7-21-2017

Cases, Regulations and Statutes

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Available at: https://lib.dr.iastate.edu/aglawdigest/vol28/iss15/2

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The Committee Reports indicated that the 1990 Act was meant to supplement, but not to replace, prior case law. Thus, the pre-1990 rules requiring that an agreement be binding during life and at death and contain a fixed and determinable price continued to apply.

**Estate of Amlie v. Commissioner**

In a 2006 case, *Amlie v. Commissioner,* involving the valuation of stock of an Iowa bank, the exceptions in I.R.C. § 2703(b) were satisfied so I.R.C. §2703(a) did not provide a basis for disregarding the pre-death agreement.

**In conclusion**

So, what was feared would be a barrier to relying upon the pre-1990 rules turned out not to be a barrier after all. Pre-death planning is, of course, vital if there is reliance on the *Amlie* decision and the language in the 1990 Act.

**A further footnote**

A careful, well-documented record of valuations determined each year by the designated group doing the valuation of farmland, machinery, stored grain, livestock inventory and other assets including business vehicles, is also vital.

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**CASES, REGULATIONS AND STATUTES**

by Robert P. Achenbach, Jr

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**ADVERSE POSSESSION**

**FENCE.** The plaintiffs owned land north of the defendant’s property and the two properties were separated by a fence in existence for more than 50 years. In preparation for granting an easement for a pipeline, the defendant had a survey performed which showed that the fence was located north of the true boundary between the properties. The pipeline company destroyed the old fence and constructed a new fence on the true boundary. The plaintiffs sued for possession and a permanent injunction to remove the fence and damages for the cost of a new fence at the old location. The trial court ruled in favor of the plaintiffs, holding that the original fence line was the legal boundary between the properties by acquisitive prescription. *Madden v. L.L.. Golson, Inc., 2017 La. App. LEXIS 1203 (La. Ct. App. 2017).*

**ANIMALS**

**HORSES.** The plaintiff was injured while riding a horse the plaintiff was considering purchasing from the defendants. The plaintiff had told the defendants that the plaintiff had some experience in riding horses but just before attempting to ride the horse, the plaintiff asked the defendant whether the horse was safe for the plaintiff. The defendant assured the plaintiff that the horse was safe. However, the plaintiff did not have much experience with gaited horses, as was the horse involved, and quickly lost control of the horse and was thrown. The defendants had posted warning signs about the dangers of farm animal activities and...
sought summary judgment based on the Kentucky Farm Animals Activities Act, Ky Rev. Stat. §§ 247.401-4029. The trial court granted the summary judgment for the defendants and the plaintiff appealed, arguing that material issues of fact remained unresolved. Ky Rev. Stat. §§ 247.402(1) provides: “The inherent risks of farm animal activities are deemed to be beyond the reasonable control of farm animal activity sponsors, farm animal professionals, or other persons. Therefore, farm animal activity sponsors, farm animal professionals, or other persons are deemed to have the duty to reasonably warn participants in farm animal activities of the inherent risks of the farm animal activities but not the duty to reduce or eliminate the inherent risks of farm animal activities. Except as provided, no participant or representative of a participant who has been reasonably warned of the inherent risks of farm animal activities shall make any claim against, maintain any action against, or recover from a farm animal activity sponsor, a farm animal professional, or any other person for injury, loss, damage, or death of the participant resulting from any inherent risks of farm animal activities.” The Act provides several exceptions, including Ky Rev. Stat. §§ 247.402(b)-(e) “[The animal owner] [p]rovided the farm animal and failed to make reasonable and prudent efforts to determine the ability of the participant to engage safely in the farm animal activity and to safely manage the particular farm animal based on the participant’s representations of the participant’s ability; . . . (d) commits an act or omission that constitutes willful or wanton disregard for the safety of the participant, and that act or omission caused the injury; or (e) negligently or wrongfully injures the participant. The defendants argued that the plaintiff represented during the pre-purchase conversations that the plaintiff was an experienced rider; therefore, the defendants argued that they had not “failed to make reasonable and prudent efforts to determine the ability of the participant to engage safely in the farm animal activity.” However, the appellate court stated that the defendants were required to to make a reasonable and prudent inquiry into the plaintiff’s ability to manage the particular animal on which the plaintiff was attempting to ride. Because the plaintiff asked whether the horse was safe for the plaintiff before getting on the horse, this gave notice to the defendants that further inquiry was needed. The appellate court held that summary judgment was inappropriate.

