Cases, Regulations and Statutes

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Agricultural Law Digest

21 Ltr. Rul. 9037033, June 18, 1990 (reduction of accrued unpaid interest (with application of the tax benefit rule) followed by reduction of principal).


23 Id.

24 Treas. Reg. § 1.47-2(c).


30 See I.R.C. § 453B(f).


32 Id. There was no recognition of the enactment of I.R.C. § 453B(f).


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CASES, REGULATIONS AND STATUTES

by Robert P. Achenbach, Jr

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BANKRUPTCY

CHAPTER 12

TAX CLAIMS FROM SALE OF CHAPTER 12 PROPERTY.
The debtors, husband and wife, filed for Chapter 12 in 2010. The IRS was given notice of all proceedings but did not file any proof of claims. The debtors’ plan was confirmed without objection by the IRS and contained a provision governing the treatment of tax claims resulting from the sale of farm property during the case:

“Debtors owe claims to the United States of America acting by and through the Internal Revenue Service and to the State of Iowa acting by and through the Iowa Department of Revenue for income taxes arising from the sale of farm assets used in Debtors’ farming operation (machinery) in calendar year 2010; and (land) that this Court has approved a sale that will close in 2011. In addition, the Debtors will owe income taxes for depreciation recapture when they sell milking equipment and grain bins post-confirmation and pay the proceeds to Farm Credit Services of America as is set forth in Paragraph 5.3(b) below. The amount of these tax claims shall be classified, treated and discharged as unsecured claims, and shall be calculated by subtracting that amount of tax resulting on the income tax return, as if the taxable income for the sale, exchange, transfer or other disposition of the farming asset was excluded from the tax return, and from the tax resulting had the taxable income been reported on the Debtors’ return. The unsecured classification, treatment and discharge described in the preceding sentence is [sic] known as the Marginal Method approved by the Court in In re Knudsen, 581 F.3d 696 (8th Cir. 2009). The amount of these taxes is estimated to be $81,000, but, however, is not ascertainable until the tax returns for both tax years 2010, 2011 and 2012 have been filed.”

The debtors filed their 2010 and 2011 income tax returns based on the quoted confirmed plan provision, resulting in tax refunds. The IRS denied the refund for 2011 and demanded additional taxes based on the sales of farm property during the case. The IRS argued that it is not bound by the terms of the confirmed plan because it was not a creditor in the bankruptcy case since the taxes arose post-petition. The court agreed, holding that a bankruptcy case creditor is determined as of the date of the petition and, on the date of the petition, the IRS had no claim against the debtors. The court held that, under Hall v. United States, 2012-1 U.S. Tax Cas. (CCH) ¶ 50,345 (Sup. Ct. 2012), taxes resulting from the sale of the debtors’ property after the filing of the petition were not eligible for Section 1222(a)(2)(A) treatment; therefore, the IRS was not bound by the plan provision governing tax claims arising from the post-petition sale of farm property. In re Legassick, 2015-1 U.S. Tax Cas. (CCH) ¶ 50,272 (N.D. Iowa 2015).

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FEDERAL FARM PROGRAMS

CONSERVATION. The FSA has issued interim regulations amending the regulations that specify the conservation compliance requirements that participants in USDA programs must meet to be eligible for certain USDA benefits. The USDA benefits to which conservation compliance requirements currently apply include marketing assistance loans, farm storage facility loans, and payments under commodity, disaster, and conservation programs. The conservation compliance requirements apply to land that is either highly erodible land (HEL) or that is wetlands. The interim regulations amend the regulations to implement the Agricultural Act of 2014 (2014 Farm Bill) provisions that: (1) make the eligibility for federal crop insurance premium subsidy benefits subject to conservation compliance requirements; and (2) convert the wetland mitigation banking pilot to a wetland mitigation banking program. The regulations specify the conservation compliance requirements, exemptions, and deadlines that apply in determining eligibility for federal crop insurance premium subsidy from the FCIC, modifies the easement provisions relating to mitigation banks as specified in the 2014 Farm Bill, and clarifies provisions regarding the extent of agency discretion with respect to certain violations. 80 Fed. Reg. 22873 (April 28, 2015).

