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# IRS Announces Extension Of Some Key ACA Information Reporting Deadlines

*Notice 2016-4*

The IRS has announced an automatic extension of filing deadlines for certain 2015 information returns under the *Affordable Care Act* (ACA). The extension affects Code Sec. 6055 reporting by insurers, self-insuring employers and other providers of minimum essential coverage and Code Sec. 6056 reporting by applicable large employers (ALEs). The IRS also provided transition relief for individuals who may be impacted by the extension.

- ***Take Away.*** "Employers, insurers, and other entities who were concerned about the deadlines may breathe a little easier because of the new guidance," Edward Leeds, Counsel, Ballard Spahr LLP, Philadelphia, told Wolters Kluwer. "Those who were considering filing for an extension should not do so. However, it makes sense to remain diligent in meeting the requirements," Leeds added.
- ***Comment.*** "As part of our efforts to implement the ACA in a careful and thoughtful way, the Treasury Department and the IRS are responding to feedback from private sector businesses and insurers and providing additional time for employer and insurer reporting under the ACA for the first year," Mark Mazur, Assistant Secretary for Tax Policy, said in a statement.

## Background

Under Code Sec. 6055, health insurance issuers, self-insuring employers, government agencies, and other providers of minimum essential coverage file with the IRS and provide to covered individuals annual information returns and statements about the coverage. Code Sec. 6056 generally requires ALEs to file with the IRS and provide covered individuals annual information returns and statements relating to the health insurance that the employer offers, or does not offer, to its full-time employees. The IRS provided the deadlines for filing these information returns and statements in TD 9660 and TD 9661.

## Forms

The IRS has developed new forms for Code Sec. 6055 reporting and Code Sec. 6056 reporting. The forms are Form 1095-B, Health Coverage, Form 1094-B, Transmittal of Health Coverage Information Returns, Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, and Form 1095-C, Employer-Provided Health Insurance Offer and Coverage.

## Extension

Notice 2016-2 extends the due date for providing to individuals the 2015 Form 1095-B, Health Coverage, and the 2015 Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, from February 1, 2016, to March 31, 2016. Notice 2016-2 also

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# New Guidance Expands Scope Of Nontaxable Identity Protection Services

*Ann. 2016-2*

Following up on guidance issued in 2015, the IRS has expanded the scope of nontaxable identity protection services to encompass pre-breach services. Generally, these services are excluded from an individual's gross income. Employers need not file any information returns nor include the value of the services in employees' gross income and wages.

- ***TakeAway.*** Identity thieves typically file fraudulent returns using stolen Social Security numbers (SSNs) and other personal information early in the filing season. Victims are unaware of the criminal activity until they file their legitimate return. This year, the IRS has joined with states and tax software vendors to detect tax-related identity theft as early as possible.

## Background

In Ann. 2015-22, the IRS explained that it will not assert that an individual whose personal information may have been compromised in a data breach must include in gross income the value of the identity protection services provided by the organization that experienced the data breach. Further, an employer providing identity protection services to employees whose personal information may have been compromised in a data breach of the employer's (or employer's agent or service provider's) recordkeeping system must include the value of the identity protection services in the employees' gross income and wages. The respective amounts also need not be reported on any information return.

## Ann. 2016-2

The IRS reported that one commentator to Ann. 2015-22 requested that the agency clarify the tax treatment of identity protection services provided at no cost to employees or other individuals before a data breach occurs. Ann. 2016-2 reflects this approach.

- ***Comment.*** Identity protection services are provided pre-breach to assist in the detection of any breach and to minimize the impact on the employer/organization and employees/individuals.

The IRS will not assert that an individual must include in gross income the value of identity protection services provided by the individual's employer or by another organization to which the individual provided personal information. The IRS also will not assert that an employer providing identity protection services to its employees must include the value of the identity protection services in the employees' gross income and wages. Additionally, the IRS will not assert that these amounts must be reported on any information return.

