Cases, Regulations and Statutes

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that internal policy, urging a parallel emphasis on the impact of potentially competitive practices on producers. I got nowhere with that argument. Quite obviously, farming has so many participants that no single farmer (or rancher) can affect price with their output decisions. If one of the objectives is to foster and encourage a sector of independent entrepreneurs, rather than serfs, it is important to look at the impact on producers. In recent years, my areas of principal concerns have been centered in six areas – (1) meat packing, including captive supplies, by highly concentrated meat packers; (2) seeds and chemicals; (3) grain handling and shipping; (4) farm equipment manufacturing; (5) fertilizer production and distribution; and (6) food retailing. However, my greatest concern in recent years has been the breathtaking increase in concentration (and influence over competitors) in the areas of seeds and chemicals. One of the major concerns has been the absence of generics at the expiration of patents (which now dominate the seed business). The patent system represents a willingness of the American people to accept a monopoly position over new and novel developments for a limited term but not forever.

In my view when the combined market shares reach 50 percent, a merger or acquisition should be deemed out of the question. This is a long-term issue and one of the more important in our portfolio.

(continued in the next issue of the Digest)

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**CASES, REGULATIONS AND STATUTES**

by Robert P. Achenbach, Jr

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**ADVERSE POSSESSION**

**BOUNDARY.** The parties owned rural farmland adjacent to each other with a portion of the boundary in farm fields and the remainder in woodland. The plaintiffs sought to quiet title in a one-foot strip of land on the boundary. The evidence showed that the plaintiffs and their predecessors farmed their land to include the strip of disputed land but was less certain as to the activities in the wooded portion of the boundary. The plaintiffs testified that a stone had marked the boundary at one corner but the stone could no longer be located. The plaintiffs testified that they observed the boundary by looking from that stone to the wooded area. The defendants argued that the testimony was insufficient to establish the true boundary between the properties but failed to provide any evidence to rebut the testimony. The trial court ruled that the testimony was sufficient to establish the boundary and awarded title to the disputed strip to the plaintiffs. On appeal, the defendants again raised the issue of the boundary. The appellate court acknowledged that in Illinois, no acquisition of title by adverse possession was possible unless the exact boundary of the disputed land was established. However, the appellate court deferred to the trial court’s judgment as to the credibility of witnesses and the sufficiency of their testimony and held that the trial court’s decision was supported by adequate evidence to support the grant of title by adverse possession to the plaintiffs. *Zweig v. Schon, 2017 Ill. App. Unpub. LEXIS 500 (Ill. Ct. App. 2017).*

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**FEDERAL ESTATE AND GIFT TAXATION**

**PORTABILITY.** The decedent died, survived by a spouse, on a date after the effective date of the amendment of I.R.C. § 2010(c), which provides for portability of a “deceased spousal unused exclusion” (DSUE) amount to a surviving spouse. The decedent’s estate did not file a timely Form 706 to make the portability election. The estate discovered its failure to elect portability after the due date for making the election. The estate represented that the value of the decedent’s gross estate was less than the basic exclusion amount in the year of the decedent’s death including any taxable gifts made by the decedent. The IRS granted the estate an extension of time to file Form 706 with the election. *Ltr. Rul. 201712009, Nov. 28, 2016; Ltr. Rul. 201713006, Dec. 15, 2016; Ltr. Rul. 201713008, Dec. 7, 2016; Ltr. Rul. 201713009, Dec. 5, 2016.*

