Wolters Kluwer

APRIL 2, 2015
ISSUE NUMBER 14

FEDERAL TAX WEEKLY

INSIDE THIS ISSUE

IRS Data Book Highlights Audits, NII Tax ... 157

IRS Updates Employee Plans Correction Programs ... 158

IRS Clarifies $1 Million Deduction For Compensation ... 159

Executor's Failure To Report FATCA-Related Information Extends SOL ... 160

IRS Customer Service Falls Below 40 Percent ... 160

Taxpayer Materially Participated In Struggling Businesses ... 161

IRS Provides Guidance On Airline Payment Rollovers ... 161

Six-Year Limitations Period Triggered From Gain In Sham Transaction ... 162

Tax Briefs ... 163

House, Senate Approve Budget Resolutions ... 163

Court Denies Deduction For CEO's Bonus ... 164

Practitioners' Corner: Sample First Quarter 2015 Client Letter ... 165

Washington Report ... 166

Compliance Calendar ... 168

IRS 2014 Data Book: Corporate Audits Down; NII Tax Higher Than Expected

2014 IRS Data Book, IR-2015-58

The IRS has issued its annual Data Book for fiscal year (FY) 2014, which provides statistical information on examinations, collections, taxpayer assistance, and other activities. This year, the Data Book highlights higher than anticipated revenues from collection of the new 3.8-percent net investment income (NII) tax from individuals, estates and trusts. The Data Book also shows that IRS audit rates for large corporate taxpayers and for individuals fell between FY 2013 and FY 2014, and that the IRS experienced a continuing decline in the level of taxpayer services it provided.

- ***Take Away.*** "Continuing cuts to IRS's budget are undermining the ability of the agency to do its job," Susan Long, professor, Syracuse University and co-director, Transactional Records Access Clearinghouse (TRAC), told Wolters Kluwer. Long called the constrained environment fostered by the cuts a severe problem. "For example, the latest figures show continued declines in the number of revenue agents and other enforcement staff. This means less attention can be given to high income taxpayers, as well as large corporate and partnership audits. These cuts have shrunk IRS from over 100,00 positions in 2002 to only 78,121 employees at the end of FY 2014."

Exam coverage: individuals

Individual returns filed in 2013, including both business and nonbusiness taxpayers, were audited at just under an overall 0.9 percent rate during FY 2014, based on more than 145.2 million individual returns filed. The audit rate for individuals in all income categories declined from FY 2013 to FY 2014. The drop was highest for taxpayers with income between $1 and $5 million. The audit rate for this category of taxpayers dropped by nearly three percentage points.

Individual business tax returns with and without the earned income credit (other than farm returns), were audited at a 1.59-percent rate, based on 679,093 audited returns out of nearly 42.7 million filed. This represents a decline from the 1.78 rate from FY 2013, based on 759,179 audited returns out of nearly 42.7 million filed.

Exam coverage: partnerships

Partnerships and S corps filed a total of approximately 8.4 million returns during FY 2014, a slight increase from FY 2013 when these types of entities filed 8.3 million returns. In addition, the audit rate increased slightly from 0.42 percent in FY 2013 to 0.43 percent for FY 2014. By contrast, the audit rate for all types of businesses fell slightly from 0.61 percent in FY 2013 to 0.57 percent in FY 2014.

continued on page 158

IRS Updates And Improves Employee Plans Correction Programs

Rev. Proc. 2015-27

The IRS Employee Plans office has updated and made improvements to its Employee Plans Correction Resolution System (EPCRS), for retirement plans that intend to satisfy requirements for qualified plans, tax-sheltered annuities, and IRA-related plans. Highlights of the changes include allowing plans to recover overpayments made to plan participants without requiring participants to repay amounts that would cause financial hardship, and reducing compliance fees for failures involving loans to participants.

- ***Take Away.*** IRS Employee Plans and the Tax Exempt and Government Entities (TE/GE) Division correction mechanisms have provided significant relief to retirement plans, by allowing plan sponsors to correct failures and thus continue to provide retirement benefits to employees on a favorable tax basis. The IRS engaged in a comprehensive overhaul of the EPCRS in Rev. Proc. 2013-12. The latest guidance makes limited modifications and clarifications to the program while retaining Rev. Proc. 2013-12 as the primary guide to EPCRS.
- ***Comment.*** EPCRS consists of three programs: the Self-Correction Program (SCP), which permits plans to correct insignificant operational failures at any time without fees or reporting; the Voluntary Correction Program (VCP), which allows plans to make more significant corrections and pay a fee while avoiding a plan audit; and the Audit Closing Agreement Program (Audit CAP), under which plan sponsors can correct significant problems discovered on audit, enter into a closing agreement, and pay a sanction.

Overpayments

The IRS indicated that some plan sponsors have demanded recoupment of significant amounts from plan participants and ben-

continued on page 159

Data Book

Continued from page 157

- ***Comment.*** IRS officials have recently announced that the agency intends to concentrate more heavily on partnership audits in the future.

Exam coverage: corporations

The IRS examined nearly 1.35 percent of all corporate returns (other than S corps) during FY 2014, based on a total of nearly 1.92 million returns and 25,905 examinations. The IRS reported that during FY 2014 it recommended more than $17.1 billion in additions to tax for corporate returns. The additions to tax recommended for returns filed by corporate taxpayers with more than $20 billion in assets comprised approximately 50.6 percent of the total additions to tax. Large corporations with total assets between $5 billion and $20 billion experienced an audit rate of only 44 percent, representing a dramatic decrease from FY 2012 when the audit rate for this same category of taxpayer was nearly 61 percent.

NII and other PPACA taxes

The 2014 IRS Databook contained information on the new taxes enacted under the *Patient Protection and Affordable Care Act* (PPACA), including the NII tax, the 0.9-percent additional Medicare tax, the indoor tanning tax, and the excise tax on medical devices. The statistics indicate that individuals and estates and trusts reported nearly $2.5 billion more in net investment income tax and additional Medicare tax than was originally projected for the year by the Joint Committee on Taxation (JCT) in its 2010 10-year revenue projection that accompanied the PPACA. The Data Book reported that these taxes resulted in a little over $23 billion for 2014 (as opposed to the JCT's projection of $20.5 billion)

- ***Comment.*** A spike in capital gains reported in 2012 had been attributable to taxpayers accelerating gains to avoid the NII's first year of operation in 2013. Nevertheless, continued improvements in the stock markets as well as a general economic upturn likely has contributed at least in part to the higher-than-forecasted NII liability reported in the latest IRS Data Book.

