

# MSCPA FEDERAL TAX FORUM

## OUTLINE

By: Lorraine A. Travers

### S Corporations

- A. **Simplified Method to Request Relief for Late S Election—Rev. Proc. 2007-62**
- B. **Truck Leasing is Rental Activity that May be Grouped with Non-rental Activities—TAM 200747018**
- C. **Guidance Issued on 2% Shareholder-Employee's Deduction for Premiums Paid by S Corporation—Notice 2008-1**
- D. **Penalty for Failure to File S Corporation Return—Mortgage Forgiveness Debt Relief Act of 2007 (MFDR 2007)**
- E. **S Corporations Cannot Deduct Premiums on Severance Policies—V.R. De Angelis M.D. P.C. vs. Commr., T.C. Memo 2007-360 (12/5/07)**
- F. **S Corporation Granted Extension of Time to Capitalize Investment Interest—PLR 200750010**
- G. **Guidance Issued on Effect of Employer-Owned Life Insurance on Accumulated Adjustment Account—Rev. Rul. 2008-42**
- H. **Prop. Regs Provide Guidance for S Corps with Cancellation of Debt (COD) Income—REG 102822-08, 73 Fed. Reg. 45656 (8/6/08)**
- I. **Private Family Agreement Did not Create Second Class of Stock—Minton vs. Commr., T.C. Memo 2007-372 (12/26/07)**
- J. **Tax Court Denies S Corporation SEP Deduction—Contributions Were not Made for Wife—Brown vs. Commr., T. C. Summary 2008-56 (5/20/08)**

### Tax Accounting

- A. **Travel Expense Deduction Denied for Travel to Employer's Distant Location-- Burski vs. Commr., T. C. Summary 2007-212 (12/17/07)**
- B. **IRA Capital Losses and Wash Sale Rule—Rev. Rul. 2008-5**
- C. **New LIFO Pooling Method Affects Resellers of Cars and Certain Truck—Rev. Proc. 2008-23**
- D. **Inventory Method Correction Was a Change in Accounting Method—Huffman vs. Commr., Nos. 06-2134, 06-2136, & 07-1180 (6<sup>th</sup> Cir. 3/4/07)**
- E. **IRS Okays Rolling Average Method of Valuing Inventory—Rev. Proc. 2008-43 (Effective for Tax Years Ending on or after 12/31/07)**
- F. **Deemed Election Provided for Start-up/Organizational Costs—T.D. 9411, 73 Fed. Reg. 38,910 (7/8/08; REG-164965-04, 73 Fed. Reg. 38,940 (7/8/08)**
- G. **Economic Stimulus Act—Sect. 179 and Bonus Depreciation**
- H. **IRS Examines Application of §263A Rules to Franchised Vehicle Dealership—TAM 200736026**
- I. **Retailer's Rebate not Included in Customer's Gross Income—PLR 200816027**
- J. **Food, Conservation And Energy Act of 2008—Race Horses & Limitation on Excess Farm Losses**
- K. **Mileage Rates for 2008—Business (.50.5 & .58.5); Medical & Moving (.19 & .27)**
- L. **Economic Performance Occurs upon Payment of Rebates; Rebates Are not Premium Coupons—CCA 200826006**
- M. **IRS Issues New Rev. Proc. 2008-52 for Accounting Method Changes**