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**FEDERAL INCOME TAXATION**

**ACCOUNTING METHOD.** The IRS seeks comments on a proposed revenue procedure that, if finalized, would provide procedures by which a taxpayer may request consent to change a method of accounting for recognizing income when the change is made for the same taxable year for which the taxpayer adopts the new financial accounting revenue recognition standards and the change is made as a result of, or directly related to, the adoption of the new revenue recognition standards (a qualifying same-year method change). On May 28, 2014, the Financial Accounting Standards Board (FASB) and the International Accounting Standard Board (IASB) jointly announced new financial accounting standards for recognizing revenue, titled “Revenue from Contracts with Customers.” See FASB Update No. 2014-09 and IASB International Financial Reporting Standard (IFRS) 15. The new standards are effective for publicly-traded entities, certain not-for-profit entities, and certain employee benefit plans for annual reporting periods beginning after December 15, 2017. For all other entities, the new standards are effective for annual reporting periods beginning after December 15, 2018. Early adoption is allowed for reporting periods beginning after December 15, 2016. See FASB
The taxpayers argued as if the holding company stock was sold. After the IRS assessed sale of the holding company stock, the taxpayers filed tax returns. The taxpayers testified that they believed the agreement provided for the sale of the holding company stock. The taxpayers filed tax returns as if the holding company stock was sold. After the IRS assessed a deficiency based on the sales agreement. The court found that the instrument incorrectly reflects that agreement because of mutual mistake to reflect the beliefs of the taxpayers. The Tax Court stated that a contract can be reformed for mutual mistake if two basic elements are demonstrated: “... first, the party claiming the relief must show what the parties’ true agreement was, and second, he must show that the instrument incorrectly reflects that agreement because of a mutual mistake.” The Tax Court held that the taxpayers did not provide sufficient evidence of the taxpayers’ and buyer’s understanding of the agreement and that the agreement was not correctly expressed in the written sales agreement. The appellate court affirmed in a decision designated as not for publication. 

**Makric Enterprises, Inc. v. Comm’r, 2017-1 U.S. Tax Cas. (CCH) ¶ 50,189 (5th Cir. 2017), aff’g, T.C. Memo. 2016-44.**

**DEPENDENTS.** The taxpayer was the unmarried father of a minor child. A court decree gave the biological mother full physical custody of the child with visitation rights granted to the taxpayer. The evidence showed that the child lived with the taxpayer for 150 days in 2013 and the taxpayer paid $2,999 for the child’s support in 2013, although there was no evidence of how much support was paid by the mother. The taxpayer filed a return for 2013 using the head of household filing status, claiming the dependent deduction for the child, and claiming earned income credit tax and child tax credit based on the child as a dependent. The mother also claimed the child as a dependent. Under I.R.C. § 152(c)(1), a “qualifying child” must (1) bear a specified relationship to the taxpayer (e.g., be the taxpayer’s child), (2) have the same principal place of abode as the taxpayer for more than one-half of such taxable year, (3) meet certain age requirements, (4) not have provided over one-half of such individual’s own support for the taxable year at issue, and (5) not have filed a joint return for that year. The court found that the evidence showed that the child lived with the taxpayer for less than one-half of 2013; therefore, the court held that the child was not a qualifying child and the taxpayer was not eligible for the head of household filing status, the dependent deduction for the child, and the earned income tax credit and child tax credit based on the child as a dependent. **Jenkins v. Comm’r, T.C. Summary Op. 2017-22.**

**EMPLOYEE BUSINESS EXPENSES.** The IRS has published information about employee business expenses. If a taxpayer paid for work-related expenses out of the taxpayer’s own pocket, the taxpayer may be able to deduct those costs. In most cases, taxpayers can claim allowable expenses if they itemize on IRS Schedule A,