The amounts gleaned from the indoor tanning tax and medical device excise tax, however, are currently behind the JCT's 2010 projections. The JCT predicted these two excise taxes would result in approximately $3 billion in revenue for 2014. The Data Book shows a little less than $2 billion collected. However, the Data Book notes that the data for the excise taxes may be incomplete; additional data could have been processed through February 2015.

References: FED ¶46,289; TRC IRS: 9,402.

REFERENCE KEY

FED references are to ***Standard Federal Tax Reporter***
USTC references are to ***U.S. Tax Cases***
Dec references are to ***Tax Court Reports***
TRC references are to ***Tax Research Consultant***

FEDERAL TAX WEEKLY, 2015 No. 14. FEDERAL TAX WEEKLY is also published as part of CCH Tax Research Consultant by CCH, a part of Wolters Kluwer, 4025 W. Peterson Avenue, Chicago, IL 60646-6085. Editorial and Publication Office, 1015 15th St., NW, Washington, DC 20005.

Final Regs Clarify $1 Million Deduction Limit Regarding Performance-Based Compensation

TD 9716

The IRS has issued final regs to clarify the exception for performance-based compensation from the deduction limits on compensation exceeding $1 million. The final regs address the requirement to specify a limit on the maximum number of compensatory shares that may be granted to each individual employee. The final regs also explain the application of transition rules to employees of corporations that become publicly held.

- ***Take Away.*** Because these rules are treated as clarifications of existing final regs, they generally apply to compensatory grants of stock options and stock appreciation rights on or after June 24, 2011, the date of the proposed regs that included the clarifications. However, a provision on the treatment of restricted stock units (RSUs) will apply to remuneration payable under an RSU that is granted on or after the final regs are published.
- ***Comment.*** Code Sec. 162(m) disallows a deduction by any publicly-held corporation for compensation paid to the chief executive or to the four highest paid officers that exceeds $1 million for the year. The limitation does not apply to compensation that is paid solely for attaining one or more performance goals.

Limits on shares

Compensation attributable to stock options or stock appreciation rights (SARs) satisfies the requirements if the plan specifies the maximum number of shares for which options or SARs can be granted to any individual employee for a specified period, and if the compensation award is based solely on the increase in the stock's value after the date of grant or award. An award of restricted stock or of an option with an exercise price below the value on the grant date is performance-based if the grant, award or vesting of the item is contingent on performance goals.

The 2011 proposed regs clarify that a plan does not adequately specify the maximum number of shares that may be granted under the plan, unless the plan imposes a limit on the grant per individual employee. The 2015 final regs provide that a plan satisfies the per-employee limitation if the plan specifies an aggregate maximum number of shares for all types of equity-based awards to a specific employee.

The IRS reaffirmed the need for a per-employee limit, indicating that this is consistent with the legislative history and with the broader requirement that a performance goal provide an objective formula for the maximum compensation to individual employees.

Going public

Under the existing regs, the deduction limits do not apply to compensation paid under a plan or agreement that existed before a corporation became publicly held. The existing regs provide transition relief, until the earliest of: the expiration of the plan or agreement; the issuance of all stock or other compensation allocated under the agreement; three years after an initial public offering (IPO); or one year after a corporation goes public without an IPO.

The relief applies to compensation received on the exercise of an option or SAR or the vesting of restricted property, if the grant occurs on or before the date in the

continued on page 160

Employee Plans

Continued from page 158

eficiaries where plan errors led to overpayments over an extended period of time. The IRS stated that the recipients may have financial difficulty meeting demands for the return of overpayments and substantial accumulated interest.

The IRS further indicated that correction should be reasonable and appropriate for the failure and that employers should take reasonable steps to correct overpayments. However, correction may not have to include the return of payments by participants and beneficiaries. Instead, depending on the facts and circumstances, it may instead be appropriate for the employer or another person to contribute the overpayment (with interest). Alternatively, the plan sponsor could adopt a retroactive amendment to conform the plan document to the plan's operations. Any correction must be consistent with Sec. 6.02 of Rev. Proc. 2013-12.

The IRS specifically requested comments on the recoupment of overpayments, including when employers repay the overpayments themselves; whether guidance is needed on correcting benefit calculation errors and on the calculation of interest; and whether other changes or guidance is needed.

Plan loans and other changes

The IRS revised the method for determining compliance fees for VCP submissions relating solely to violations of the participant loan requirements under Code Sec. 72(p). The change expands the availability of reduced compliance fees for large plans with a relatively small number of violations, not affecting more than 25 percent of plan's participants in any year in which the failure occurred.

Other modifications include:

- Extending the period from 2 1/2 months to 9 1/2 months for correcting excess annual additions by returning elective deferrals to employees;
- Providing reduced fees for submissions involving failures of the minimum distribution requirements;
- Providing that prototype and volume submitter plans are not required to apply for a determination letter for certain amendments made to correct qualification failures; and
- Extending the correction period for adopting certain corrective amendments where a determination letter must be submitted with the VCP submission.

References: FED ¶46,294; TRC RETIRE: 51,452.

Executor's Failure To Report FATCA-Related Information On Forms 1040/1041 Extended Statute Of Limitations

PMTA 2014-18

The IRS in Program Manager Technical Assistance (PMTA) has determined that the failure of a taxpayer's executor to report specified foreign financial assets on various income tax returns extends the statute of limitations for assessing taxes. The statute of limitations will not expire until at least three years after the assets are properly reported, the IRS concluded.

- ***Take Away.*** Code Sec. 6038D also imposes substantial monetary penalties, and potential criminal penalties, for failures to report the required information. Furthermore, the assessment statute is extended to six years if the taxpayer omitted income exceeding $5,000 and the income is attributable to specified foreign financial assets.
- ***Comment.*** Under Code Sec. 6038D of the *Foreign Account Tax Compliance Act* (FACTA), U.S. taxpayers annually must report accounts at foreign financial institutions and other specified financial assets held abroad. The value of the account or asset must exceed a specified statutory threshold. For single taxpayers, the threshold is $50,000 at the end of the year, or $75,000 at any time during the year. The thresholds are doubled for joint filers living in the U.S. Thus, an asset must have substantial value to be reportable.

Background

As described in the PMTA, a U.S. taxpayer died during a year in which the taxpayer owned interests in specified foreign assets. These assets were reportable on Form 8938, attached to the taxpayer's income tax return. The taxpayer died leaving sufficient gross assets to require the filing of an estate tax return, Form 706.