ORGANIC FOOD. AMS has issued proposed regulations which amend the origin-of-livestock requirements for dairy animals under the USDA organic regulations. The proposed regulations specify
that a producer can transition dairy animals into organic production once. The proposed regulations clarify that, after completion of this one-time transition, any new dairy animals that a producer adds to a dairy farm would need to be managed organically from the last third of gestation or sourced from dairy animals that already completed their transition into organic production. The proposed regulations also clarify how breeder stock should be managed on organic livestock farms. 80 Fed. Reg. 23455 (April 28, 2015).

**FEDERAL ESTATE AND GIFT TAXATION**

**GENERATION SKIPPING TRANSFER TAX.** A decedent’s will created a trust for the son of the decedent, which was irrevocable prior to September 25, 1985. The son’s spouse created a second irrevocable trust for the son after September 25, 1985 and allocated a sufficient amount of the spouse’s GST exemption to make the trust’s exclusion ratio zero. The new trust was funded with the spouse’s separate property. The two trusts were identical in terms and the trustee had the trusts merged. The IRS ruled that the portions of the merged trust equal to the original trusts would be considered separate trusts and that the portion resulting from the pre-September 25, 1985 trust would not lose its GST exempt status because of the merger. Ltr. Rul. 201516036, Dec. 18, 2014.

A decedent’s will created an irrevocable trust for the decedent’s two children and a grandchild prior to September 25, 1985. One of the children died and that child’s share passed to a grandchild of the decedent. The beneficiaries disagreed with the investment policies of the trust and disagreed as to the meaning of a distribution term. The beneficiaries eventually negotiated a division of the trust into two identical trusts, one for the child and one for the two grandchildren. The parties also agreed to an interpretation of the distribution terms of the trusts. The IRS ruled that, because the settlement agreement and interpretation of the distribution terms represented a compromise between the positions of the litigating parties, the agreement was the product of arm’s-length negotiations and was within the range of reasonable outcomes under the original trust’s terms and applicable state law. Therefore, the IRS ruled that the division of the trust and the change in meaning of the distribution term did not subject the trusts to GSTT. Ltr. Rul. 201516008, Dec. 8, 2014.

**FEDERAL INCOME TAXATION**

**ALIMONY.** The taxpayer was divorced and the divorce decree required the taxpayer to pay monthly child support. If the taxpayer failed to pay the child support, the taxpayer was liable for monthly spousal support payments. The taxpayer’s obligation to pay spousal support would continue until (a) the former spouse died, (b) the taxpayer died, or (c) the taxpayer made 36 payments. The taxpayer defaulted on the child support payments and became obligated to make the spousal payments. When neither was paid, the former spouse obtained a court judgment for the child support and spousal support in arrears. During the tax year the taxpayer made the spousal payments in arrears under a wage garnishment. The taxpayer deducted the payments as alimony but the IRS disallowed the deduction. The court held that the spousal payments were not eligible for the deduction as alimony because the payments were made under a court order which would not expire if the former spouse died. Iglicki v. Comm’r, T.C. Memo. 2015-80.

**BUSINESS EXPENSES.** The taxpayer operated a real estate development business and claimed deductions on Schedule C for mortgage interest and legal and professional fees. The taxpayer also deducted insurance, legal and professional expenses and real estate taxes on Schedule E. The issue was whether the taxpayer adequately substantiated any of these expenses. The taxpayer did not keep account books and presented only receipts and other documents to support the expenses. However, the court found that the taxpayer’s documents and testimony did not prove the fact and/or nature of the expenditures. The taxpayer failed to show the purpose of the loan for which interest was paid and provided no evidence to support the other expenses. The Tax Court held that the deductions were properly disallowed for lack of substantiation. The appellate court affirmed in a decision designated as not for publication. Lazniarcz v. Comm’r, 2015-1 U.S. Tax Cas. (CCH) ¶ 50,276 (8th Cir. 2015).