**Itemized Deductions.** Taxpayers can deduct the amount that is more than two percent of their adjusted gross income. **Ordinary and Necessary.** A taxpayer can only deduct unreimbursed expenses that are ordinary and necessary to the taxpayer’s work as an employee. An ordinary expense is one that is common and accepted in the industry. A necessary expense is one that is appropriate and helpful to the business. **Expense Examples.** Some costs that may be deductible include: required work clothes or uniforms not appropriate for everyday use; supplies and tools used on the job; business use of a car; business meals and entertainment; business travel away from home; business use of the taxpayer’s home; and work-related education costs. This list is not all-inclusive. Special rules apply if an employer reimburses the taxpayer for expenses. To learn more, check out Publication 529, **Miscellaneous Deductions.** You should also refer to Publication 463, Travel, Entertainment, Gift and Car Expenses. **Forms to Use.** In most cases, taxpayers report expenses on Form 2106 or Form 2106-EZ. After figuring the allowable expenses, a taxpayer lists the total on Schedule A as a miscellaneous deduction. **Educator Expenses.** Taxpayers who are K-12 teachers may be able to deduct up to $250 of certain expenses paid in 2015. These may include books, supplies, equipment and other materials used in the classroom. Taxpayers claim this deduction as an adjustment on the return, rather than an itemized deduction. For more on this topic see Publication 529. **Keep Records.** Taxpayers must keep records to prove the expenses deducted. For what records to keep, see Publication 17, **Your Federal Income Tax.** IRS Tax Tip 2017-42.
Innocent Spouse Relief. The taxpayer was divorced from a former spouse in 2012. The couple had filed a joint return for 2011 which included a Schedule C for the taxpayer’s real estate business activity and a Schedule C for the former spouse’s cattle raising activity. The former spouse’s Schedule C showed a substantial loss attributable to a depreciation deduction taken for a new barn constructed in 2011. The taxpayer was not involved in the cattle activity but did review and sign the 2011 joint return. The IRS disallowed most of the 2011 loss deduction on the former spouse’s Schedule C because the cattle activity was not operated for a profit such that deductions for the losses and assessed deficiencies for both years. The taxpayer sought innocent spouse relief from payment of the taxes attributable to the disallowed gambling losses. The court held that relief under I.R.C. §§ 6015(b) and (c) was not allowed because the taxpayer knew about the losses and prepared the returns. Although the taxpayer met all the threshold requirements of Rev. Proc. 2013-34, 2013-2 C.B. 397, the court held that the taxpayer was not eligible for the streamlined determination for equitable relief under I.R.C. § 6015(f) because of the taxpayer’s knowledge about the gambling losses. Thus, the court looked at all seven factors of Rev. Proc. 2013-34 to determine whether the taxpayer was entitled to equitable relief. The court held that the taxpayer was not entitled to equitable relief because (1) the taxpayer had full knowledge of the gambling losses and prepared the returns; (2) although the divorce decree made the former spouse liable for all unpaid taxes for 2007 and 2008, the taxpayer knew that the former spouse did not have any financial means to pay the taxes; and (3) the taxpayer had not fully complied with all tax filing and paying requirements since 2008. The other factors were considered neutral. Yancey v. Comm’r, T.C. Memo. 2017-59.

Payroll Tax Credit. The IRS has announced the development of guidance to implement the payroll tax credit election available to certain small businesses under I.R.C. § 41(h) to claim the payroll tax credit under I.R.C. § 3111(f). I.R.C. §§ 41(h) and 3111(f) allow a qualified small business to elect to apply a portion of the I.R.C. § 41(a) research credit for the taxable year against the employer portion of the old-age, survivors, and disability insurance tax (social security tax) under the Federal Insurance Contributions Act. I.R.C. §§ 41(h) and 3111(f) are effective for taxable years beginning after December 31, 2015. For purposes of this notice, the term “research credit” refers to the credit under I.R.C. § 41(a) against income tax liability, the term “payroll tax credit” refers to the credit under I.R.C. § 3111(f)(1) against liability for the employer portion of social security tax, and the term “payroll tax credit election” refers to the election available under I.R.C. § 41(h) to claim the payroll tax credit. This notice provides interim guidance for making the payroll tax credit election. This notice provides interim guidance regarding the term “qualified small business,” including the applicable guidance for determining gross receipts for purposes of I.R.C. § 41(h). This notice also provides interim guidance relating to the time and manner of making the payroll tax credit election and claiming the joint return. In this case, the evidence demonstrated that the taxpayer’s spouse physically abused the taxpayer for several years and dominated the couple’s finances to the point that the taxpayer was not allowed to see the tax returns or provide a signature. The court pointed out that the IRS had accepted the return as a joint return, the taxpayer would have signed the return if given a chance, the taxpayer made no attempt to file an amended return to change the filing status, and the taxpayer suffered from physical abuse and domination from the spouse. The court held that the return was intended to be a valid joint return and that the taxpayer was entitled to equitable spouse relief. Okorogu v. Comm’r, T.C. Memo. 2017-53.

The taxpayer prepared the returns which included deductions for gambling losses incurred by the former spouse. The IRS disallowed the deductions for the losses and assessed deficiencies for both years. The taxpayer sought innocent spouse relief from payment of the taxes attributable to the disallowed gambling losses. The court held that relief under I.R.C. §§ 6015(b) and (c) was not allowed because the taxpayer knew about the losses and prepared the returns. Although the taxpayer met all the threshold requirements of Rev. Proc. 2013-34, 2013-2 C.B. 397, the court held that the taxpayer was not eligible for the streamlined determination for equitable relief under I.R.C. § 6015(f) because of the taxpayer’s knowledge about the gambling losses. Thus, the court looked at all seven factors of Rev. Proc. 2013-34 to determine whether the taxpayer was entitled to equitable relief. The court held that the taxpayer was not entitled to equitable relief because (1) the taxpayer had full knowledge of the gambling losses and prepared the returns; (2) although the divorce decree made the former spouse liable for all unpaid taxes for 2007 and 2008, the taxpayer knew that the former spouse did not have any financial means to pay the taxes; and (3) the taxpayer had not fully complied with all tax filing and paying requirements since 2008. The other factors were considered neutral. Yancey v. Comm’r, T.C. Memo. 2017-59.