The executor of the taxpayer's estate filed the required returns on behalf of the taxpayer and the estate, including a final Form 1040 for the period the individual was alive, a Form 1041 income tax return for the estate, and the Form 706. The executor failed to report the assets with the Form 1040 and failed to report income from the assets on the Forms 1040 and 1041. The executor also failed to include the assets on Form 706 as part of the gross estate.

Assessment period

The ordinary three-year assessment period for each of the taxpayer/decedent's returns had closed. However, Code Sec. 6501(c)(8) provides that if a taxpayer failed to report information required under Code Sec. 6038D (and other provisions), the assessment period does not close until at least three years after the date on which the IRS receives the required information.

Code Sec. 6501(c)(8) applies to the period for assessing "any tax imposed by this title with respect to any tax return, event, or period to which such information relates." In the PMTA, the IRS parsed this language and determined the following:

- Any tax imposed by this title would include income tax, estate tax, and any related interest or penalties.
- Any return refers to any return required under chapter 61 of the Code, including Forms 1040, 1041, and 706. Any period refers to taxes arising with respect to a specific taxable period.
- The unfurnished information must "relate" to the return, event or period for which the tax will be assessed.

Whether information relates to a specific return or period is a "case-specific inquiry." In this taxpayer's case, the omitted information that was required to be reported under Code Sec. 6038D would have helped the IRS to identify the omitted items, a likely source of income during the relevant time period, and assets held at or near the time of death. The unfurnished information relates to the three returns because it would have identified a reportable source of income and an item to include in the gross estate.

Reference: TRC FILEBUS: 9,108.30.

Compensation

Continued from page 159

transition rule. The 2011 proposed regs clarified that the transition rule did not apply to phantom stock or to a restricted stock unit. Thus, in the latter case, the compensation had to be paid, and not merely granted, before the relief date.

The IRS declined to eliminate the rule in the 2011 regs, noting that phantom stock and RSUs are deferred compensation, rather than property. However, the IRS explained that the clarification would apply only to RSUs granted after the final regs are published, not just to compensation paid under an RSU after publication.

- ***Comment.*** The relief for companies going public applies to stock appreciation rights, which are not property.

References: FED ¶47,012; TRC COMPEN: 21,400.

IRS Customer Service Falls Below 40 Percent, Koskinen Says

The IRS's level of telephone assistance this filing season has dropped below 40 percent, Commissioner John Koskinen reported on March 31. Koskinen spoke at the National Press Club in Washington, D.C.

Customer service. Because of budget constraints, the IRS has had to cut back on hiring extra employees for filing season. "As a result, our phone level of service is now below 40 percent. That means more than six out of every 10 people who call cannot reach a customer service representative. That is truly an abysmal level of service," Koskinen said.

Otherwise Passive Owner Materially Participated By Stepping In To Help Struggling Businesses

Lamas, TC Memo. 2015-59

A taxpayer who owned interests in two struggling businesses materially participated in those activities for purpose of the passive loss limitation under Code Sec. 469, the Tax Court has found. The taxpayer had been engaged in negotiations with potential customers and investors, which satisfied the material participation requirement, the court found.

- ***Take Away.*** The court appeared to place significant weight on the testimony of witnesses at trial. Ten witnesses testified about the taxpayer's involvement in the businesses, describing his day-to-day activities.

Background

The taxpayer was part owner of a construction company. In 2004, the construction company formed an S corp to oversee a special project. The taxpayer owned 20 percent of the S corp.

- ***Comment.*** The owners of both entities were family members. The president of the construction company and the S corp was the brother-in-law of the taxpayer.

In 2008, both companies experienced economic downturns. The taxpayer sought to find new projects and related projects. The taxpayer engaged in many hours of discussions with potential investors, some of which were successful; others were not.

The taxpayer claimed losses, generated by the economic downturn in 2008, as a tentative carryback adjustment to 2006, resulting in a tentative refund of more than $5 million. The IRS determined that the net operating loss (NOL) was passive and disallowed the carryback.

Court's analysis

The court first found that Code Sec. 469 precludes taxpayers from using passive losses to offset nonpassive income. A passive activity is any trade or business in which the taxpayer does not materially participate. Generally, a taxpayer materially participates if they are involved in the operations of the trade or business on a regular, continuous and substantial basis.

IRS regulations, the court noted, provide seven tests of material participation. A taxpayer needs to satisfy only one of the tests. Under one test, a taxpayer can satisfy the material participation requirement if they participate in the trade or business activity for more than 500 hours during the tax year. Another test provides that a taxpayer satisfies the material participation requirement if the activity is a significant participation activity for the tax year and taxpayer's aggregate participation in all significant activities exceeds 500 hours. If a taxpayer owns an interest in a trade or business and works in connection with that activity, this work generally qualifies as participation, unless an exception applies. One exception encompasses work not customarily performed by owners. Another exception encompasses participation as an investor.

- ***Comment.*** The court also found that the construction company and the S corp were properly treated as a single economic unit. The entities shared common control, operated from the same location and were otherwise interdependent.

The court found that the taxpayer presented credible evidence that he worked at least 691 hours for the two businesses during 2008. The witnesses relayed that the taxpayer had worked to find new business and investors for the companies. The taxpayer also offered into evidence telephone records, which reflected calls to investors.

continued on page 162

IRS Issues Guidance For Reporting Rollovers Of Airline Payment Amounts Received In Bankruptcy

Ann. 2015-13

The IRS has issued guidance for certain qualified airline employees who received payment amounts from their former employer under an order of a federal bankruptcy court on how to report rollovers of these "airline payment amounts." The IRS explained that qualified airline employees should report rollovers of airline payment amounts into traditional IRAs on Line 21 of a paper Form 1040 for the year of receipt.

- ***Take Away.*** Under the *FAA Modernization and Reform Act of 2012* qualified taxpayers could make a rollover of an airline payment amount into a traditional IRA. For this purpose, an airline payment amount was the payment of money or other property payable by a commercial passenger airline, under the authority of a federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007, regarding certain claims against the airline.

Background

Congress subsequently passed P.L. 113-243, which expanded the definition of airline payment amount under the 2012 FAA Act and extended the time for filing an amended return by a qualified airline employee who wanted to exclude from gross income amounts rolled into a traditional IRA until April 15, 2015. P.L. 113-243 provided that a qualified airline employee may roll over into a traditional IRA up to 90 percent of the aggregate airline payment amounts received, provided that the rollover of any airline payment amount is completed within 180 days of receipt of the amount.

continued on page 162

Six-Year Limitations Period Triggered From Gain In Sham Transaction, Tax Court Finds

***CNT Investors, LLC*, 114 TC No. 11**

The Tax Court has found that the six year limitations period under Code Sec. 6501(e)(1)(A) was triggered by the distribution of property that was part of a sham transaction. The transaction generated unreported gain of more than 25 percent of gross income reported ion the taxpayer's return.