**DISASTER LOSSES.** On April 8, 2015, the President determined that certain areas in Connecticut are eligible for assistance from the government under the Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5121) as a result of a severe winter storm which began on January 26, 2015. FEMA-4213-DR. On April 13, 2015, the President determined that certain areas in Massachusetts are eligible for assistance from the government under the Act as a result of a severe winter storm which began on January 26, 2015. FEMA-4214-DR. Accordingly, taxpayers in the areas may deduct the losses on their 2014 federal income tax returns. See I.R.C. § 165(i).

**DISCHARGE OF INDEBTEDNESS.** The taxpayer was a doctor who decided to practice in a rural area in exchange for additional compensation from a local hospital. The additional compensation was provided under a recruiting agreement which characterized the payments as loans. If the taxpayer stayed in the area and continued to practice medicine, the recruiting agreement provided for cancellation of the loan principal over three years. The taxpayer did not include the loan payments in taxable income and did not include the discharged amounts in taxable income. The taxpayer argued that the loan was a nonrecourse loan because the taxpayer was not personally liable for repayment; therefore, no discharge of indebtedness occurred. The court rejected this argument noting that the recruiting agreement provided for the hospital’s right to seek enforcement of the repayment terms; therefore, the taxpayer was personally liable for repayment of the loans and received taxable income when
the loans were discharged. Wyatt v. Comm’r, T.C. Summary Op. 2015-31.

HEALTH INSURANCE. If a taxpayer enrolled in qualifying Marketplace health coverage, the taxpayer probably filed a tax return based on a Form 1095-A that the taxpayer received from the Marketplace. The Marketplace may have subsequently told the taxpayer that the original Form 1095-A contained an error, and sent a corrected Form 1095-A. The taxpayer does not need to file an amended return based on the corrected Form 1095-A. This is true even if additional taxes would be owed based on the new information. Nonetheless, a taxpayer may choose to file an amended return. Comparing the forms can help the taxpayer determine whether the taxpayer is likely to benefit from filing an amended tax return. Specifically, the taxpayer is likely to receive a larger refund or owe a smaller tax payment using the corrected Form 1095-A if the two Forms 1095-A generally show the same information but any one of the five scenarios below is true on the corrected form. (1) Second Lowest Cost Silver Plan Premium is Larger. The monthly premium amounts of the second lowest cost silver plan, shown in Part III, column B, lines 21-32, are greater on the corrected form than on the original form. (2) Monthly Premium Amounts are Larger. The monthly premium amounts of the plan in which the taxpayer enrolled, shown in Part III, column A, lines 21-32, are greater on the corrected form than on the original form. (3) Advance Payment of the Premium Tax Credit Amounts are Lower. The monthly amounts of advance payment of the premium tax credit shown in Part III, column C, lines 21-32 are smaller on the corrected form than on the original form. (4) More Months of Coverage. The corrected Form 1095-A lists more months of coverage and the taxpayer’s situation meets all the following conditions: (a) The corrected form shows more months of coverage than the original form. This means that the corrected form shows positive values in more of the rows under Part III than the original form. (b) The values are the same on the corrected form for the months that the original form showed coverage. (c) On the original tax return, the taxpayer claimed a net premium tax credit, meaning the taxpayer entered a value on line 26 of the Form 8962 filed. (5) Fewer Months of Coverage: The taxpayer’s corrected Form 1095-A lists fewer months of coverage and the taxpayer’s situation meets all the following conditions: (a) The corrected form shows fewer months of coverage than the original form. This means that the corrected form shows positive values in fewer of the rows under Part III than the original form. (b) The values are the same on the corrected form for the months that the corrected form shows coverage. (c) On the original tax return, the taxpayer reported owing a repayment of excess APTC, meaning the taxpayer entered a value on line 29 of the Form 8962 filed. Health Care Tax Tip 2015-28.