ORGANIC FOOD. The AMS has adopted as final regulations amending the National List of Allowed and Prohibited Substances within the USDA organic regulations, to prohibit the use of eight substances in organic production and handling after June 27, 2017: Lignin sulfonate (for use as a floating agent); furosemide; magnesium carbonate; and the nonorganic forms of chia, dillweed oil, frozen galangal, frozen lemongrass, and chipotle chile peppers. This action also renews three substances on the National List to continue to allow nonorganic forms of inulin-oligofructose enriched, Turkish bay leaves, and whey protein concentrate in organic products. 82 Fed. Reg. 21241 (July 6, 2017).

CHARGING DEDUCTION. The taxpayer was a limited liability company taxed as a partnership for federal income tax purposes. The taxpayer owned and operated two golf courses it developed on its own land. The golf courses were created using loans for which the golf courses were collateral. The loan agreements prohibited the enforcement of any oral agreements concerning the property without the written consent of the lenders. The IRS argued that the subordination agreements provided seven months after the grant of the easements violated Treas. Reg. § 1.170A-14(g)(2) which requires any subordination agreements to be effective on the date of the easement transfer. The taxpayer attempted to prove that the lenders had orally subordinated their loans just before the easement transfers but the court rejected that claim because the loan agreements prohibited such agreements. The court held that the IRS properly denied any deduction for the transfer of the easement because, as of the date of the easement, the loans were not subordinated and the easement could be defeated by enforcement of the loans. The appellate court affirmed. RP Golf, LLC v. Comm’r, 2017-2 U.S. Tax Cas. (CCH) ¶ 50,266 (8th Cir. 2017), aff’g, T.C. Memo. 2016-80.
CHILD AND DEPENDENT CARE CREDIT. The IRS has published information about the child and dependent care tax credit. Eligible taxpayers may be able claim it on their taxes in 2018 if they paid for day camp or for someone to care for a child, dependent or spouse during 2017. Qualifying Person. The care must have been for a “qualifying person.” A qualifying person can be a child under age 13. A qualifying person can also be a spouse or dependent who lived with the taxpayer for more than half the year and is physically or mentally incapable of self-care. Work-Related Expenses. The care must have been necessary so the taxpayer could work or look for work. For those who are married, the care also must have been necessary so a spouse could work or look for work. This rule does not apply if the spouse was disabled or a full-time student. Earned Income. The taxpayer and spouse, if married filing jointly, must have earned income for the tax year. Special rules apply to a spouse who is a student or disabled. Credit Percentage/Expense Limits. The credit is worth between 20 and 35 percent of allowable expenses. The percentage depends on the income amount. Allowable expenses are limited to $3,000 for care of one qualifying person. The limit is $6,000 if the taxpayer paid for the care of two or more. Care Provider Information. The name, address and taxpayer identification number of the care provider must be included on the return. The childcare provider cannot be the taxpayer’s spouse, dependent or the child’s parent. IRS Interactive Tax Assistant tool. Use “Am I Eligible to Claim the Child and Dependent Care Credit?” tool on IRS.gov to help determine if the taxpayer is eligible to claim the credit. Special rules apply for people who get dependent care benefits from their employer. See Form 2441, Child and Dependent Care Expenses, for more on these rules. File the form with a tax return. Special Circumstances. Since every family is different, the IRS has a series of exceptions to the rules in the qualification process. These exceptions allow a greater number of families to take advantage of the credit. For more information, see IRS Publication 503, Child and Dependent Care Expenses. IRS Summertime Tax Tip 2017-5. CORPORATIONS REORGANIZATIONS. On March 10, 2005, the IRS published a notice of proposed rulemaking (REG–163314–03, 70 Fed. Reg. 11903) containing proposed regulations under I.R.C. §§ 332, 351, and 368. The 2005 proposed regulations generally would have provided that the non-recognition rules in subchapter C of chapter 1 of subtitle 1 of the Code do not apply unless there is an exchange (or, in the case of I.R.C. § 332, a distribution) of net value. The 2005 proposed regulations also provided that I.R.C. § 332 would apply only if the recipient corporation receives some payment for each class of stock it owns in the liquidating corporation, and addressed the treatment of certain distributions not qualifying for I.R.C. § 332 tax-free treatment. 