- ***Take Away.*** The court noted that the Tax Code sets forth no period during which TEFRA partnership-level proceedings, which begin with the mailing of the Notice of Final Partnership Administrative Adjustment (FPAA), must be commenced. However, if partnership-level proceedings are commenced after the time for assessing tax against the partners has expired, the proceedings will be of no avail because the expiration of the period for assessing tax against the partners, if properly raised, will bar any assessments attributable to partnership items, the court explained.

Background

The taxpayer operated a funeral home business, conducting business in five locations. The business was structured as an S corp. The S corp owned the mortuary buildings and property. Initially, the taxpayer was the sole shareholder of the S corp. Later, the taxpayer transferred shares in the S corp to his daughters.

In 1999, the taxpayer sought to sell the funeral home business but desired to retain ownership of the real property. The taxpayer engaged in a Son-of-BOSS transaction. The S corp contributed the real property to a partnership. Subsequent transactions resulted in the taxpayer holding the real property.

- ***Comment.*** The real property was valued at approximately $4 million. Following the transactions, the real property's adjusted tax basis rose from $500,000 to $3.4 million.

The IRS issued an FPAA and determined that the purported partnership lacked economic substance and was formed solely for tax avoidance purposes. The transactions were shams. The IRS also imposed penalties. The taxpayer conceded that the partnership and transactions were shams. However, the taxpayer disputed the timeliness of the FPAA.

Court's analysis

The IRS argued that because the partnership was a sham, the S corp had actually transferred the real property to its shareholders. Under Code Sec. 311(b), if a corporation distributes appreciated property to a shareholder, the corporation must recognize gain as if it had sold the property for fair market value. Where the corporation is an S corp, that gain passes through and is taxable to the corporation's shareholders. The taxpayer did not report this gain; therefore an item of gross income was omitted from the S corp's 1999 return and from the taxpayer's return. Because this omission amounted to more than 25 percent of gross income for each partner, the six-year limitations period under Code Sec. 6501(e)(1)(A) would apply.

The Son-of-BOSS transaction in which the taxpayer had engaged was designed to inflate the real estate's tax basis so as to eliminate or minimize the tax consequences when the partnership transferred the property, the court found. Basis overstatement was the essence of the transaction. The partnership should have recognized and reported gain; it did not. The taxpayer should have included some $588,000 in gain. For 1999, the taxpayer reported approximately $1.8 million in gross income. The taxpayer's omission exceeded 25 percent of gross income. The six-year limitations period was open when the IRS issued the FPAA, the court concluded.

continued on page 164

Material Participation

Continued from page 161

- ***Comment.*** The court rejected the testimony of the taxpayer's brother-in-law. The taxpayer and the brother-in-law had a fractious relationship. In 2008, the taxpayer initiated a derivative lawsuit against his brother-in-law. Eventually, a settlement was reached. The court found that the taxpayer had spent more than 100 hours in 2008 acting on behalf of the company in this matter.

Further, the exception for work customarily performed by an owner did not apply. The taxpayer's work, attracting business and investors, was the type of work done customarily by owners, the court held. Additionally, the court found that the investor exception did not apply. The taxpayer was actively involved in the day-to-day management, the court found. Any investor work he completed qualified as participation for purposes of Code Sec. 469. The court concluded that the taxpayer was a material participant in both businesses.

References: Dec. 60,270(M); TRC BUSEXP: 33,152.

Airline Payments

Continued from page 161

Reporting

The IRS explained that qualified airline employees who received airline payment amounts should include the full amount on Form 1040 for the year of receipt. Up to 90 percent of the aggregate airline payment amounts may be excluded from income if rolled over to a traditional IRA within 180 days of receipt.

To exclude these amounts for 2014, a qualified airline employee must file a paper Form 1040 and include the amount rolled over on line 21 of Form 1040 as a negative amount and write "airline payment" on the dotted line next to line 21, the IRS instructed. However, if a qualified airline employee received a Form W-2 with airline payment amounts reported in box 1, the employee should include the full amount on line 7 of Form 1040, the IRS further instructed.

References: FED ¶46,293; TRC RETIRE: 66,760.25.

TAX BRIEFS

Internal Revenue Service

The IRS has released a fact sheet providing information on a taxpayer's right to retain representation. This is one of several taxpayer rights that are grouped into ten categories and are discussed in IRS Publication 1, Your Rights as a Taxpayer. Taxpayers have the right to retain an authorized representative to represent them in their dealings with the IRS. An attorney, a certified public accountant or an enrolled agent may be selected to represent a taxpayer in an interview with the IRS; the taxpayer does not have to attend with the representative. The taxpayer may request representation by a low-income taxpayer clinic if his or her income is below a certain level. Although LITCs receive partial funding from the IRS, the clinics, their employees and volunteers are independent of the IRS.

FS-2015-17, FED ¶46,290; TRC IRS: 12,350

International

The IRS has announced a waiver for any individual who failed to meet the eligibility requirements of Code Sec. 911(d)(1) because adverse conditions in a foreign country precluded the individual from meeting the requirements for the 2014 tax year. An individual who left Libya on or after July 26, 2014, or who left Yemen on or after September 24, 2014, will be treated as a qualified individual with respect to the period during which that individual was present in, or was a bona fide resident of, such foreign country if the individual established a reasonable expectation of meeting the requirements of Code Sec. 911(d) but for those adverse conditions.

Rev. Proc. 2015-25, FED ¶46,291; TRC EXPAT: 12,108

Jurisdiction

The Tax Court did not err in denying her motion to vacate its decision denying her request for innocent spouse relief. The individual properly invoked the Tax Court's jurisdiction when she filed her petition within 90 days of the IRS's final determination denying her request for equitable innocent spouse relief. Thus, the Tax Court continued to have jurisdiction throughout the proceedings.

Nunez, CA-9, 2015-1USTC ¶50,239; TRC INDIV: 18,052.20

An individual's complaint seeking a declaration that he was not liable for his company's tax liability or the resulting penalties was dismissed. The Declaratory Judgment Act expressly prohibits a court from making such a determination.

R. Booth, DC Tex., 2015-1USTC ¶50,238; TRC IRS: 45,114

Income

Married taxpayers were denied deductions for investment interest expenses. The husband's corporation did not receive unreported income, but the husband did receive such income. Accuracy-related penalties, but not fraud penalties, were imposed on the individual taxpayers.