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credit. Finally, the IRS requests comments on the interim guidance described in this notice and other issues affecting payroll tax credit elections that may require additional guidance. Notice 2017-23, I.R.B. 2017-16.

S CORPORATIONS

TERMINATION. The taxpayer was an S corporation wholly-owned by an individual. The individual and a grantor trust created by the individual also owned a partnership. The individual transferred shares of the S corporation to the partnership and gifted partnership interests to others. The taxpayer learned that the transfer of the shares to the partnership terminated the S corporation election and had the partnership shares distributed directly to the partnership interest owners. I.R.C. § 1361(b)(1) defines a “small business corporation” as a domestic corporation which is not an ineligible corporation which does not (1) have more than 100 shareholders, (2) have as a shareholder a person (other than an estate, and a trust described in I.R.C. § 1361(c)(2), or an organization described in I.R.C. § 1361(c)(6)) who is not an individual, (3) have a nonresident alien as a shareholder, and (4) have more than one class of stock. The IRS ruled that the transfer of stock was inadvertent and did not terminate the S corporation status. Ltr. Rul. 201712006, Dec. 15, 2016.

SAVER’S CREDIT. Taxpayers who contribute to a retirement plan, like a 401(k) or an IRA, may be able to claim the saver’s credit. Nonrefundable Credit. The maximum contribution is $2,000 per person. Those filing a joint return can also contribute $2,000 for the spouse. However, the credit cannot be more than the amount of tax that a taxpayer would otherwise pay in taxes. This credit will not change the amount of refundable tax credits. Income Limits. Taxpayers may be able to claim the credit depending on their filing status and the amount of their annual income. They may be eligible for the credit on their 2016 tax return if they are: (1) married filing jointly with income up to $61,500; (2) head of household with income up to $46,125; or (3) married filing separately or a single taxpayer with income up to $30,750. Other Rules. Other rules that apply to the credit include: (1) taxpayers must be at least 18 years of age; (2) taxpayers cannot have been a full-time student in 2016; and (3) no other person can claim them as a dependent on their tax return. Contribution Date. A taxpayer must have contributed to a 401(k) plan or similar workplace plan by the end of the year to claim this credit. However, the taxpayer may contribute to an IRA by the due date of their tax return and still have it count for 2016. The due date for most people is April 18, 2017. Interactive Tax Assistant Tool. The online ITA tool is a tax law resource that asks taxpayers a series of questions and provides a response based on the answers. Taxpayers can use Do I Qualify for the Retirement Savings Contributions Credit? to determine if they qualify to claim the Saver’s Credit. Form 8880. Taxpayers file Form 8880, Credit for Qualified Retirement Savings Contributions, to claim the credit.

TAXABLE INCOME. If taxpayers use one of the many online platforms to rent a spare bedroom, provide car rides or a number of other goods or services, they may be involved in the sharing economy. The IRS now offers online a Sharing Economy Tax Center. This site helps taxpayers find the resources they need to help them meet their tax obligations. Taxes. Sharing economy activity is generally taxable. It does not matter whether it is only part time or a sideline business, if payments are in cash or if an information return like a Form 1099 or Form W2 is issued. The activity is taxable. Deductions. There are some simplified options available for deducting many business expenses for those who qualify. For example, a taxpayer who uses his or her car for business often qualifies to claim the standard mileage rate, which was 54 cents per mile for 2016. Rentals. If a taxpayer rents out his home, apartment or other dwelling but also lives in it during the year, special rules generally apply. For more about these rules, see Publication 527, Residential Rental Property (Including Rental of Vacation Homes). Taxpayers can use the Interactive Tax Assistant Tool, Is My Residential Rental Income Taxable and/or Am I Expenses Deductible? to determine if their residential rental income is taxable. Estimated Payments. The U.S. tax system is pay-as-you-go. This means that taxpayers involved in the sharing economy often need to make estimated tax payments during the year to cover their tax obligation. These payments are due on April 15, June 15, Sept. 15 and Jan. 15. Use Form 1040-ES to figure these payments. Withholding. Taxpayers involved in the sharing economy who are employees at another job can often avoid making estimated tax payments by having more tax withheld from their paychecks. File Form W-4 with the employer to request additional withholding. Use the Withholding Calculator on IRS.gov. IRS Tax Tip 2017-39.