The IRS has issued a notice which provides guidance on eligibility for minimum essential coverage under I.R.C. § 36B for individuals who may enroll in coverage under Children’s Health Insurance (CHIP) “buy-in” programs that the Department of Health and Human Services (HHS) designates as minimum essential coverage. Under I.R.C. § 36B and Treas. Reg. § 1.136B-2, coverage of an individual (who may be the taxpayer claiming the premium tax credit or a member of the taxpayer’s family) may be subsidized by the premium tax credit only for months the individual is not eligible for other minimum essential coverage, except coverage in the individual market. Minimum essential coverage is defined in I.R.C. § 5000A(f) and includes coverage under certain government-sponsored programs, including CHIP coverage under title XXI of the Social Security Act, and coverage HHS designates as minimum essential coverage. In certain states, certain individuals in households with income exceeding eligibility levels for CHIP may enroll in coverage resembling coverage under the state’s CHIP program. These programs, commonly called CHIP “buy-in” programs, generally require the payment of premiums with little or no government subsidy. The programs are not authorized or funded under title XXI of the Social Security Act and are not government-sponsored minimum essential coverage under I.R.C. § 5000A(f)(1)(A). Additionally, a segment of the population who otherwise would be eligible for subsidized qualified health plan coverage could enroll in coverage through a CHIP buy-in program only at high cost. HHS will consider recognizing CHIP buy-in programs as minimum essential coverage when an application is filed under 45 CFR §156.604 on behalf of a program. An individual who may enroll in a CHIP buy-in program that HHS has designated as minimum essential coverage is eligible for minimum essential coverage under the program for purposes of the premium tax credit only for the period the individual is enrolled. Notice 2015-37, I.R.B.

IRA. The taxpayer was the sole beneficiary of an IRA owned by the taxpayer’s father. At the death of the father, the taxpayer received a lump sum distribution of the IRA funds. The taxpayer, as executor of the decedent’s estate, transferred one third of the funds to each of two siblings, although the sharing was not required by the decedent’s will or the IRA. The taxpayer hired an attorney to administer the estate and believed that the distribution was not subject to federal income tax, although the attorney said that the distribution was not subject to federal estate and state inheritance taxes. The IRS assessed a deficiency when the taxpayer did not include the distribution in taxable income. The taxpayer argued that the taxpayer was not liable for the tax on the whole distribution because two-thirds of the distribution was paid to the siblings. The court held that, because the taxpayer was not required to make the re-distributions to the siblings, the taxpayer was solely liable for the tax on the distribution from the IRA. Morris v. Comm’r, T.C. Memo. 2015-82.

PARTNERSHIPS.

ENTITY CLASSIFICATION CHANGE. The taxpayer was originally formed as a limited liability company with a single owner and was treated as a disregarded entity for income tax purposes. The taxpayer then elected to be an S corporation and was treated as an association for federal income tax purposes. Less than 60 months later, more than 50 percent of the interests in the taxpayer were sold and the taxpayer sought to change its classification to a partnership for federal income tax purposes. Treas. Reg. § 301.7701-3(c)(1)(iv) provides that, if an eligible entity makes an election under Treas. Reg. § 301.7701-3(c)(1)(i) to change its classification, the entity cannot change its classification
by election again during the 60 months succeeding the effective date of the election. However, the Commissioner may permit the entity to change its classification by election within the 60 months if more than 50 percent of the ownership interests in the entity as of the effective date of the subsequent election are owned by persons that did not own any interests in the entity on the filing date or on the effective date of the entity’s prior election. The IRS granted the taxpayer consent to change its classification less than 60 months after the previous change in classification. Ltr. Rul. 201517002, Dec. 16, 2014.