- ***Comment.*** Further guidance on the taxation of identity protection services will be applied prospectively, the IRS explained.

## Limitations

However, Ann. 2016-2 does not apply to cash received in lieu of identity protection services. Ann. 2016-2 also does not apply to proceeds received under an identity theft insurance policy; the IRS added.

*References: FED ¶46,215; TRC INDIV: 6,368.*

## Extension

*Continued from page 1*

extends the due date for filing with the IRS the 2015 Form 1094-B, Transmittal of Health Coverage Information Returns, the 2015 Form 1095-B, Health Coverage, the 2015 Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns, and the 2015 Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, from February 29, 2016, to May 31, 2016, if not filing electronically, and from March 31, 2016, to June 30, 2016 if filing electronically.

- ***Comment.*** The IRS explained that it is prepared to accept filings of the information returns on Forms 1094-B, 1095-B, 1094-C, and 1095-C beginning in January 2016. "Notwithstanding the extensions provided in this notice, employers and other coverage providers are encouraged to furnish statements and file the information returns as soon as they are ready," the IRS advised.
- ***Comment.*** Provisions regarding automatic and permissive extensions of time for filing information returns and permissive extensions of time for furnishing statements will not apply to the extended due dates, the IRS explained.

## Individuals

Some employees (and related individuals) who enrolled in coverage through the Health Insurance Marketplace but did not receive a determination from the Marketplace that the offer of employer-sponsored coverage was not affordable could be affected by the extension

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**REFERENCE KEY**

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

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# IRS Issues 2016 Updates Of Procedures For Ruling Requests, Technical Advice, Determination Letters, User Fees, And No-Rule Areas

*Rev. Proc. 2016-1 through Rev. Proc. 2016-8*

The IRS has issued its annual revisions to the general procedures for ruling requests, technical advice memoranda (TAM), determination letters, and user fees, as well as areas on which the Office of Chief Counsel will not rule. The revised procedures are generally effective January 4, 2016. The new user fee schedule is effective February 3, 2016.

- ***Take Away.*** The general IRS revenue procedures for obtaining guidance from the IRS are updated annually by the IRS at the beginning of the calendar year. The procedures are comprehensive, incorporating changes made to the revenue procedures during 2015 and superseding the 2015 procedures.

## Annual updates

The 2016 revenue procedures include the following guidance:

- ***Rev. Proc. 2016-1:*** letter rulings, closing agreements, determination letters, information letters, and oral advice issued by the Offices of the Associate Chief Counsels, including a new schedule of user fees for requesting guidance;
- ***Rev. Proc. 2016-2:*** Technical advice issued by the Offices of the Associate Chief Counsels to a director or an Appeals area director;
- ***Rev. Proc. 2016-3:*** areas in which the Associate Chief Counsel offices will not issue letter rulings or determination letters. See Rev. Proc. 2016-7 for no-rule areas under the Associate Chief Counsel (International);
- ***Rev. Proc. 2016-4:*** general procedures for employee plan and exempt organizations letter ruling and determination letter requests;
- ***Rev. Proc. 2016-5:*** procedures for applying for and issuing determination letters on the exempt status of nonprofit organizations under Code Sec. 501(c)(3), including requests for organizations using Form 1023-EZ, Streamlined Application for Recognition of Exemption;
- ***Rev. Proc. 2016-6:*** determination letters on the qualified status of pension, profit-sharing, stock bonus, annuity, and employee stock ownership plans (ESOPs), and on the exempt status of related trusts or custodial account. This procedure is generally effective February 1, 2016;
- ***Rev. Proc. 2016-7:*** subject areas on which the Associate Chief Counsel (International) will not issue advance letter rulings or determination letters without unique and compelling circumstances;
- ***Rev. Proc. 2016-8:*** user fees for guidance on matters under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division.