TIP INCOME. The IRS has published information on the taxation of tips. Tips are taxable. Taxpayers must pay federal income tax on any tips they receive. The value of non-cash tips, such as tickets, passes or other items of value are also subject to income tax. Include all tips on the income tax return. Taxpayers must include the total of all tips received during the year on their income tax return. This includes tips directly from customers, tips added to credit cards and the taxpayer’s share of tips received under a tip-splitting agreement with other employees. Report tips to the employer. If a taxpayer receives $20 or more in tips in any one month, from any one job, the taxpayer must report the tips for that month to the taxpayer’s employer. The report should only include cash, check, debit and credit card tips the taxpayer received. The taxpayer’s employer is required to withhold federal income, Social Security and Medicare taxes on the reported tips. See also Form 4137, Social Security and Medicare Tax on Unreported Tip Income. Taxpayers should not report the value of any noncash tips to their employer. Taxpayers can use Publication 1244, Employee’s Daily Record of Tips and Report to Employer, to keep a daily log of tips. For more information, see Publication 1244 or Publication 531, Reporting Tip Income. IRS Tax Tip 2017-36.

WITHHOLDING TAXES. The taxpayer was an S corporation which operated a limousine service. The taxpayer contracted with a professional employer organization (PEO) to (1) “administer CLIENT payroll, designated benefits, and personnel policies and procedures related to the Co-Employees”; (2) provide “Human Resource Administration and Payroll Administration”; (3) furnish and keep workers’ compensation insurance covering the “Co-Employees” in force; (4) and process and pay “Co-Employee” wages from its own accounts based on the hours reported by the taxpayer. Although the contract referred to the taxpayer’s employees as “co-employees,” the taxpayer agreed that the taxpayer was the common law employer of the employees for
federal tax purposes. The taxpayer made full payment of the wages and withholding taxes to the PEO but some of the taxes were not paid to the IRS by the PEO. The IRS ruled that, although the PEO was obligated by state law to withhold and pay employment taxes, the taxpayer was ultimately responsible for those taxes when not paid by the PEO. F.A.A. 20171201F, April 5, 2017.

**LANDLORD AND TENANT**

**SALE OF LEASEHOLD.** A family trust, with two sisters and a brother as trustees, leased farmland to the plaintiff for one year with the right to renew the lease for an additional year. The plaintiff also had the right of first refusal if the land was to be sold to a member of the defendants’ family. In November 2013, a state probate court ordered the sale of the farm land in the trust and the brother used a proxy to present the winning bid at the sale auction. The auction sale did not close until November 2014 but the brother believed he could take immediate possession of the farm prior to closing. However, in January 2014, the two sisters had signed an extension of the lease with the plaintiff. The brother planted corn on the land and the plaintiff sued for damages from the brother’s trespass on the land. The trial court ruled that the extension of the lease controlled and granted the plaintiff the right to harvest the crop, subject to the terms of the lease. The trial court also awarded nominal damages because the plaintiff failed to prove the amount of damages suffered from the brother’s planting of the corn. The appellate court affirmed, holding that the brother’s planting of the corn violated the terms of the lease from the sale of the land to a family member. Gray Farms, LLC v. Duane L. Sherman Trust, 2017 Mich. App. LEXIS 473 (Mich. Ct. App. 2017).

**IN THE NEWS**

**IRS TAX HELP.** To help meet the high demand to its toll-free call center that typically comes as the tax deadline nears, the Internal Revenue Service is extending its customer service hours. The IRS toll-free telephone lines will be available Saturday, April 8, from 9 a.m. to 5 p.m. (callers’ local time) and Saturday, April 15, from 9 a.m. to 5 p.m. (callers’ local time). The toll-free line is 800-829-1040. All IRS Taxpayer Assistance Centers now require an appointment for most services. Instead of going directly to a local IRS office with a tax issue, taxpayers should call 844-545-5640 to reach an IRS representative trained to either help them resolve it or schedule an appointment to get them the help they need. The tax deadline of Tuesday, April 18, is later this year due to several factors. The usual April 15 deadline falls on Saturday this year, which would give taxpayers until the following Monday to file. However, Emancipation Day, a holiday in the District of Columbia, is observed on Monday, April 17, giving taxpayers nationwide an additional day to file. By law, District of Columbia holidays impact tax deadlines for everyone in the same way federal holidays do. Taxpayers requesting an automatic six-month extension will have until Monday, Oct. 16, 2017, to file. IR-2017-76.