### Estates, Gifts & Trusts

- A. Estates Granted Extensions of Time for Making Revised Qualified Family-Owned Business Interests (QFOBI) Elections to Include More Assets—PLR 200743027 & PLR 200743031**
- B. Decedent's Corporate Stock Valued with 100% Reduction for Built-in Capital Gains Tax Liability—Jelke Estate vs. Commr., No. 05-15549 (11<sup>th</sup> Cir. 11/15/07)**
- C. Appraiser Penalties for Misstatements Extend to Estate and Gift Tax Returns—SBWOTA 2007**
- D. Division of Decedent's IRA into IRAs for Trust Beneficiaries not Taxable—PLR 200750019**
- E. Estate & Inheritance Taxes Apportioned to Trust Share Distributed to Colleges—Hale vs. Moore, No. 2005-CA-001895-MR (KY Ct. App. 1/4/08)**
- F. Wills Cannot Alter Actual Order of Deaths for Marital Deduction—Estate of Lee vs. Commr., T.C. Memo 2007-371 (12/20/07)**
- G. Disclaimed Property Qualifies for Estate Tax Charitable Deduction—PLR 200802010**
- H. Estate Tax Charitable Deduction Disallowed Where Disclaimer not Quali-fied—Christiansen Est. vs. Commr., 130 T.C. No. 1 (1/24/08)**
- I. Interim Guidance Issued on Deduction of Bundled Fiduciary Fees—Notice 2008-32**
- J. IRS Will not Follow Decision Allowing Alternate Valuation after Corporate Reorganization**
- K. Prop. Regs Clarify Availability of §2032 Alternate Valuation Method Elect-ion—REG-112196-07, 73 Fed. Reg. 22,300 (4/5/08)**
- L. IRS Provides Guidance on Whether Inter Vivos Trust Included in Estate if Grantor Has Substitution Power—Rev. Rul. 2008-22**
- M. Contribution of Stock to Family Limited Partnership not Indirect Gift—Hol-man vs. Commr., 130 T.C. No. 12 (5/27/08)**
- N. Reforming Trust to Reimburse Grantor for Tax Liability Will not Cause Inclusion of Trust Assets in Estate—PLR 200822008**
- O. Allocation of Types of Income for Charity Must Have Economic Effect Besides Tax Consequences—REG-101258-08, 73 Fed. Reg. 34,670 (6/18/08)**
- P. Transfer of Beneficiary's Share of IRA to Grantor Trust Is not a Taxable Disposition under §691(a)(2)—PLR 200826008**
- Q. Assignment of IRA to Charitable Beneficiaries of Decedent's Trust Is not a §691(a)(2) Transfer**
- R. IRS Provides Guidance on Tax Consequences of Division of CRT into Sepa-rate CRTs—Rev. Rul. 2008-41**
- S. Powers of Appointment Limited to Close Family Members Are not General Powers of Appointment under §2041(b)(1)—PLR 200832015**
- T. IRS Loses Two Attempts to Deny Marital Deduction—Sowder vs. United States, No. 06-35151 (9<sup>th</sup> Cir. 10/18/07)**
- U. Gain from Real Estate Sale Was not IRD (Income in respect of decedent)—PLR 2007-44001**
- V. IRS Reduces Extension Time for Forms 1041—6 months down to 5 months**
- W. Regs. Address Portion of Charitable Gift in Trust That Is Includible in Estate—T.D. 9414, 73 Fed. Reg. 40,173 (7/14/08)**

**2008 Regional Forums**

**Bankruptcy**

**Mark H. Misselbeck, C.P.A., M.S.T.**

**Levine, Katz, Nannis + Solomon, P.C.**

**(781) 453-8700 MMisselbeck@LKN SCPA.com**

- 1.) **Individual Could Not Appeal Favorable Bankruptcy Decision (Smith, CA-9; US-CT-APP-9, [2007-2 USTC ¶50,599], U.S. Court of Appeals, 9th Circuit, Darrel D. Smith, Appellant v. United States Internal Revenue Service; et al., Appellees) © 2007, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 2.) **Return's Last Due Date for Bankruptcy Purposes Unaffected by Presidentially Declared Disaster or Combat Zone Relief (Rev. Rul. 2007-59) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 3.) **Award Turned over to Bankruptcy Trustee Includible in Income (Burns, TCM) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 4.) **IRS Announces New Web Section for Taxpayers Losing Homes to Foreclosure (IR-2007-159) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 5.) **Attorney's Tax Debt Erroneously Discharged; Payments to Third Parties, Failure to Pay Estimated Tax Indicated Willful Evasion of Taxes (Jacobs, CA-11) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 6.) **Successor Corporation Liable for Debtor Corporation's Unpaid Tax Liability (Whelco Industries Ltd., DC Ohio) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 7.) **Debtor Awarded Attorneys' Fees and Costs (In re Seay, BC-DC Ark.) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 8.) **IRS Required to Apply Debtor's Payment to Prepetition Nondischargeable Priority Tax Liabilities (In re Sergeant, BC-DC Ky.) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 9.) **Accountant Willfully Attempted to Evade Payment of Taxes; Liabilities Nondischargeable in Bankruptcy (In re Zimmerman, CA-11) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 10.) **Two Assessments Made in Violation of Automatic Bankruptcy Stay Void, Limitations Period Possible Bar to Income Tax Assessment (Klohn, DC Fla.) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 11.) **Assessable Taxes Not Dischargeable; Proof of Claim Not Required (In re Hosack, CA-5) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 12.) **IRS Could Not Pursue Collection Action for Tax Liabilities That Were Discharged in Bankruptcy (Imarah, TCM) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 13.) **Code Sec. 3121: Employees Not Entitled to Refund of FICA Taxes Paid (CCA 200823001) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 14.) **Tax Liens and Levy Attached to Couple's Personal Property; IRS Liens Had Priority over Attorney's Interest (Norem v. Norem, DC Texas) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 15.) **Taxpayers in Bankruptcy Entitled to Stimulus Proceeds if Cash Exemptions Available (In re Alguire, BC-DC N.Y.) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 16.) **IRS Issues Proposed Regulations on S Corporations Reducing Tax Attributes Due to Exclusion of COD Income (NPRM REG-102822-08) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**