Rev. Procs. 2016-1, 2016-2, and 2016-3 apply to the Associate Chief Counsels in the areas of Corporate, Financial Institutions & Products, Income Tax & Accounting, International,

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## Extension

*Continued from page 2*

if they do not receive their Forms 1095-C before they file their income tax returns, the IRS explained. Therefore, for 2015 only, individuals who rely upon other information received from employers about their offers of coverage for purposes of determining eligibility for the Code Sec. 36B credit when filing their income tax returns need not amend their returns once they receive their Forms 1095-C or any corrected Forms 1095-C, the IRS explained.

Additionally, some individuals may be affected by the extension of the due date for Form 1095-B or Form 1095-C. Individuals, the IRS explained, generally use this information to confirm that they had minimum essential coverage. Because of the extension, individuals may not have received this information before they file their income tax returns. For 2015 only, individuals who rely on other information received from their coverage providers about their coverage for purposes of filing their returns need not amend their returns once they receive Form 1095-B or Form 1095-C or any corrections.

*References: FED ¶46,214; TRC HEALTH 6,104.*

## IRS Reminds Taxpayers Of How To Request Transcripts

The IRS has encouraged taxpayers who need a transcript to obtain one online rather than by mail or telephone. The IRS has an app – “Get Transcript” – on its website.

***Background.*** A transcript shows most line items from the return that the taxpayer filed as well as changes made during processing, such as math error corrections. A transcript also includes items from accompanying forms and schedules filed with the return. However, a transcript does not reflect any amended returns or adjustments to tax made after the taxpayer filed the original return.

***Requests.*** Using the Get Transcript app, taxpayers can request a copy of their transcript by mail. The IRS indicated that most transcripts are mailed within five to 10 days from the time the agency receives the request online. Transcripts can also be requested by mail or fax using Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript; Form 4506T, Request for Transcript of Tax Return, for a business or individual tax account transcript; or Form 4506, Request for Copy of Tax Return; or by telephoning the agency at (800) 908-9946

***Financial aid.*** Individuals applying for higher education financial aid should use the IRS Data Retrieval Tool on the FAFSA website to import their return information to their financial aid application, the IRS recommended.

*IR-2015-140, FS-2015-28, FED ¶¶46,212, 46,213; TRC IRS: 9,302.*


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# IRS Provides Guidance For Plan Sponsors Before Elimination Of Cycle System

*Notice 2016-3*

The IRS has announced how plan sponsors will transition to the elimination of the remedial amendment cycle system. Effective January 1, 2017, the IRS is eliminating the five-year remedial amendment cycle system for individually designed plans under its Employee Plans (EP) determination letter program.

- ***Take Away.*** Sponsors may rely on Notice 2016-3 until the IRS updates Rev. Proc. 2007-44 to implement the changes described in Notice 2016-3.

## Background

In Rev. Proc. 2007-44, the IRS established the five-year remedial amendment cycles for individually designed plans and the six-year remedial amendment/approval cycles for pre-approved plans. An individually designed plan's five-year remedial amendment cycle is generally determined based on the last digit of the plan sponsor's employer identification number. If more than one plan is maintained by members of a controlled group or an affiliated service group the employers may elect that the five-year remedial amendment cycle for all plans maintained by any members of the group will be Cycle A.

## Changes

After the five-year remedial amendment periods are eliminated, the scope of the determination letter program will be limited to initial plan qualification, qualification upon plan termination, and certain other limited circumstances. Sponsors of Cycle A plans will continue to be permitted to submit determination letter applications during the period beginning February 1, 2016, and ending January 31, 2017. Rev. Proc. 2007-44, the IRS explained, will be modified to provide that controlled groups and affiliated service groups that maintain more than one plan are permitted to submit determination letter applications during the Cycle A submission period beginning February 1, 2016, and ending January 31, 2017. A prior Cycle A election with respect to the controlled group or affiliated service group must have been made by January 31, 2012 (the last day of the previous Cycle A submission period).