**TAX COLLECTION.** Starting this month, the IRS will begin sending letters to a relatively small group of taxpayers whose overdue federal tax accounts are being assigned to one of four private-sector collection agencies. The IRS will always notify a taxpayer before transferring their account to a private collection agency (PCA). First, the IRS will send a letter to the taxpayer and their tax representative informing them that their account is being assigned to a PCA and giving the name and contact information for the PCA. This mailing will include a copy of Publication 4518, What You Can Expect When the IRS Assigns Your Account to a Private Collection Agency. Only four private groups are participating in this program: CBE Group of Cedar Falls, Iowa; Conserve of Fairport, N.Y.; Performant of Livermore, Calif.; and Pioneer of Horseheads, N.Y. The taxpayer’s account will only be assigned to one of these agencies, never to all four. No other private group is authorized to represent the IRS. Once the IRS letter is sent, the designated private firm will send its own letter to the taxpayer and their representative confirming the account transfer. To protect the taxpayer’s privacy and security, both the IRS letter and the collection firm’s letter will contain information that will help taxpayers identify the tax amount owed and assure taxpayers that future collection agency calls they may receive are legitimate. The private collectors will be able to identify themselves as contractors of the IRS collecting taxes. Employees of these collection agencies must follow the provisions of the Fair Debt Collection Practices Act, and like IRS employees, must be courteous and must respect taxpayer rights. The private firms are authorized to discuss payment options, including setting up payment agreements with taxpayers. But as with cases assigned to IRS employees, any tax payment must be made, either electronically or by check, to the IRS. A payment should never be sent to the private firm or anyone besides the IRS or the U.S. Treasury. Checks should only be made payable to the United States Treasury. To find out more about available payment options, visit IRS.gov/Payments. Private firms are not authorized to take enforcement actions against taxpayers. Only IRS employees can take these actions, such as filing a notice of Federal Tax Lien or issuing a levy. To learn more about the new private debt collection program, visit the Private Debt Collection page on IRS.gov. IR-2017-74.

**TAXPAYER BILL OF RIGHTS.** The IRS has released a fact sheet providing information on Taxpayer Bill of Rights that outlines the fundamental rights of every taxpayer in the event they need to work with the IRS on a personal tax matter. A list of the taxpayer’s rights and IRS obligations to protect them are discussed in IRS Publication 1, Your Rights as a Taxpayer. In addition to the Taxpayer Bill of Rights, the IRS is committed to ensuring that taxpayers’ civil rights are also protected. Taxpayers are not to be subjected to discrimination based on race, color, national origin, reprisal, disability, age, sex (including sexual orientation and pregnancy discrimination), religion, or parental status in programs or services conducted by the IRS or on its behalf. If a taxpayer believes the taxpayer has been discriminated against, a written complaint can be e-mailed to edi.civil.rights.division@irs.gov or mailed to the IRS Civil Rights Division. FS-2017-5.
AGRICULTURAL TAX SEMINARS

by Neil E. Harl

August 24-25, 2017 & October 30-31, 2017 - Quality Inn, Ames, IA

Join us for expert and practical seminars on the essential aspects of agricultural tax law. Gain insight and understanding from one of the country’s foremost authorities on agricultural tax law. The seminars will be held on two days from 8:00 am to 5:00 pm. Registrants may attend one or both days. On the first day, Dr. Harl will speak about farm and ranch estate and business planning. On the second day, Dr. Harl will cover farm and ranch income tax. Your registration fee includes written comprehensive annotated seminar materials for the days attended and lunch. A discount ($25/day) is offered for attendees who elect to receive the manuals in PDF format only (see registration form online for use restrictions on PDF files).

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
Gifts to charity with a retained life estate

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
Problems in Exchanges of partnership assets

Taxation of Debt
Turnover of property to creditors
Discharge of indebtedness
Taxation in bankruptcy.

Self-employment tax
Meaning of “business”

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