PENSION PLANS. The IRS has published information reminding small businesses that have failed to timely file certain required retirement plan returns that they have until Tuesday, June 2, 2015 to take advantage of a special penalty relief program. Launched on June 2, 2014, the one-year temporary pilot program is designed to help small businesses with retirement plans that have failed to file required annual returns, usually Form 5500-EZ, can face stiff penalties – up to $15,000 per return. By filing late returns by June 2, 2015, eligible filers can avoid these penalties. So far, about 6,000 delinquent returns have been filed under this program. This program is generally open to certain small business (owner-spouse) plans and plans of business partnerships (together, “one-participant plans”) and certain foreign plans. Those who have already been assessed a penalty for late filings are not eligible for this program. Applicants under the program may include multiple late returns in a single submission. There is no filing fee or other payment required. See Rev. Proc. 2014-32, 2014-1 C.B. 1073. IR-2015-74.

SELF-EMPLOYMENT TAX. The taxpayer purchased small working interests of two or three percent in several oil and gas ventures. The ventures were not operated as a taxable entity but were governed by a purchase and operation agreement. Under the agreement the parties elected to be excluded from the application of subchapter K of the I.R.C. The oil and gas operations were managed by a separate company, and the taxpayer did not participate in any aspect of the ventures. The operation company reported the taxpayer’s share of revenues and expenses on Form 1099-MISC as miscellaneous income. The taxpayer reported the net income as taxable income on line 21 of Form 1040 as other income. The IRS assessed self-employment tax on the net income from the oil and gas ventures, arguing that the oil and gas ventures were either partnerships, joint ventures or actions through an agent. The taxpayer argued that (1) the minority working interests were merely investments and that his activity in connection with them does not rise to the level of a trade or business and (2) the parties elected out of subchapter K, indicating that no partnership existed. The court held that the size of the taxpayer’s share did not affect the nature of the relationship and the election in the agreement did not override the application of tax law outside of subchapter K. The court held that the working interest owners and well operator created a pool or joint venture for operation of the wells; therefore, the taxpayer’s income from the working interests was income from a partnership under the broad definition of “partnership” found in I.R.C. § 7701(a)(2) and the income from the ventures was subject to self-employment tax. Methvin v. Comm’r, T.C. Memo. 2015-81.

SOCIAL SECURITY BENEFITS. The taxpayer became disabled in 2009 and filed for disability payments from the Social Security Administration (SSA). The taxpayer received $1,790.50 in 2011 representing the net Social Security benefit allocable from December 2008 through August 2011. The IRS received a Form SSA-1099, Social Security Benefit Statement, reporting that petitioner received $54,489 in Social Security benefits during the 2011 taxable year. The Form SSA-1099 reflected a workers’ compensation offset of $51,948, most of which was attributable to years prior to 2011. The taxpayer reported a payment of $1,791 on Form 1040 for 2011 as Social Security benefits received and reported $1,522 as the taxable amount. Under I.R.C. § 86(e), the taxpayer could have made an election to allocate the lump sum to the other tax years, but the taxpayer failed to make the election. Under I.R.C. § 86(d)(3), if the amount of Social Security benefits that a taxpayer receives is reduced because of the receipt of workers’ compensation benefits, then the amount of the workers’ compensation benefits that causes the reduction is treated as though it were a Social Security benefit. Thus, the court held that the workers’ compensation benefits received in 2011 were taxable as social security benefits. Carrancho v. Comm’r, T.C. Summary Op. 2015-29.

TRAVEL EXPENSES. The taxpayer was a construction manager and was required to work at several locations during the tax year in several states. At the beginning of the work week, the taxpayer drove a vehicle to the job site. The taxpayer lived at the job site and traveled between work sites if more than one was in progress. The taxpayer kept a log book of all travel in the vehicle, with odometer readings, locations and miles traveled recorded. The court held that the log book was sufficiently detailed to show the amount, purpose and nature of all miles traveled to support the deductions of the unreimbursed travel expenses incurred by the taxpayer. Ressen v. Comm’r, T.C. Summary Op. 2015-32.