Minchem International, Inc., TC, CCH Dec. 60,267(M), ¶47,977(M); TRC INDIV: 6,054

The IRS properly used the bank analysis method to determine that a sole proprietorship asphalt paving business underreported gross income. The taxpayers were also allowed labor costs as part of the cost of goods sold. The couple was liable for the negligence penalty for substantial understatements of income tax for two years at issue.

Sawyer, TC, CCH Dec. 60,266(M), FED ¶47,976(M); TRC IRS: 63,166.15

Deductions

The IRS has released the applicable terminal charge and the Standard Industry Fare Level (SIFL) mileage rates for determining the value of noncommercial flights on employer-provided aircraft in effect for the firs half of 2015 for purposes of the taxation of fringe benefits.

Rev. Rul. 2015-6, FED ¶46,292; TRC COMPEN: 33,202.10

continued on page 164

House, Senate Approve Budget Resolutions, Possible Path To Tax Legislation

Before recessing for a two-week break, the House and Senate adopted nonbinding budget resolutions for fiscal year (FY) 2016. The resolutions include reconciliation instructions, which could be used to enact tax legislation this year.

- ***Take Away.*** "If the House and Senate can reconcile their budget resolutions, tax writers would have some flexibility to move tax legislation in the Senate with simple majority votes," Dustin Stamper, director, Washington National Tax Office, Grant Thornton, LLP, told Wolters Kluwer. "But reconciliation is probably not a great vehicle for tax reform. Any revenue losing provisions like rate cuts have to expire within 10 years under reconciliation. Republican leaders also appear committed to reserving it for health care reform for now," Stamper added.

Budget resolutions. The House approved its FY 2016 budget framework on March 25. The Senate followed on March 27. The House budget calls for elimination of the alternative minimum tax (AMT), along with reduced individual and corporate taxes. The Senate budget includes language enhancing Code Sec. 179 small business expensing, eliminating the federal estate tax, expanding education tax incentives, and calling for a reduction in the corporate tax rate. The House and Senate now need to reconcile their budget resolutions.

Reconciliation. Both the House and Senate budget resolutions include reconciliation instructions to their respective tax-writing committees. The House budget resolution directs the Ways and Means Committee to identify some $1 billion of deficit reductions. The Senate budget resolution includes similar instructions to the Senate Finance Committee.

Tax Briefs

Continued from page 163

A married couple operated their S corporation horse farm with the intent to make a profit, business interest they paid was deductible and the negligence penalty was imposed for their failure to report income from the sale of one of their farms.

Metz, TC, CCH Dec. 60,265(M), FED ¶47,975(M); TRC BUSEXP: 15,152.10

Frivolous Arguments

A tax protestor's claim for a refund, declaratory and injunctive relief, and damages for alleged violation of his constitutional rights by various IRS employees was properly dismissed for lack of subject matter jurisdiction. The individual's arguments were tax-protestor rhetoric and rejected as patently frivolous.

Rott v. Oklahoma Tax Commission, CA-10, 2015-1USTC ¶50,240; TRC IRS: 45,152

Liens and Levies

A married couple's stipulated tax liability and frivolous filing penalties were reduced to judgment and tax liens foreclosed on their fraudulently conveyed property. The frivolous return penalty and the penalty assessments were approved in writing and the tax liens attached to the couple's trust because the trust was the couple's nominee.

Thompson, DC Neb., 2015-1USTC ¶50,243; TRC IRS: 45,160

The government was entitled to reduce a married couple's tax liability to judgment and to foreclose its tax liens on their real property to satisfy the liability. The couple received several notices of the amount due but failed to pay the balance. Therefore, the government had a valid lien on the couple's real property.

Limanni, DC N.H., 2015-1USTC ¶50,242; TRC IRS: 33,302

The IRS was entitled to interpleaded funds because its federal tax liens took priority over state (South Carolina) liens that attached to a tax debtor's property. The interpleaded funds were after-acquired property and federal liens must be given priority over state-created liens when both liens simultaneously attached to after-acquired property.

Bucksport Water Systems, Inc. v. Weaver Engineering, Inc., DC S.C., 2015-1USTC ¶50,241; TRC IRS: 48,104

Collection Due Process

The IRS properly determined that a taxpayer had already been afforded an opportunity to dispute his underlying trust fund recovery penalty liabilities, and so could not raise that issue at a Collection Due Process (CDP) hearing. The taxpayer's CPA had prepared, but not sent, a letter to the IRS responding to the notice of proposed penalties.

Smith, TC, CCH Dec. 60,271(M), ¶47,981(M); TRC IRS: 51,056.15

An IRS settlement officer did not abuse his discretion in rejecting a proposed installment agreement from a married couple that had significant equity in their real estate holdings but only made a limited effort to use that equity to satisfy their outstanding tax debts. IRS guidelines require taxpayers to liquidate assets to qualify for an installment agreement.

Robinson, TC, CCH Dec. 60,268(M), FED ¶47,978(M); TRC IRS: 51,056.25

Deficiencies and Penalties

An individual who underreported earnings from his restaurant was subject to a civil fraud penalty for concealing and underreporting income. The taxpayer was denied some claimed deductions for business expenses but was allowed other deductions based on the court's estimates.

Musa, TC, CCH Dec. 60,269(M), ¶47,979(M); TRC PENALTY: 6,058

Letter Determinations

The IRS announced that it will no longer issue rulings or determination letters relating to the credit for the production of electricity from refined coal under Code Sec. 45. Rev. Proc. 2015-3 is amplified.

Rev. Proc. 2015-29, FED ¶46,295; TRC BUSEXP: 54,552.15

Sham Transaction

Continued from page 162

- ***Comment.*** The court observed that taxpayers have commonly used Son-of-BOSS transactions retrospectively, to offset recognized gains from unrelated, completed transactions. Here, the taxpayer used the Son-of-BOSS transaction prospectively, to avoid recognizing gains on a planned transaction. Nonetheless, the court found this to be a distinction without a difference.

References: Dec. 60,263; TRC CCORP: 6,100.

Tax Court Denies Deduction For Bonus; No Showing Of Reasonableness

The Tax court has found that half of a $2 million payment to a CEO was a disguised dividend rather than a bonus. The taxpayer failed to persuade the court that the payment was reasonable.

Background. A surgeon served as CEO and sole shareholder of a medical practice. On its 2007 return, the business claim a deduction of $2 million for salary and bonuses paid to the CEO. The IRS challenged $1 million of the bonus as a disguised dividend.