***Expiration dates.*** Rev. Proc. 2007-44 will be modified to provide that expiration dates included in determination letters issued prior to January 4, 2016, are no longer operative. Future guidance, the IRS reported, will clarify the extent to which an employer may rely on a determination letter after a subsequent change in law or plan amendment.

***Certain deadlines.*** Rev. Proc. 2007-44 will be modified to provide that the deadline for an employer to adopt a current defined contribution pre-approved plan and to apply for a determination letter, if otherwise permissible, is extended from April 30, 2016, to April 30, 2017, with respect to any defined contribution pre-approved plan adopted on or after January 1, 2016, other than a plan that is adopted as a modification and restatement of a defined contribution pre-approved plan that had been maintained by the employer prior to January 1, 2016.

*References: FED ¶46,225; TRC RETIRE: 51,356.*

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## Updates

*Continued from page 3*

Passthroughs & Special Industries; Procedure and Administration, and Tax Exempt and Government Entities.

## Changes to 2015 procedures

Highlights among the changes made by the IRS to its annual procedures include the following.

***Rev. Proc. 2016-1.*** New Sec. 5.16 was added to address letter ruling requests to revoke certain elections. New Sec. 7.03 provides additional instructions for letter ruling requests involving welfare benefit plans, including voluntary employee beneficiary associations. Sec. 9.05 was modified to provide that exempt organizations requesting a non-automatic change of accounting method on Form 3115 must pay the appropriate user fee.

***Rev. Proc. 2016-2.*** The procedures allow the IRS field office to request a single TAM for transactions involving multiple taxpayers, only if each taxpayer provides written consent. Furthermore, the Appeals area director will not settle an issue prior to a TAM if it involves an organization's exempt status or private foundation classification. However, Appeals may submit a new request for a TAM if it proposes not to follow the original TAM.

***Rev. Proc. 2016-3.*** This list of no-rule areas includes numerous changes: 11 no-rule areas have been added to the list of issues for which advance rulings will not be issued; two areas have been removed from the no-rule list (under Code Secs. 45 and 704(e); and the areas under which rulings will not ordinarily be issued have been expanded to include several issues under Code Sec. 355. There have also been several changes to the list of issues for which the IRS will not issue rulings until the IRS has resolved them in other guidance: three issues have been added, under Code Secs. 6050P, 355, and 1014; three issues have been modified or moved, regarding accountable plans, life insurance contracts, and compensation limits; and one issue has been removed.

***Rev. Proc. 2016-4.*** Most changes were minor.

***Rev. Proc. 2016-5.*** The updated procedures describe the process for appealing a proposed adverse determination and clarify the difference between reliance on determination letters by applicants and by grantors and contributors. The IRS also modified post-review procedures for determination letters and added procedures for addressing determination letters issued in error.

***Rev. Proc. 2016-6.*** The procedures reflect the planned elimination in 2017 of the staggered five-year determination letter remedial amendment cycles for individually designed plans; provides for review of plans using a design-based safe harbor instead of nondiscrimination requirements; clarifies rules for EPCRS documentation

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# Chief Counsel Rejects Use Of QSUB/S Termination Rules To Generate Ordinary Loss Passthrough

*CCA 201552026*

IRS Chief Counsel has rejected an S corp's argument that its QSub's stock was worthless for purposes of passing through an ordinary loss deduction under Code Sec. 165 to its shareholders. A maneuver to avoid capital loss treatment --within which the QSub was considered to be converted to a C corporation the day before termination of S corporation status-- did not succeed under either Code Section 351 or Code Sec. 165(g)(3) to pass through ordinary losses.

- ***Take Away.*** "CCA 201552026 is noteworthy because of its breadth," Daniel Schneider, co-author, *Federal Taxation of Corporations & Shareholders (CCH Expert Treatise Library)* and professor emeritus, Northern Illinois University College of Law, told Wolters Kluwer. "Arguably, it addresses a narrow situation because not all QSubs are insolvent and not all S corporations can terminate their election without adverse tax consequences, as must have been the case for the taxpayer. But even if the subsidiary were not insolvent – for example the transaction could have been executed before insolvency occurred -such that Code Section 267 did not apply, the S corporation's loss would have been precluded by the nonrecognition of losses imposed on the exchange by Code Section 351. Even more broadly, the IRS addresses in CCA 201552026 whether an S corporation is entitled to a Code Section 165(g)(3) deduction in a way that, somehow, an individual is not, and concludes that the answer to this question is no."