**2008 Regional Forums**

**Employee Benefits and Employment Taxes**

**Mark H. Misselbeck, C.P.A., M.S.T.**

**Levine, Katz, Nannis + Solomon, P.C.**

**(781) 453-8700 MMisselbeck@LKN SCPA.com**

- 1.) **Certain Part-Year Compensation Arrangements Not Considered Deferred Compensation (Notice 2008-62) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 2.) **IRS Updates Procedure for Electronic Filing of Employer's Annual Report of Tip Income on Form 8027 (Rev. Proc. 2008-34) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 3.) **Executive Compensation - Practitioners Say Time Quickly Running Out For Action on Executive Compensation Rules @ 2008 BNA Weekly Report 07/14/2008 Current Developments 27 TMWR 968 Attorney's Tax Debt Was Nondischargeable; Conduct Indicated Willful Evasion (In re Jacobs, DC Fla.) © 2007, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 4.) **IRS Delays Effective Date of Qualified Transportation Fringe Benefit Ruling (Notice 2007-76) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 5.) **2, Exempt Organizations Need to Document and Substantiate Fringe Benefits, Practitioners Remind Nonprofits © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 6.) **IRS and DOL Representatives Clarify Automatic 401(k) Enrollment and Default Investments © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**

- 7.) **Taxpayers Not Entitled to Schedule C Deduction for "Employee Benefits Programs" (Eyler, TCM) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 8.) **Taxpayers Entitled to "Employee Benefits Programs" Deduction on Schedule F (Frahm, TCM) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 9.) **2008 COLAS for Retirement Plans Released by IRS (Notice 2007-87) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 10.) **Travel Expenses Paid by Employer Included in Pilot's Wages; Expenses Not Incurred in Business of Employer (Jordan, CA-8) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 11.) **IRS Releases Final Regulations on Employment Tax Adjustments and Refund Claims (T.D. 9405) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 12.) **Code Sec. 3509: Tax Liability for Reclassified Worker Determined Using Reduced Tax Rates (CCA 200825043) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 13.) **Code Sec. 3121: Employees Not Entitled to Refund of FICA Taxes Paid (CCA 200823001) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 14.) **Code Sec. 3121: Corporation's Claim for Refund of FICA Taxes Paid With Respect to Renewal Commissions Denied (LTR 200813042) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 15.) **IRS Provides Safe Harbor for Deducting Payroll Taxes by Accrual-Method Taxpayers (Rev. Proc. 2008-25) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 16.) **Medical Center Entitled to Recover FICA Taxes Paid on Medical Residents Stipends; Student Exclusion Applied (Mount Sinai Medical Center of Florida, Inc., DC Fla.) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 17.) **Shareholder Was Responsible Person; Liable for Unpaid Employment Taxes (Tornes, DC Ohio) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 18.) **Owner and Bookkeeper Were Responsible Persons Liable for Company's Unpaid Federal Employment Taxes (Seymour, DC Ky.) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 19.) **Code Sec. 7436: Revenue Officer Had Authority to Prepare Employment Tax Returns (CCA 200822026) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 20.) **LLC's Sole Owners Liable for Outstanding Employment Taxes; Validity of "Check-the-Box" Regulations Affirmed (L & L Holding Co., L.L.C., DC La.) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 21.) **U.S. Citizen/Resident Working in Canada Subject to Self-Employment Tax in U.S.; Penalty Not Imposed (Rusten, TCS) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**

#### 2008 Regional Forums

##### Corporations

Mark H. Misselbeck, C.P.A., M.S.T.

