation for others who are struggling with the need to be involved in scholarly activity. Intellectual contributions are important for faculty members in business whose institutions are AACSB accredited or who are seeking accreditation. The example given here is from a faculty member who has taught at two undergraduate institutions. Of course, faculty members at schools with master's programs or

Ph.D. programs would have different scholarship requirements.

Even for faculty members at teaching institutions who are in the teaching profession because of a desire to teach, intellectual contributions are possible. In addition, this scholarly activity can provide intellectual stimulation beyond what is available from classroom preparation and interaction. In addition, although not illustrated here, many types of intellectual activity can directly relate to the classroom experience, either because the topics studied are taught in the classroom or because educational or pedagogical research is undertaken. It is possible for faculty members to pursue the joys of a teaching career while meeting, and even enjoying, the demands of scholarly activity increasingly prevalent at undergraduate institutions, especially those working toward AACSB accreditation.

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