## Background

The taxpayer, an S corporation holding-company, owned a qualified subchapter S subsidiary (QSub), whose business operations were sufficiently depressed that it was about to go into receivership. In the hope of having the QSub's losses flow through to the S shareholders as an ordinary loss, the following structure was devised: taxpayer affirmatively terminated its S status on Date 2, which under Reg. §1.1361-5(b)(1)(i), immediately terminated QSub status the day before (Date 1). On Date 1, when the QSub become a C corporation but the taxpayer was still an S corporation, the taxpayer argued that "worthlessness" occurred that triggered the Code Sec. 1366 passthrough of an ordinary deduction to its shareholders under Code Sec. 165(g)(3).

## Chief Counsel's reasoning

Chief Counsel presented three alternative arguments, any one of which was believed to prevent the flow through of ordinary loss:

- The QSub's termination resulted in a failed Section 351 reorganization;
- Stock may be acquired for the sole purpose of creating a Code Sec. 165(g)(3) deduction; and
- S corporations may not take a Code Sec. 165(g)(3) deduction.

Code Sec. 351 requires the exchange of property for the stock received. However, significantly encumbered property is not "property" for purposes of Code Sec. 351. In addition, the "in exchange for stock" requirement is not met when the transferor receives stock in an insolvent corporation (a net-value requirement that is based on case law). Since worthless stock does not have value, taxpayers incorporating liabilities in excess of the value of the transferred assets do not satisfy the Code Sec. 351 requirements.

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## Updates

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for closing agreements or compliance statements; provides that certain applications may be treated as incomplete if they do not disclose or distinguish contrary authorities, and requires Schedule SB for defined benefit plans for some determination letters.

***Rev. Proc. 2016-7.*** The procedures have been updated to provide that the IRS will not issue a ruling or determination letter on whether the facts and circumstances show that a controlled foreign corporation made a substantial contribution through its employees to the manufacture, production or construction of personal property under Code Sec. 954.

***Rev. Proc. 2016-8.*** The procedures include new Sec. 6.08, User Fees for Voluntary Correction Program submissions under the EPCRS; new Sec. 7.03, Matters handled by EP Voluntary Compliance, regarding the filing of VCP submissions; and modified Sec. 9.02(1), to reflect that Forms 8717 and 8717-A, regarding user fees for determination letters, opinions and advisory letters are being revised and that taxpayers should use existing forms but refer to the applicable user fees in Sec. 6.

*References: FED ¶¶46,216; 46,217; 46,218; 46,219; 46,220; 46,221; 46,222; 46,223; TRC IRS: 12,200.*

## Tax Briefing: "2015 Tax Year-In-Review" Now Available

2015 was undeniably the most significant year for tax legislation since the *American Taxpayer Relief Act of 2012.* The year also closed with a long list of regulations and rulings to its credit…despite concerns that a reduced IRS budget would slow guidance to a crawl. And the Supreme Court, appellate courts and the U.S. Tax Court all showed that taxpayers could still score some decisive victories. Tax developments during 2015 impacted a wide variety of taxpayers and involved many different issues.

A new Tax Briefing: "2015 Tax-Year-In-Review" is now available, designed to bring the tax practitioner up to speed, in summary style, on the most significant developments of the past year, particularly those with an impact on the 2016 filing season, prior-year refund opportunities, and prospective tax strategies. *For a review of this latest Tax Briefing, see CCH IntelliConnect or CCHGroup.com.*


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# Payments To Settle Product Liability Litigation Had To Be Capitalized, Chief Counsel Concludes

*CCA 201552028*

IRS Chief Counsel has concluded that payments made to settle litigation claiming personal injury and property damage from the use of a product had to be capitalized and could not be deducted. Under the origin of the claim test, the IRS determined that the taxpayer corporation had to make the payments because the taxpayer had taken over the corporation that had previously sold the product that gave rise to the claims.