Levine, Katz, Nannis + Solomon, P.C.

(781) 453-8700 [MMisselbeck@LKNPCPA.com](mailto:MMisselbeck@LKNPCPA.com)

- 1.) **Individual And Corporation Allowed to Proceed with Wrongful Levy Claims (D'Angelo, DC Fla.) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 2.) **Circumstances Described in Which IRS Will Not Treat Debt Instrument as Applicable High Yield Discount Obligation (Rev. Proc. 2008-51) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 3.) **Code Sec. 424: Exchange of ISOs Was Not Grant of New Options (LTR 200835019) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 4.) **Code Sec. 162: President and CEO of Corporation Was Not Covered Employee (LTR 200836010) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 5.) **Corporation's Payments to Redeem Stock Held by ESOP Which Were Subsequently Distributed to Terminated Plan Participants Were Not Deductible (Ralston Purina Co., TC) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 6.) **Code Sec. 280G: Domestic Corporation Was Small Business Corporation (LTR 200817007) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 7.) **Withheld Listed Transaction Documents Protected by Work Product Privilege; Privilege Not Waived by Disclosure to Accountants (Regions Financial Corp. and Subs., DC Ala.) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 8.) **IRS Issues Final, Temporary, Proposed Regs on Elections to Deduct Start-up and Organizational Expenses (T.D. 9411; NPRM REG-164965-04) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 9.) **Federal Tax Lien Had Priority over Corporation's Security Interest Where Both Liens Perfected at Same Time (In re Hullet Corporation, BC-DC Ill.) © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**
- 10.) **Practitioners' Corner: Navigating The New Election To Claim Accelerated AMT/Research Credits In Lieu Of Bonus Depreciation © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company**

## 2008 Regional Forums - Individual Developments

RICHARD D. HELLMOLD, CPA, P.C.  
40 SPEEN STREET, # 303  
FRAMINGHAM, MA 01701-1898

Telephone (508) 628-0101  
Fax (508) 628-0102  
rhellmold@rhellmold.com

### New Laws

Mortgage Forgiveness Debt Relief Act of 2007 includes wide range of tax changes  
Technical Corrections Act of 2007 includes many substantive changes  
Stimulus Act jumpstarts the economy with cash rebates  
Key Tax Changes in the Food, Conservation, and Energy Act of 2008  
Heroes Act carries new tax breaks for military members and their families  
New law bars health insurance and employment discrimination based on genetics (GINA)  
Housing Assistance Tax Act of 2008 carries a host of tax changes

### Updated Regulations

Three sets of regs modify reportable transaction rules T.D. 9350, 07/31/2007; Reg. 1.6011-4, Reg. 20.6011-4, Reg. 25.6011-4, Reg. 31.6011-4, Reg. 53.6011-4, Reg. 54.6011-4, Reg. 56.6011-4; T.D. 9351, 07/31/2007; Reg. 301.6111-3, T.D. 9352, 07/31/2007; Reg. 301.6112-1  
Final regs on dependent care credit reflect law changes and clarify qualifying expenses T.D. 9354, 08/13/2007; Reg. 1.21-1; Reg. 1.21-2; Reg. 1.21-3; Reg. 1.21-4  
Proposed regs would make patented transactions reportable transactions Preamble to Prop Reg 09/25/2007; Prop Reg § 1.6011-4, Prop Reg § 301.6111-3  
Proposed regs would toughen return preparation standards to reflect Small Business Act changes Preamble to Prop Reg 09/24/2007; Prop Reg § 10.34  
Temp reg describes how and when to elect capital gain treatment for self-created musical works T.D. 9379, 02/07/2008, Reg. § 1.1221-3T; Preamble to Prop Reg 02/07/2008  
Final regs clarify treatment of loss from abandoned securities T.D. 9386, 03/11/2008; Reg. 1.165-5  
Final regs on dependent child of divorced or separated parents or parents who live apart T.D. 9408, 07/01/2008; Reg. 1.152-4  
Proposed regs explain strict charitable contribution substantiation & appraisal rules Preamble to Prop Reg 08/06/2008; Prop Reg § 1.170A-15, Prop Reg § 1.170A-16, Prop Reg § 1.170A-17, Prop Reg § 1.170A-18