82 Fed. Reg. 32281 (July 13, 2017). DISABILITY PAYMENTS. The taxpayer had been employed as a fireman and was retired initially on disability in 1991. That year, the taxpayer began to receive a disability retirement allowance which was calculated with reference to the taxpayer’s age, length of service, and average final compensation before the disability retirement. In 2004, the taxpayer reached age 60 and the pension funds transferred the taxpayer from the disability retirement allowance to a service retirement allowance. The taxpayer excluded the allowance in 2012 and the IRS assessed taxes based on the allowance as taxable income. The taxpayer argued that the allowance was a disability benefit similar to workers’ compensation and non-taxable. Under I.R.C. § 104(a)(1) gross income does not include amounts received under workers’ compensation acts as compensation for personal injuries or sickness. This exclusion also applies to statutes in the nature of workers’ compensation acts which provide compensation to employees for personal injuries or sickness incurred in the course of employment. Under Treas. Reg. § 1.104-1(b), the exclusion, however, “does not apply to a retirement pension or annuity to the extent that it is determined by reference to the employee’s age or length of service, or the employee’s prior contributions, even though the employee’s retirement is occasioned by an occupational injury or sickness.” The court held that the retirement allowance was not excludible from taxable income as a disability benefit because the amount was calculated with reference to the taxpayer’s age, length of service, and average final compensation before the disability retirement. Taylor v. Comm’r, T.C. Memo. 2017-132. DISASTER LOSSES. The IRS has published information about deducting casualty losses: Casualty loss. A taxpayer may be able to deduct a loss based on the damage done to their property during a disaster. A casualty is a sudden, unexpected or unusual event. This may include natural disasters like hurricanes, tornadoes, floods and earthquakes. It can also include losses from fires, accidents, thefts or vandalism. Normal wear and tear. A casualty loss does not include losses from normal wear and tear. It does not include progressive deterioration from age or termite damage. Covered by insurance. If a taxpayer insured the property, the taxpayer must file a timely claim for reimbursement of the loss. If the taxpayer does not file a claim, the taxpayer cannot deduct the loss as a casualty or theft. Taxpayers must reduce the loss by the amount of the reimbursement received or expected to receive.
When to deduct. As a general rule, taxpayers deduct a casualty loss in the year it occurred. However, if a taxpayer has a loss from a federally declared disaster, they may have a choice of when to deduct the loss. They can choose to deduct it on their return for the year the loss occurred or on an original or amended return for the immediately preceding tax year. This means that if a disaster loss occurs in 2017, the taxpayer does not need to wait until the end of the year to claim the loss. They can instead choose to claim it on their 2016 return. Claiming a disaster loss on the prior year’s return may result in a lower tax for that year, often producing a refund. Amount of loss. Taxpayers figure the amount of loss using the following steps: Determine the adjusted basis in the property before the casualty. For property a taxpayer buys, the basis is usually its cost to the taxpayer. For property acquired in some other way, such as inheriting it or getting it as a gift, the basis is determined differently. For more information, see Publication 551, Basis of Assets. Determine the decrease in fair market value (FMV) of the property as a result of the casualty. FMV is the price for which a person could sell their property to a willing buyer. The decrease in FMV is the difference between the property’s FMV immediately before and immediately after the casualty. Subtract any insurance or other reimbursement received or expected to receive from the smaller of those two amounts. $100 rule. After figuring the casualty loss on personal-use property, taxpayers reduce that loss by $100. This reduction applies to each casualty-loss event during the year. It does not matter how many pieces of property are involved in an event. 10 percent rule. A taxpayer must reduce the total of all casualty or theft losses on personal-use property for the year by 10 percent of the taxpayer’s adjusted gross income. Future income. Taxpayers should not consider the loss of future profits or income due to the casualty. Form 4684. Taxpayers should complete Form 4684, Casualties and Thefts, to report the casualty loss on a federal tax return. Claim the deductible amount on Schedule A, Itemized Deductions, Business or income property. Some of the casualty loss rules for business or income property are different from the rules for property held for personal use. See Publication 584-B, Business Casualty, Disaster, and Theft Loss Workbook. IRS

Summertime Tax Tip 2017-1.