- ***Take Away.*** Thus, the fact that the initial claims and lawsuits were based on the use of a product and were filed against the seller of the product was not decisive. Citing *Woodward (SCt, 70-1* USTC *¶9348)*, the IRS stated that the substance of the transaction from which the expenditure arose determines whether the item is deductible or must be capitalized.

## Background

Old Corporation owned a subsidiary that engaged in Businesses A and B. Many of the products produced in Business A contained a particular Substance. The Old Corporation engaged in a reorganization to separate the A business from the B business. Business A was transferred to New Company, which was spun off (under Code Sec. 355 and 368) to the shareholders of the Old Corporation. The Old Corporation, which retained Business B, merged with the Taxpayer corporation.

Both the Old Corporation and its subsidiary were being sued from injuries and due to the substance used in Business A. The taxpayer was also being sued, based on claims that as a result of the reorganizations, it was responsible for these same liabilities. The latter suit claimed that the transfer of Business B was fraudulent or that the transfer resulted in successor liability.

Several of the companies involved in the reorganization filed for bankruptcy. The bankruptcy court authorized a committee of the litigating the parties to pursue their lawsuits regarding liability for products that contained the Substance. The lawsuits claimed successor liability on the grounds that the parties made fraudulent transfers of assets to escape Substance-related claims. They claimed that the taxpayer succeeded to the liabilities of Old Corporation.

The parties entered into a settlement. The taxpayer's subsidiary agreed to transfer several million dollars in cash, together with several million shares of taxpayer's common stock, in exchange for release of all claims. These payments were made to trusts identified as qualified settlement funds under Code Sec. 468B.

## Chief Counsel's analysis

The taxpayer requested a prefiling agreement allowing it to deduct the payments as a business expense under Code Sec. 162 and to carry back the loss from the payment to preceding tax years as a specified liability loss under Code Sec. 172(f). The IRS concluded that the costs were not deductible. Since they were not deductible, they cannot qualify as a specified liability loss.

Under the origin of the claim test, the taxpayer's purpose in undertaking or defending litigation is not relevant. It is inappropriate to look past the fraudulent conveyance claims to the first in the chain of events, the IRS stated. The settlement payments had their origin in a claim of fraudulent conveyance; the essence of the claims was for a return of property or a payment in lieu thereof. Amounts with their origin in a capital transaction must be capitalized. Therefore, the amounts paid to settle these types of claims are capital in nature.

*Reference: TRC BUSEXP: 18,458.*

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## QSUB

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Further, Treasury Reg. §1.165-5(d)(2)(ii) prohibits Code Sec. 165(g)(3)'s application to a corporation whose stock has been acquired solely to convert a capital loss on that corporation's stock into an ordinary loss. A corporation is treated as affiliated only if none of the stock was acquired solely for the purpose of converting a capital loss sustained by reason of the stock's worthlessness into an ordinary loss under Code Sec. 165. The stock acquisition coupled with an immediate claim of an ordinary loss deduction is evidence that the sole purpose for converting the disregarded entity to a C corporation was to attempt to qualify for an ordinary deduction.

Finally, alternatively, should the taxpayer somehow avoid denial of the ordinary loss deduction on either or both of the above two grounds, the IRS concluded that an S corporation is not entitled to a Code Section 165(g)(3) ordinary loss deduction and so the taxpayer's shareholders cannot have this ordinary loss passed through to them. An S corporation's taxable income is computed in the same manner as an individual's. Since individuals are ineligible to claim an ordinary loss under Code Sec. 165(g)(3), so are S corporations.