### Cases and Rulings

DC Circuit reverses itself; holds non-physical personal injury awards are taxable *Murphy v. IRS* (CA DC 07/03/07), No. 05-5139, 99 AFTR 2d ¶2007-5019  
Ruling untangles tax consequences when corporate events cause vested stock to become nonvested Rev Rul 2007-49, 2007-31 IRB  
Fifth Circuit affirms: dollar limits apply to AMT capital loss from worthless ISO stock *Merlo*, (CA 5 7/17/2007) 100 AFTR 2d ¶2007-5058  
IRAs can buy shares in trusts invested in gold or silver without triggering collectibles tax PLR 200732026, PLR 200732027  
Home must be completely destroyed for Sec. 121 to apply; mandatory teardown qualifies Chief Counsel Advice 200734021  
CPA's gambling loss wasn't from trade or business *Mohammadpour*, TC Summary Opinion 2007-163  
Disability income was tax-free where owner-shareholder reimbursed company for policy premiums *Cotler*, TC Memo 2007-283  
IRS now agrees: payments under VA work therapy program are excludible from income AOD 2007-005, 10/18/2007  
Leasing enterprise and business it rented to are single activity for PAL purposes *Candelaria v. U.S.*, (DC TX 10/05/2007) 100 AFTR 2d 2007-5378  
Tool reimbursement plan impermissibly recharacterized wages and failed business connection test Chief Counsel Advice 200745018  
VA work therapy program's payments are excludable; no information return is required Rev Rul 2007-69, 2007-49 IRB  
Slots player held to be in the business of gambling *Linda M. Myers*, TC Summary Opinion 2007-194  
Educational consultant was home worker exempt from self-employment tax *LaVerne VanZant*, TC Summary Opinion 2007-195

Sole proprietor could deduct health insurance premiums covering his employee-wife and himself as her spouse *Frahm*, TC Memo 2007-351

Self-prescribed diagnostic tests qualify as deductible medical expenses Rev Rul 2007-72, 2007-50 IRB 1154

Eased rules for above-the-line health insurance deduction for 2% S shareholders Notice 2008-1, 2008-2 IRB

Loss sale rule applied where individual sold stock at loss and repurchased it in his IRA Rev Rul 2008-5, 2008-3 IRB

AMT calculation must take qualified dividends into account *Tobias Weiss*, (2007) 129 TC No. 18

New simplified method for allocating prepaid mortgage insurance premiums Notice 2008-15, 2008-4 IRB

Insurance agent's termination payments were ordinary income, not capital gain *Trantina*, (CA 9 1/9/2008) 101 AFTR 2d ¶ 2008-358

Limited personal use won't sour Code Sec. 1031 tax-free exchange of residence Rev Proc 2008-16, 2008-10 IRB

Noncorporate limited partner subject to the investment interest deduction limitation Rev Rul 2008-12, 2008-10 IRB

Limited partner's investment interest from trader partnership deductible above-the-line Rev Rul 2008-38, 2008-31 IRB; Ann. 2008-65, 2008-31 IRB

Investors suffered theft loss in connection with company that issued sub-prime loans Chief Counsel Advice 200811016

Tax breaks for qualifying relatives are limited Internal Legal Memorandum 200812024

"Makeup" minimum distributions salvage lifetime payouts to nonspouse IRA beneficiary PLR 200811028

Forgiven credit card debt triggered taxable income *Payne*, TC Memo 2008-66

Noncompete agreement in sale of family business wasn't for sale of goodwill *Muskat v. U.S.*, (DC NH 4/2/2008) 101 AFTR 2d ¶2008-662

Payments made by retailer in connection with sales promotion weren't taxable PLR 200816027

Cancellation of law school loan in exchange for public service work wasn't included in income Rev Rul 2008-34, 2008-28 IRB

Loan repayment to shareholder's spouse wasn't constructive distribution *Beckley*, (2008) 130 TC No. 18

Limited partner denied business deduction for management fees of investment partnership owning business partnerships Rev. Rul. 2008-39, 2008-31 IRB 252

Writeoff for cost of day-trading course barred by investment seminar deduction disallowance *Carl H. Jones*, 131 TC No. 3