On May 18, 2017, the President determined that certain areas in Idaho were eligible for assistance from the government under the Disaster Relief and Emergency Assistance Act (42 U.S.C. § 5121) as a result of severe storms and flooding which began on March 6, 2017. FEMA-4313-DR. On June 15, 2017, the President determined that certain areas in Arkansas were eligible for assistance from the government under the Act as a result of severe storms, tornadoes and flooding which began on April 26, 2017. FEMA-4318-DR. On June 16, 2017, the President determined that certain areas in Kansas were eligible for assistance from the government under the Act as a result of a severe winter storm and flooding which began on April 28, 2017. FEMA-4319-DR. Accordingly, taxpayers in these areas may deduct the losses on their 2017 or 2016 federal income tax returns. See I.R.C. § 165(i).

INNOCENT SPOUSE RELIEF. The taxpayer was denied innocent spouse relief by the IRS on October 7, 2014. On January 6, 2015, 91 days later, the taxpayer mailed a petition to the Tax Court seeking review of the IRS decision. The Tax Court dismissed the case for lack of jurisdiction. I.R.C. § 6015(e) (1)(A) provides that “the Tax Court shall have jurisdiction . . . to determine the appropriate relief available to [an] individual under this section if [the] petition is filed . . . not later than” the earlier of 90 days after the date the IRS mails its final notice of determination, or six months after the request for innocent spouse relief was made. The appellate court affirmed, holding that I.R.C. § 6015(e)(1)(A) specifically predicates the Tax Court jurisdiction on a timely filed petition and the taxpayer’s failure to even mail the petition within the 90 days, clearly deprived the Tax Court of jurisdiction in this case. Matuszak v. Comm’r, 2017-2 U.S. Tax Cas. (CCH) ¶ 50,269 (2d Cir. 2017), aff’g, unrep. T.C. dec.

LEGAL FEES. The taxpayer was a CPA employed by a pharmaceutical company until 2010, when the employment was terminated. As part of the termination, the taxpayer and employer attempted to negotiate a severance package which included a non-compete clause preventing the taxpayer from providing services to a competitor for two years. The taxpayer hired an attorney to assist with the negotiations. Three months after the employment was terminated, the taxpayer formed an S corporation to conduct consulting services for pharmaceutical companies. However, because of the non-compete clause, the taxpayer could not obtain any clients. The taxpayer claimed the legal fees as a deduction on the corporation’s Form 1120S, arguing that the fees were incurred as part of the taxpayer’s efforts to protect the consulting business. The court stated that generally, legal fees are deductible as an ordinary and necessary business expense only if the matter with respect to which fees were incurred originated in the taxpayer’s trade or business and only if the claim is sufficiently connected to that trade or business. The deductibility of the fees does not depend on the consequences that might result from a win or loss of a legal claim. The court held that the legal fees were not eligible for a business deduction because the legal issues involved arose out of the taxpayer’s employment and not out of the corporation’s activities. Dulik v. Comm’r, T.C. Summary Op. 2017-51.

PENSION PLANS. For plans beginning in July 2017 for purposes of determining the full funding limitation under I.R.C. § 412(c)(7), the 30-year Treasury securities annual interest rate for this period is 2.80 percent. The 30-year Treasury weighted average is 2.90 percent, and the 90 percent to 105 percent permissible range is 2.61 percent to 3.04 percent. The 24-month average corporate bond segment rates for July 2017, without adjustment by the 25-year average segment rates are: 1.72 percent for the first segment; 3.80 percent for the second segment; and 4.72 percent for the third segment. The 24-month corporate bond segment rates for July 2017, taking into account the 25-year average segment rates, are: 4.16 percent for the first segment; 5.72 percent for the second segment; and 6.48 percent for the third segment. Notice 2017-39, I.R.B. 2017-31.