- ***Comment.*** "Arguably, the IRS's second ground is the weakest of the three – the intent to convert a capital loss into an ordinary loss was the S corporation's sole reason for engaging in the transaction, such that Code Section 165(g)(3) cannot apply – because at some point, the S corporation's tax planning, used by the IRS to negate other possible purposes for the transaction, cannot be used to achieve that goal (in other words, tax planning cannot be bad per se)," according to Schneider. "Still, even this second ground is appropriate because tax planning that is too aggressive is stymied by various judicial doctrines, and it appears that the IRS has sent a clear signal about the inability of an S corporation to create an ordinary loss when one should not be available. It will be interesting to see when and how CCA 201552026 is applied in the future."

*Reference: TRC BUSEXP: 30,262.50.*

# Chief Counsel Accepts Broader Tax Court Jurisdiction Over Employment Tax Cases

*CC-2016-002*

IRS Chief Counsel has conceded that the Tax Court has jurisdiction to hear disputes over worker classification status under Code Sec. 7436 where the IRS has not issued a Notice of Determination of Worker Classification (NDWC). The change follows two recent Tax Court decisions where the court concluded that its jurisdiction over Code Sec. 7436 cases is broader than the IRS's position.

- ***Take Away.*** Whether the Tax Court has jurisdiction over an employment tax case is determined in a separate manner from whether the Tax Court has jurisdiction over an income tax case. Whether an individual performing services is an employee (on which an employer must withhold and pay over employment taxes) or an independent contractor is a major revenue concern for the IRS.

## Background

Historically, as expressed in Notice 2002-5, the IRS has taken the position that an NDWC is a requirement for Tax Court jurisdiction, similar to the IRS's issuance of a notice of deficiency in an income tax case. The IRS had argued that the court had jurisdiction only where the IRS had issued an NWDC by registered or certified mail to the taxpayer.

## Recent cases

In *SECC Corp., 142 TC 225 (2014)* and *American Airlines, Inc., 144 TC 24 (2015*), the Tax Court concluded it had jurisdiction, regardless of the issuance of an NDWC, if four requirements were satisfied:

- The IRS conducted an examination in connection with the audit of any person;
- The IRS determined either than one or more individuals performing services for the person audited are employees, or that the person being audited is not entitled to relief under Sec. 530(a) of the Revenue Act of 1978 (to treat the individual as a nonemployee);
- There is an actual controversy involving the employment tax determination, as part of an examination; and
- An appropriate pleading has been filed in the Tax Court.

CC-2016-002 provides that the IRS will not contest Tax Court jurisdiction if these four conditions are satisfied. The IRS will revise Notice 2002-5 to reflect this change.

## Defense on the merits

Where the Tax Court has jurisdiction regarding employment tax status, the IRS will defend the case on the merits that relief under Sec. 530 and Code Sec. 3509 do not apply if the taxpayer treated its workers as employees for federal employment tax purposes. The fact that there is an actual controversy (and therefore jurisdiction over Code Sec. 7436) does not absolve the employer from showing that it did not treat workers as employees. Thus, the employer must still satisfy the requirements for relief under Sec. 530. Similarly, if the taxpayer treated an individual as an employee by withholding income tax or FICA (Social Security) taxes from payments made to the individual, the IRS will claim that Code Sec. 3509 does not apply to determine the taxpayer's liability.

- ***Comment.*** The notice also requires attorneys to coordinate employment tax issues with the Associate Chief Counsel (Tax Exempt and Government Entities [TEGE]) or with TEGE Division Counsel.

*Reference: TRC LITIG: 6,100.*

# TAX BRIEFS

***Refunds***

The U.S. Court of Appeals for the Ninth Circuit issued an amended opinion in a case in which it originally held that a married couple who sold demutualized life insurance company stock was not entitled to a refund of taxes paid on the sale proceeds. In the amended opinion, the court stated that the district court erred in finding that the taxpayers had paid something for their membership rights in certain insurance companies. The prior opinion by the Ninth Circuit had stated that the district court erred in finding a calculable cost basis in the taxpayers membership rights.