The taxpayer was employed as a maintenance supervisor for a property management company, in charge of 50 properties. The taxpayer received daily work assignments at specific properties and the taxpayer used a personal vehicle to travel to each property. The taxpayer was entitled to reimbursement of up to $400 per month in vehicle expenses. The taxpayer did not keep records of the daily assignments and the employer destroyed the assignment records as well. The taxpayer did not keep records of any reimbursements of vehicle expenses from the employer. The court held that the IRS properly disallowed the deductions for the vehicle expenses, including mileage, repairs and insurance for lack of substantiation. Morataya v. Comm’r, T.C. Summary Op. 2015-30.

LANDLORD AND TENANT

EMBLEMENTS. The defendant leased land from a landlord over several years. The landlord sold the property to the plaintiff
during the 2010 lease year. Because the new owner was unable to terminate the lease by September 1, 2010, the defendant’s lease continued for the next year. The defendant planted corn and harvested it in the fall of 2011. The defendant intended to cut, bale and sell the remaining corn stocks but the plaintiff entered the land and plowed the fields in preparation for the 2012 crop. The defendant subtracted the estimated value of the stocks from the final lease payment and the plaintiff sued for the unpaid rent. The court first looked at the lease for any provision covering corn stover (the term for corn stocks after harvest) and found that the contract contained no provision either for the defendant’s right to the stover or the landlord’s right to the stover. The trial court had ruled that the parties had intended no right to the stover for the defendant. The appellate court held that the trial court had erred in adding a provision to the contract as to the stover rights. The court next looked at Iowa Code § 562.5A which was effective on July 1, 2010. The statute provides: Unless otherwise agreed to in writing by a lessor and farm tenant, a farm tenant may take any part of the aboveground part of a plant associated with a crop, at the time of harvest or after the harvest, until the farm tenancy terminates as provided in this chapter.” The plaintiff argued that the statute did not apply to the lease because the defendant and original land owner entered into the lease long before 2010. The court disagreed and held that the statute did apply to the 2011 actions of the plaintiff in that the farm lease was renewed each year as of September 1, the last date for serving a notice of termination. Thus, the July 1, 2010 statute pre-dated the renewal of the parties’ lease and governed the rights to the stover from the 2011 crop. Slach v. Heick, 2015 Iowa App. LEXIS 315 (Iowa Ct. App. 2015).

WORKERS’ COMPENSATION

AGRICULTURAL EXEMPTION. The plaintiff was employed as a “barn manager” on a farm which provided horseback riding lessons, horse training, horse boarding and riding facilities and other equestrian activities. The plaintiff worked mostly with training horses owned by persons other than the employer. The plaintiff was injured while training a horse and sought workers’ compensation to cover the medical expenses and lost wages. The employer did not obtain workers’ compensation insurance because the employer argued that the employer was exempt under the agricultural exemption provided by Ky. Rev. Stat. § 342.650(5). The Ky. Rev. Stat. § 342.0011(8) defines agriculture as “...including the planting, cultivation, producing, growing, harvesting, and preparation for market of agricultural or horticultural commodities thereon, the raising of livestock for food products and for racing purposes, and poultry thereon, and any work performed as an incident to or in conjunction with the farm operations, including the sale of produce at on-site markets and the processing of produce for sale at on-site markets.” The court held that the feeding, housing, caring and training of horses belonging to others was included in the definition of agriculture; therefore, the plaintiff was injured while working for the agricultural operation and the employer was exempt from the workers’ compensation requirements. Hanawalt v. Brown, 2015 Ky. App. 36 (Ky. Ct. App. 2015).