Court's analysis. Compensation, the court found, is deductible only if reasonable in amount and paid or incurred for services actually rendered. The court found that the taxpayer failed to establish the bonus was reasonable. The taxpayer did not explain how the amount of the bonus was determined or why it was divided into four payments. The taxpayer also did not present evidence of comparable salaries. The court noted that the CEO had assumed extra duties when other physicians left the practice but the taxpayer did not link the increased revenues with the bonus. Because the taxpayer could not show the bonus was reasonable, the court did not take up the question of whether the bonus had been paid for services rendered by the CEO.

Additionally, the court upheld the accuracy related penalty. The taxpayer presented no evidence that it acted reasonably and in good faith.

Midwest Eye Center, S.C., TC Memo. 2015-53; Dec. 50,264(M); TRC COMPEN: 9,402.

PRACTITIONERS' CORNER

Sample Client Letter On 2015 First Quarter Federal Tax Developments

The first quarter of 2015 brought many tax developments from Washington, the IRS and the courts. Wolters Kluwer has prepared a First Quarter 2015 Federal Tax Developments client letter. Practitioners can email this letter to clients to alert them to some of these important recent developments.

This letter includes references to Federal Tax Weekly. Practitioners can refer to Federal Tax Weekly for more information about these developments, but should delete the references in their communications with clients.

Re: Important 2015 First Quarter Federal Tax Developments

Dear Client:

During the first quarter of 2015, there were many important federal tax developments. This letter highlights some of the more significant developments for you. As always, contact our office if you have any questions.

Tax reform/legislation

President Obama made a host of tax reform proposals in his fiscal year (FY) 2016 budget. The President proposed increasing the top long-term capital gains and qualified dividends tax rate from 20 percent to 24.2 percent for tax years beginning after December 31, 2015. The President called for tripling the maximum child and dependent care credit for families with children under age five and proposed a new "second earner" tax credit of up to $500 for qualified couples where both spouses work. *Federal Tax Weekly No. 6, February 5, 2015.*

In Congress, Republicans and Democrats debated different approaches to tax reform. The House approved its FY 2016 budget framework on March 25. The Senate followed on March 27. The House budget calls for elimination of the alternative minimum tax (AMT), along with reduced individual and corporate taxes. The Senate budget includes language enhancing Code Sec. 179 small business expensing, eliminating the federal estate tax, expanding education tax incentives, and calling for a reduction in the corporate tax rate. The House and Senate now need to reconcile their budget resolutions, which they are expected to do in April. Democrats generally echoed the President's proposals to enhance tax incentives for lower and middle income taxpayers. *Federal Tax Weekly No. 12, March 19, 2015.*

In February, the House approved legislation (HR 529) to expand the Code Sec. 529 college savings plans. The bill would allow the purchase of a computer to be considered a qualified expense, remove distribution aggregation requirements and allow a student who receives a refund of any 529 qualified expenses to redeposit those funds without penalty. The House also passed the America's Small Business Tax Relief Act of 2015 (HR 636). The bill provides for a $500,000 dollar limit and a $2 million investment limit for Code Sec. 179 expensing, adjusted for inflation after 2015. *Federal Tax Weekly No. 8, February 19, 2015; Federal Tax Weekly No. 10, March 5, 2015.*

The Senate Finance Committee (SFC) announced the creation of working groups to develop tax reform proposals. The groups are expected to make their reports in May. The leaders of the SFC and the House Ways and Means Committee have indicated they are holding regular discussions about tax reform.*Federal Tax Weekly No. 4, January 22, 2015.*

Taxpayer services/enforcement

At the start of the filing season, IRS Commissioner John Koskinen cautioned taxpayers to expect reduced services because of cuts to the agency's budget. The IRS's budget cuts will impact the enforcement of the nation's tax laws, Koskinen predicted, which could see a $2 billion drop in revenues. *Federal Tax Weekly No. 1, January 1, 2015; Federal Tax Weekly No. 4, January 22, 2015.*

Affordable Care Act

The controversy over the scope of the Code Sec. 36B premium assistance tax credit regulations made its way to the U.S. Supreme Court on March 4. The challengers argued that the IRS erred in extending the credit to enrollees in federally facilitated Marketplaces. The government defended the regulations as a valid interpretation of the Affordable Care Act. A decision is expected in late June. *King v. Burwell, 2014-2* USTC *¶50,367; Federal Tax Weekly No. 11, March 12, 2015.*

The IRS announced at the start of the filing season that it would provide help to taxpayers with questions about taxes and the *Patient Protection and Affordable Care Act.* The Affordable Care Act generally requires individuals to carry minimum essential health coverage or make a shared responsibility payment, unless exempt. During the filing season, the IRS posted information on its website and issued a number of Fact Sheets about the Affordable Care Act. *Federal Tax Weekly No. 2, January 8, 2015; Federal Tax Weekly No. 3, January 15, 2015; Federal Tax Weekly No. 4, January 22, 2015.*

The IRS also announced penalty relief for taxpayers who, after reconciling advance payments of the Code Sec. 36B premium assistance tax credit, discover they

continued on page 167

"During the first quarter of 2015, there were many important federal tax developments."

WASHINGTON REPORT *by the Wolters Kluwer Washington News Bureau*

Ryan describes vision of tax reform

House Ways and Means Committee Chair Paul Ryan, R-Wis., said on March 26 that he would be open to approaching an overhaul of the Tax Code in phases as long as it leads to comprehensive tax reform. "We're willing to do it in pieces then move to a big across-the-board bill, which I think is cleaner and better," said Ryan. "I'm happy to do tax reform in two phases if that is necessary, so long as the first phase doe not preclude but actually precipitates the second phase, which is to finish the job of lowering the rates across the board." What would be included in the first phase, however, is hard to define, Ryan indicated.

In the ongoing process of negotiations with the Obama administration, Ryan said that he was hopeful that all involved can find common ground. He acknowledged, however, that the White House does not agree with the House GOP on all things, but he indicated there may be common ground on business tax reform.

Ryan and Senate Finance Committee (SFC) Chair Orrin Hatch, R-Utah, continue to work together to coordinate their efforts on tax reform. Ryan confirmed that they are meeting regularly. SFC working groups are currently discussing tax reform and are expected to announce their findings in May. Like Ryan, Hatch has indicated that tax reform is a priority for the 114th Congress.