REGULATIONS. In response to the President’s Executive Order 13789, the IRS has reviewed all significant tax temporary, proposed and final regulations issued after January 1, 2016. Out of 105 of such regulations reviewed, the IRS has identified eight regulations which met the criteria of EO 13789 that (1) impose an undue financial burden on U.S. taxpayers; (2) add undue
complexity to the Federal tax laws; or (3) exceed the statutory authority of the IRS. 1. Proposed Regulations under I.R.C. § 103 on Definition of Political Subdivision (REG-129067-15; 81 F.R. 8870). These proposed regulations define a “political subdivision” of a state (e.g., a city or county) that is eligible to issue tax-exempt bonds for governmental purposes under I.R.C. § 103. The proposed regulations require a political subdivision to possess three attributes: (i) sovereign powers; (ii) a governmental purpose; and (iii) governmental control. 2. Temporary Regulations under I.R.C. § 337(d) on Certain Transfers of Property to Regulated Investment Companies (RICs) and Real Estate Investment Trusts (REITs) (T.D. 9770; 81 F.R. 36793). These temporary regulations amend existing rules on transfers of property by C corporations to REITs and RICs generally. In addition, the regulations provide additional guidance relating to certain newly-enacted provisions of the Protecting Americans from Tax Hikes Act of 2015, which were intended to prevent certain spinoff transactions involving transfers of property by C corporations to REITs from qualifying for nonrecognition treatment. 3. Final Regulations under I.R.C. § 7602 on the Participation of a Person Described in I.R.C. § 6103(n) in a Summons Interview (T.D. 9778; 81 F.R. 45409). These final regulations provide that persons described in I.R.C. § 6103(n) and Treas. Reg. §301.6103(n)-1(a) with whom the IRS contracts for services—such as outside economists, engineers, consultants, or attorneys—may receive books, papers, records, or other data summoned by the IRS and, in the presence and under the guidance of an IRS officer or employee, participate fully in the interview of a person who the IRS has summoned as a witness to provide testimony under oath. 4. Proposed Regulations under I.R.C. § 2704 on Restrictions on Liquidation of an Interest for Estate, Gift and Generation-Skipping Transfer Taxes (REG-163113-02; 81 F.R. 51413). I.R.C. § 2704(b) provides that certain non-commercial restrictions on the ability to dispose of or liquidate family-controlled entities should be disregarded in determining the fair market value of an interest in that entity for estate and gift tax purposes. These proposed regulations would create an additional category of restrictions that also would be disregarded in assessing the fair market value of an interest. 5. Temporary Regulations under Section 752 on Liabilities Recognized as Recourse Partnership Liabilities (T.D. 9788; 81 F.R. 69282). These temporary regulations generally provide: (1) rules for how liabilities are allocated under I.R.C. § 752 solely for purposes of disguised sales under I.R.C. § 707; and (2) rules for determining whether “bottom-dollar payment obligations” provide the necessary “economic risk of loss” to be taken into account as a recourse liability. 6. Final and Temporary Regulations under I.R.C. § 385 on the Treatment of Certain Interests in Corporations as Stock or Indebtedness (T.D. 9790; 81 F.R. 72858). These final and temporary regulations address the classification of related-party debt as debt or equity for federal tax purposes. The regulations are primarily comprised of (1) rules establishing minimum documentation requirements that ordinarily must be satisfied in order for purported debt among related parties to be treated as debt for federal tax purposes; and (2) transaction rules that treat as stock certain debt that is issued by a corporation to a controlling shareholder in a distribution or in another related-party transaction that achieves an economically similar result. 7. Final Regulations under I.R.C. § 987 on Income and Currency Gain or Loss With Respect to a I.R.C. § 987 Qualified Business Unit (T.D. 9794; 81 F.R. 88806). These final regulations provide rules for (1) translating income from branch operations conducted in a currency different from the branch owner’s functional currency into the owner’s functional currency, (2) calculating foreign currency gain or loss with respect to the branch’s financial assets and liabilities, and (3) recognizing such foreign currency gain or loss when the branch makes a transfer of any property to its owner. 8. Final Regulations under I.R.C. § 367 on the Treatment of Certain Transfers of Property to Foreign Corporations (T.D. 9803; 81 F.R. 91012). I.R.C. § 367 generally imposes immediate or future U.S. tax on transfers of property (tangible and intangible) to foreign corporations, subject to certain exceptions. These final regulations eliminate the ability of taxpayers under prior regulations to transfer foreign goodwill and going concern value to a foreign corporation without immediate or future U.S. income tax. Notice 2017-38, I.R.B. 2017-30.