Ninth Circuit says valid Sec. 83(b) election causes gain on all ISO stock to be recognized for AMT purposes *Kadillak v. Comm.*, (CA 9 7/29/2008) 102 AFTR 2d ¶2008-5111

Court rebuffs IRS and allows policyholder to escape gain on demutualization *Eugene A. Fisher et al. v. U.S.* (Ct Cl 8/6/2008) 102 AFTR 2d ¶ 2008-5150

Taxpayer taxed on sale of pledged stock using FIFO method *Rendall*, (CA 10 08/05/2008) 102 AFTR 2d ¶ 2008-5146

IRS eases tax breaks for children of divorced and separated couples Rev Proc 2008-48, 2008-36 IRB

Frequent but sporadic stock trading & longer holding periods result in investor status *Holsinger*, TC Memo 2008-191

#### **2008 Regional Forums**

##### **Partners and Partnerships**

**Mark H. Misselbeck, C.P.A., M.S.T.**

**Levine, Katz, Nannis + Solomon, P.C.**

**(781) 453-8700 MMisselbeck@LKNPCPA.com**

- 1.) **Final Regs On Disclosures Of Reportable Transactions Reduce Compliance Burdens; "Transactions Of Interest" Category Remains Vague** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company *T.D. 9350, 9351, 9352*
- 2.) **New Draft Forms 1065 And 1120 Question Ownership Structures** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company *ew Draft Forms 1065 And 1120 Question Ownership Structures IR-2007-138*
- 3.) **Final Regs On Rollover Of Gain From QSB Stock Make Pro-Partnership Modifications** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company *Final Regs On Rollover Of Gain From QSB Stock Make Pro-Partnership Modifications T.D. 9353*
- 4.) **IRS Will Not Look Beyond Direct Activities Of Trustees In Applying Passive Activity Loss Limits To Trusts** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company *RS Will Not Look Beyond Direct Activities Of Trustees In Applying Passive Activity Loss Limits To Trusts TAM 200733023*
- 5.) **Government Prevails In Latest Son Of BOSS Case** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company *Government Prevails In Latest Son Of BOSS Case Jade Trading, LLC, FCI, December 21, 2007*
- 6.) **IRS Overreached In Use Of Economic Substance Doctrine To Prevent Partnership Tax Strategy** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company *IRS Overreached In Use Of Economic Substance Doctrine To Prevent Partnership Tax Strategy Countryside Limited Partnership, TC Memo 2008-3, Dec. 57,304(M)*

- 7.) **Accounting Partner In Firm Merger Not Allowed To Delay Immediate Tax On Stock Contrary To Agreement** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company **Accounting Partner In Firm Merger Not Allowed To Delay Immediate Tax On Stock Contrary To Agreement** *M.J. Fletcher, DC Ill., January 15, 2008*
- 8.) **Decedent's Interest In Family LLC Not Included In Gross Estate** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company **Decedent's Interest In Family LLC Not Included In Gross Estate** *Mirowski, TC Memo. 2008-74*
- 9.) **Partial Victory For Family Limited Partnership: Transfers Not Indirect Gifts Of Stock But Valuation Discounts Reduced** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company **Partial Victory For Family Limited Partnership: Transfers Not Indirect Gifts Of Stock But Valuation Discounts Reduced** *T.H. Holman, Jr., 130 TC No. 12, CCH Dec. 57,455*
- 10.) **IRS Finalizes Automatic Extension Regs For Individuals; Reduces Extension Period For Pass-Throughs, Estates, Trusts** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company **IRS Finalizes Automatic Extension Regs For Individuals; Reduces Extension Period For Pass-Throughs, Estates, Trusts** *IR-2008-84, T.D. 9407, NPRM REG-115457-08*
- 11.) **NEWSLETTER, Federal Tax Weekly, NO. 28, JULY 17, 2008, Limited Partner To Report Allowable Amount Of Distributive Share Of Interest Expense On Schedule E** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company **Limited Partner To Report Allowable Amount Of Distributive Share Of Interest Expense On Schedule E** *ann. 2008-65 and Rev. Rul. 2008-38*
- 12.) **Regs Provide Deemed Election To Write Off Start-Up And Organizational Expenses** © 2008, CCH INCORPORATED. All Rights Reserved. A WoltersKluwer Company **Regs Provide Deemed Election To Write Off Start-Up And Organizational Expenses** *T.D. 9411, NPRM REG-164965-04*