Ways and Means approves estate tax repeal

The House Ways and Means Committee on March 25 approved legislation to repeal the federal estate tax. The Death Tax Repeal Bill of 2015 (HR 1105) would permanently repeal the estate tax. "The death tax is both unwise and unfair, and it needs to go," Ways and Means Chair Paul Ryan, R-Wis., said. Ways and Means ranking member Sander Levin, D-Mich., criticized the estate tax repeal bill, pointing out that new analyses from the Joint Committee on Taxation (JCT) predicts that repealing the estate tax would cost $269 billion over 10 years.

Slain officers donation bill heads to White House

Legislation to extend the deadline for making charitable donations to organizations supporting the families of slain New York Police Department officers Wenjian Liu and Rafael Ramos is expected to be signed into law by President Obama in the near future. The House passed the Slain Officer Family Support Act of 2015 (HR 1527) on March 26 and the Senate on March 27. Under the bill, charitable contributions made by this year's April 15 tax filing deadline would be deductible immediately. The bill also clarifies that contributions made for the relief of the Liu or Ramos families qualify as charitable contributions, for tax purposes, addressing concerns whether the donations are eligible for the charitable tax deduction because they are for the exclusive benefit of the two families. Liu and Ramos were killed December 20, 2014 while on duty.

Doc fix includes enhanced levy on Medicare providers

On March 26, the House approved the Medicare Access and CHIP Reauthorization Act (HR 2) to overhaul Medicare's payment formula for physicians. Under current law, the IRS may impose a levy of up to 30 percent against Medicare service providers with tax delinquencies. The bill authorizes the IRS to impose a levy of up to 100 percent on tax delinquent Medicare service providers. The Senate did not take up the bill before its April recess.

Wyden asks IRS to clarify treatment of electric vehicle charging

Senate Finance Committee ranking member Ron Wyden, D-Ore., has asked the IRS to issue guidance clarifying that electrical vehicle (EV) charging provided by employers is a de minimis fringe benefit under Code Sec. 132(e), meaning it should not be included as an employee's income because it is so small as to make accounting for it unreasonable or administratively impractical. In a recent letter to IRS Commissioner John Koskinen, Wyden said the "ambiguity of the tax treatment has left employers not knowing how to treat the benefit for tax purposes."

IRS strategies for curbing identity theft continue to improve

The IRS has improved its strategies for preventing and detecting tax-related identity theft and for providing assistance to identity theft victims, an official from the IRS stakeholder liaison office said during a March 26 webcast. For IRS purposes, tax-related identity theft occurs when a taxpayer's Social Security number is used to file a tax return claiming a fraudulent refund. Veronica Tubman, IRS senior stakeholder liaison, stated that, during fiscal year (FY) 2014, the IRS's automated screening filters had stopped the vast majority of invalid refunds. Between FY 2011 and FY 2014, the IRS had stopped 19 million suspicious returns and protected more than $63 billion in fraudulent refunds, Tubman reported.

As of January 2015, the IRS began to limit the number of direct deposits of tax refunds that can be made into one account—an action designed to prevent delivery of multiple fraudulent refunds to tax-related identity theft perpetrators. The IRS has also decreased its response time for providing assistance to victims of tax-related identity theft, according to Tubman. Additionally, the IRS has created Form 14039, Identity Theft Affidavit, which victims or potential victims can use to report incidences of tax-related identity theft.

The IRS has issued identity protection personal identification numbers (IP PINs) to affected taxpayers. If a taxpayer loses an IP PIN, the taxpayer must generally submit an online application to retrieve it, Tubman explained.

Continued from page 165

have a balance due. The penalty relief is only available for the 2014 tax year. *Federal Tax Weekly No. 5, January 29, 2015.*

In January, the IRS issued final regulations for nonprofit hospitals to remain in compliance with the Affordable Care Act. Nonprofit hospitals must meet new financial assistance rules, follow reasonable billing and collection policies, and make their community health needs assessments. *Federal Tax Weekly No. 2, January 8, 2015.*

In February, the IRS announced transition relief for small employers from the Code Sec. 4980D excise tax for certain health care payment plans. The IRS also reported that it is exploring additional guidance on the application of market reforms under the Affordable Care Act (PPACA) to a two-percent shareholder-employee healthcare arrangement. *Federal Tax Weekly No. 9, February 26, 2015.*

The IRS, along with the U.S. Departments of Health and Human Services (HHS) and Labor, released final regulations on wraparound coverage. This is coverage designed to wrap around, for example, employer-sponsored health insurance coverage. Under the final regulations, wraparound coverage is permitted for a limited time. *Federal Tax Weekly No. 13, March 26, 2015.*

The IRS previewed possible approaches to the Code Sec. 4980I excise tax under the Affordable Care Act (also known as the "Cadillac plan" tax). The IRS asked taxpayers to submit suggestions on, among other topics, the determination of the cost of applicable coverage; and the treatment of individuals engaged in high-risk occupations. *Federal Tax Weekly No. 9, February 26, 2015; Federal Tax Weekly No. 12, March 19, 2015.*

Accounting method changes

The IRS updated and made some changes to the general Code Sec. 446(e) procedures to obtain advance and automatic consent to change a method of accounting for federal income tax purposes. The guidance clarifies rules in several dozen areas. *Federal Tax Weekly No. 4, January 22, 2015.*

Repair regulations

In February, the IRS announced simplifications for small businesses to adopt the "repair regs" for 2014. Small businesses can change their accounting methods automatically, without filing Form 3115 and without having to apply Code Sec. 481, the IRS explained. The relief is available for the 2014 tax return that taxpayers will be filling out this tax season. *Federal Tax Weekly No. 8, February 19, 2015.*

Vehicle depreciation

The IRS issued 2015 inflation-adjusted vehicle depreciation dollar limits in February. The IRS also modified the 2014 limitations to reflect passage of the *Tax Increase Prevention Act of 2014* in December 2014. *Federal Tax Weekly No. 7, February 12, 2015.*

Section 199 deduction

In March, the IRS instructed its examiners about the Code Sec. 199 domestic production activities deduction. The IRS described some activities that would not qualify for the deduction. *Federal Tax Weekly No. 13, March 26, 2015.*

Form 1095-A

Treasury announced relief for taxpayers who received incorrect Forms 1095-A, Health Insurance Marketplace Statement. Affected taxpayers will not need to refund any overpayment resulting from information on an incorrect Form 1095-A. The IRS will not pursue the collection of any additional taxes from these individuals based on updated information in the corrected forms, Treasury explained. The IRS also provided penalty relief to farmers/fishermen with incorrect Forms 1095-A. *Federal Tax Weekly No. 11, March 12, 2015; Federal Tax Weekly No. 13, March 26, 2015.*