FARM ESTATE AND BUSINESS PLANNING

by Neil E. Harl
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AGRICULTURAL TAX SEMINARS

by Neil E. Harl

See the back page for information about these seminars. Here are the cities and dates for the seminars this spring and summer 2015:

May 28-29, 2015 - Plaza Event Center, Longmont, CO
June 16-17, 2015 - Eastland Suites, Bloomington, IL
June 18-19, 2015 - Holiday Inn, Indianapolis, IN
August 24-25, 2015 - Holiday Inn, Council Bluffs, IA
August 27-28, 2015 - Quality Inn, Ames, IA
September 3 & 4, 2015 - Truman State University, Kirksville, MO
September 14 & 15, 2015 - Courtyard Hotel, Moorhead, MN
September 17 & 18, 2015 - Ramkota Hotel, Sioux Falls, SD
October 1 & 2, 2015 - Holiday Inn, Rock Island, IL
October 13 & 14, 2015 - Atrium Hotel, Hutchinson, KS

Each seminar will be structured the same as described on the back cover of this issue. More information will be posted on www.agrilawpress.com and in future issues of the Digest.
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See Page 79 above for a list of cities and dates for Spring and Summer 2015

The topics include:

First day

FARM ESTATE AND BUSINESS PLANNING

New Legislation

Succession planning and the importance of fairness

The Liquidity Problem

Property Held in Co-ownership

Federal estate tax treatment of joint tenancy

Severing joint tenancies and resulting basis

Joint tenancy and probate avoidance

Joint tenancy ownership of personal property

Other problems of property ownership

Federal Estate Tax

The gross estate

Special use valuation

Property included in the gross estate

Traps in use of successive life estates

Basis calculations under uniform basis rules

Valuing growing crops

Claiming deductions from the gross estate

Marital and charitable deductions

Taxable estate

The applicable exclusion amount

Unified estate and gift tax rates

Portability and the regulations

Federal estate tax liens

Undervaluations of property

Gifts

Reunification of gift tax and estate tax

Gifts of property when debt exceeds basis

Use of the Trust

The General Partnership

Small partnership exception

Eligibility for Section 754 elections

Limited Partnerships

Limited Liability Companies

Developments with passive losses

Corporate-to-LLC conversions

New regulations for LLC and LLP losses

Closely Held Corporations

State anti-corporate farming restrictions

Developing the capitalization structure

Tax-free exchanges

Would incorporation trigger a gift because of severance of land held in joint tenancy?

“Section 1244” stock

Status of the corporation as a farmer

The regular method of income taxation

The Subchapter S method of taxation, including the “two-year” rule for trust ownership of stock

Underpayment of wages and salaries

Financing, Estate Planning Aspects and Dissolution of Corporations

Corporate stock as a major estate asset

Valuation discounts

Dissolution and liquidation

Reorganization

Entity Sale

Stock redemption

Social Security

In-kind wages paid to agricultural labor

Second day

FARM INCOME TAX

New Legislation

Reporting Farm Income

Constructive receipt of income

Deferred payment and installment payment arrangements for grain and livestock sales

Using escrow accounts

Payments from contract production

Items purchased for resale

Items raised for sale

Leasing land to family entity

Crop insurance proceeds

Weather-related livestock sales

Sales of diseased livestock

Reporting federal disaster assistance benefits

Gains and losses from commodity futures, including consequences of exceeding the $5 million limit

Claiming Farm Deductions

Soil and water conservation expenditures

Fertilizer deduction election

Depreciating farm tile lines

Farm lease deductions

Prepaid expenses

Preproductive period expense provisions

Regular depreciation, expense method depreciation, bonus depreciation

Repairs and Form 3115; changing from accrual to cash accounting

Paying rental to a spouse

Paying wages in kind

PPACA issues including scope of 3.8 percent tax

Sale of Property

Income in respect of decedent

Sale of farm residence

Installment sale including related party rules

Private annuity

Self-canceling installment notes

Sale and gift combined.

Like-Kind Exchanges

Requirements for like-kind exchanges

“Reverse Starker” exchanges

What is “like-kind” for realty

Like-kind guidelines for personal property

Partitioning property

Exchanging partnership assets

Taxation of Debt

Turnover of property to creditors

Discharge of indebtedness

Taxation in bankruptcy.

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