RENTAL INCOME. The IRS has published information about tax liability for renting out a residence. Receiving money for the use of a dwelling also used as a taxpayer’s personal residence generally requires reporting the rental income on a tax return. It also means certain expenses become deductible to reduce the total amount of rental income that’s subject to tax. Dwelling Unit. A dwelling unit may be a house, an apartment, condominium, mobile home, boat, vacation home or similar property. It is possible to use more than one dwelling unit as a residence during the year. Used as a Home. The dwelling unit is considered to be used as a residence if the taxpayer uses it for personal purposes during the tax year for more than the greater of: 14 days or 10 percent of the total days rented to others at a fair rental price. Deductions for rental expenses cannot be more than the rent received. Personal Use. Personal use means use by the owner, owner’s family, friends, other property owners and their families. Personal use includes anyone paying less than a fair rental price. Divide Expenses. Special rules generally apply to the rental of a home, apartment or other dwelling unit that is used by the taxpayer as a residence during the taxable year. Usually, rental income must be reported in full, and any expenses need to be divided between personal and business purposes. Special deduction limits apply. How to Report. Taxpayers use Schedule E, Supplemental Income and Loss, to report rental income and rental expenses. Rental income may also be subject to net investment income tax. Use Schedule A, Itemized Deductions, to report deductible expenses for personal use. This includes such costs as mortgage interest, property taxes and casualty losses. Special Rules. If the dwelling unit is rented out fewer than 15 days during the year, none of the rental income is reportable and none of the rental expenses are deductible. See Publication 527, Residential Rental Property (Including Rental of Vacation Homes). IRS Summertime Tax Tip 2017-3.

SUMMER JOBS. The IRS has published information about taxation of summer job income. Withholding and Estimated Tax. Students and teenage employees normally have taxes withheld from their paychecks by the employer. Some workers are considered self-employed and may be responsible for paying taxes directly to the IRS. One way to do that is by making estimated tax payments during the year. New Employees. When a taxpayer gets a new job,
the taxpayer needs to fill out a Form W-4, Employee’s Withholding Allowance Certificate. Employers use this form to calculate how much federal income tax to withhold from the employee’s pay. The IRS Withholding Calculator tool on IRS.gov can help a taxpayer fill out the form. Self-Employment. A taxpayer may engage in types of work that may be considered self-employment. Money earned from self-employment is taxable. Self-employment work can be jobs such as baby-sitting or lawn care. Taxpayer should keep good records on money received and expenses paid related to the work. IRS rules may allow some, if not all, costs associated with self-employment to be deducted. A tax deduction generally reduces the taxes owed. Tip Income. Employees should report tip income. Taxpayers should keep a daily log to accurately report tips. Taxpayers must report tips of $20 or more received in cash in any single month to the employer. Payroll Taxes. Employers may earn too little from their summer job to owe income tax; however, employers usually must withhold Social Security and Medicare taxes from their pay. If a taxpayer is self-employed, then Social Security and Medicare taxes may still be due and are generally paid by the taxpayer quarterly.

Newspaper Carriers. Special rules apply to a newspaper carrier or distributor. If a taxpayer meets certain conditions, the taxpayer is self-employed. If the taxpayer does not meet those conditions, and is under age 18, the taxpayer may be exempt from Social Security and Medicare taxes. ROTC Pay. If a taxpayer is in an ROTC program, active duty pay, such as pay for summer advanced camp, is taxable. Other allowances the taxpayer may receive may not be taxable; see Publication 3, Armed Forces’ Tax Guide, for details. Use IRS Free File. Taxpayers can prepare and e-file their federal income tax return for free using IRS Free File. Some taxpayers may not earn enough money to have to file a federal tax return, by law, but may want to if taxes were withheld. For example, a taxpayer may want to file a tax return because the taxpayer would be eligible for a tax refund or a refundable credit. IRS Free File can help with these issues. IRS Summertime Tax Tips 2017-2.

FARM ESTATE AND BUSINESS PLANNING
by Neil E. Harl

The Agricultural Law Press is honored to publish the revised 19th Edition of Dr. Neil E. Harl’s excellent guide for farmers and ranchers who want to make the most of the state and federal income and estate tax laws to assure the least expensive and most efficient transfer of their estates to their children and heirs. The 19th Edition includes all new income and estate tax developments. We also offer a PDF version for computer and tablet use for $25.00.

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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

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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