ABLE Accounts

In March, the IRS announced that it will provide transition relief for Achieving a Better Life Experience (ABLE) accounts. ABLE accounts are tax-favored accounts maintained for beneficiaries who have physical and other challenges. *Federal Tax Weekly No. 12, March 19, 2015.*

Transit benefits

The *Tax Increase Prevention Act of 2014* extended transit benefits parity through 2014. In January, the IRS issued guidance to clarify the retroactive increase in excludable transit benefits for FICA taxes and W-2 reporting. The IRS also provided employers with a special administrative procedure for certain employment tax returns and information statements. *Federal Tax Weekly No. 3, January 15, 2015.*

FATCA

The IRS announced the opening of the *Foreign Account Tax Compliance Act* (FATCA) Data Exchange Service in January. Foreign financial institutions and foreign tax authorities will use the Data Exchange Service to send information reports on accounts and assets held by U.S. persons. *Federal Tax Weekly No. 3, January 15, 2015.*

Research tax credit

In January, the IRS issued proposed regulations on the research tax credit with respect to computer software developed for internal use. The regulations describe internal use software, clarify what is not internal use, and allow more types of internal use software to satisfy certain tests for the research tax credit. *Federal Tax Weekly No. 4, January 22, 2015.*

The IRS issued final regulations in February on the alternative simplified research credit (ASC) that affirm the ability of taxpayers to elect the ASC on an amended return under certain circumstances. *Federal Tax Weekly No. 10, March 5, 2015.*

Energy

The IRS provided guidance in January on performance and quality standards for small wind energy projects to qualify for a tax credit under Code Sec. 48. Generally, the property must use a wind turbine with a nameplate capacity of no more than 100 kilowatts and meet other requirements. *Federal Tax Weekly No. 4, January 22, 2015.*

If you have any questions about these or other federal tax developments, please contact our office.

Sincerely yours,

COMPLIANCE CALENDAR

■ **April 3**
Employers deposit Social Security, Medicare, and withheld income tax for March 28, 29, 30, and 31.

■ **April 8**
Employers deposit Social Security, Medicare, and withheld income tax for April 1, 2, and 3.

■ **April 10**
Employers deposit Social Security, Medicare, and withheld income tax for April 4, 5, 6, and 7.

Employees who received $20 or more in tips during March report them to their employers using Form 4070.

■ **April 15**
Employers that are semi-weekly depositors deposit employment taxes for payroll dates April 8, 9, and 10

Individuals file a 2014 income tax return (Form 1040 series) and pay any tax due.

Partnerships file a 2014 calendar year return (Form 1065) and provide each partner with a Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc., or a substitute Schedule K-1.

■ **April 20**
Employers deposit Social Security, Medicare, and withheld income tax for April 11, 12, 13, and 14.

TRC TEXT REFERENCE TABLE

The cross references at the end of the articles in CCH Federal Tax Weekly (FTW) are text references to CCH Tax Research Consultant (TRC). The following is a table of TRC text references to developments reported in FTW since the last release of New Developments.

ACCTNG 36,162.05	149	FILEIND 15,250	116	IRS 33,108.05	87
BUSEXP 6,100	148	FILEIND 21,056.10	123	IRS 48,058.15	125
BUSEXP 6,160.20	102	HEALTH 3,050	139	IRS 51,056.25	90
BUSEXP 9,099	85	HEALTH 3,110	101	IRS 66,304	103
BUSEXP 18,210.05	150	HEALTH 3,250	98	PART 60,056	149
BUSEXP 33,152	161	HEALTH 3,300	123	PAYROLL 3,154	92
BUSEXP 54,164.15	109	HEALTH 3,332	112	PAYROLL 3,178	88
BUSEXP 54,252	99	HEALTH 9,118	147	PAYROLL 6,106.40	111
BUSEXP 54,552.20	137	HEALTH 9,302	99	PENALTY 3,108.05	89
BUSEXP 57,054	140	HEALTH 18,108	97	PENALTY 3,308	114
COMPEN 9,402	163	INDIV 6,054	134	PENALTY 3,332	115
COMPEN 21,400	159	INDIV 6,266	124	PENALTY 9,152	138
CONSOL 15,102	121	INDIV 16,310	138	RETIRE 39,200	147
CONSOL 33,050	102	INDIV 30,550	135	RETIRE 51,452	158
ESTGIFT 45,052.05	100	INDIV 48,400	104	RETIRE 66,760.25	161
EXCISE 13,108	113	INDIV 60,158	126	RETIRE 66,764	90
EXEMPT 3,154	134	INTL 36,000	137	SALES 30,206.10	126
EXEMPT 12,054	80	INTLOUT 3,302	87	SALES 45,202	112
FILEBUS 9,108.30	160	INTLOUT 9,550	145	SALES 45,350	89
FILEBUS 9,252	133	IRS 9,402	157	SALES 51,360	151
FILEIND 15,200	91	IRS 12,350	80		

CONFERENCES

April 6: Wolters Kluwer presents a webinar "TIN Matching to Reduce Your B-Notices and Eliminate Proposed Penalties," providing a practical guide to ensuring proper compliance with Form W-9 and Form 1099 checking. Visit *www.krm.com/cch* to register or call (800) 775-7654.

April 7: Wolters Kluwer presents a webinar "Tangible Property Regs Impact for A&A: What Accountants and Auditors Need to Know," that will cover how the audit and review functions are affected by the tangible property regulations and what A&A professionals should look for when examining companies affected by the "repair regs." Visit *www.krm.com/cch* to register or call (800) 775-7654.

April 21: Wolters Kluwer hosts a webinar "Representing the Innocent Spouse," that will discuss the various forms of innocent spouse relief, how to properly make the request, and what practitioners will need to bolster their client's case. Visit *www.krm.com/cch* to register or call (800) 775-7654.

April 23–24 Georgetown Law Continuing Education hosts a two-day program "Representing and Managing Tax-Exempt Organizations" in Washington, D.C. Speakers include government officials and expert practitioners, who will discuss important exempt organization issues including disaster relief, charitable giving, Code Sec. 501(c)(4) organizations, and more. Visit *www.law.georgetown.edu* or call (202) 662-9890 to register.

May 7–9: The American Bar Association Section on Taxation presents its annual May Meeting in Washington, D.C. Practitioners and government officials will cover topics including tax exempt organizations, individual taxation, tax policy, business entities, and corporate taxation. Visit *www.americanbar.org* for more information.

May 18–19: The AICPA hosts its two-day conference on Tax Strategies for the High-Income Individual in Las Vegas. Experts will present strategies for individuals, businesses, estates and trusts, and more. For more information or to register, visit *www.cpa2biz.com*.