*Dorrance, CA-9, 2015-2 USTC ¶50,588; TRC SALES: 9,104.10*

***Income***

Married individuals had unreported income from stock transactions, as calculated by the IRS, but had capital losses they could apply against the income. The taxpayers were not entitled to an earned income credit (EIC) or an American Opportunity Tax Credit (AOTC). The taxpayers' income from stock transactions exceeded the statutory maximum for claiming the EIC and they failed to introduce any evidence to claim the AOTC.

*Simmons, TC, CCH Dec. 60,483(M), FED ¶47,916(M); TRC SALES: 15,200*

A defense contractor who was deployed to a North Atlantic Treaty Organization (NATO) mission in Afghanistan was not allowed to characterize the compensation he received during his deployment as foreign earned income because he was an employee of the U.S. Government. The court found that the U.S. Army had the right to control the taxpayer's work in Afghanistan.

*Striker, TC, CCH Dec. 60,479(M), FED ¶47,912(M); TRC EXPAT: 12,750*

***Deductions***

The Tax Court properly held that the doctrine of collateral estoppel applied to a disallowed carryover bad-debt deduction claimed by a married couple on their return for the tax

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## Tax Briefs

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year at issue. The court's prior holding that disallowed a business bad-debt deduction claimed by the taxpayer for payments that the husband's limited liability company made to satisfy the debt of another company he owned was conclusive. The loan billing statement offered by the taxpayers did not reflect any relevant new facts relating to the debt in question.

*Herrera, TC, CCH Dec. 60,482(M), FED ¶47,915(M); TRC LITIG: 3,054*

### *Liens and Levies*

An IRS settlement officer properly sustained the filing of a Notice of Federal Tax Lien (NFTL) to collect an individual's unpaid tax liabilities in connection with frivolous return penalties that the IRS had imposed; however, the individual was not subject to sanctions for instituting a Tax Court proceeding primarily for purposes of delay. The individual raised no genuine dispute as to any material fact. The individual filed numerous frivolous returns that reflected zero income and zero tax due. The court would have been justified in imposing additional sanctions, but instead, the individual was admonished to refrain from advancing frivolous arguments in any future filings.

*Hare, TC, CCH Dec. 60,481(M), FED ¶47,914(M); TRC IRS: 51,056.15*

### *Jurisdiction*

An individual's claim for refund of late filing and late payment penalties paid for the two tax years at issue was dismissed for lack of subject matter jurisdiction. The individual failed to timely file his claim for refund as required under Code Sec. 6511(a).

*Nandi, DC Mich., 2016-1USTC ¶50,124; TRC IRS: 36,052.05*

### *Summonses*

A district court denied a limited liability company's (LLC's) petition to quash an IRS third-party summons issued to a trust company seeking information related to the LLC's accounts and transactions. The government established its *prima facie* case for summons enforcement under *Powell*. The LLC failed to show that the summons was issued by the IRS in bad faith or was an abuse of process.

*Davis & Campbell, LLC, DC N.Y., 2016-1USTC ¶50,122; TRC IRS: 21,108*

### *Bankruptcy*

A Chapter 13 debtor couple's objection to the IRS's proof of claim was overruled and their motion to modify the confirmed reorganization plan was denied because they sought to amend the treatment of the IRS's secured claim after the plan was confirmed. The IRS's proof of claim was filed prior to confirmation and was allowed at the time of confirmation. Further, the debtors failed to timely challenge the issue of valuation of the IRS's claim..

*In re Ridings, BC-DC Ky., 2016-1USTC ¶50,125; TRC IRS: 57,060*

A bankruptcy court properly held that a Chapter 7 debtor was entitled to exempt a tax refund attributable to state earned income credits (EIC) under state (Kansas) law. The order of credit determined by the state could not be a ground to deny the EIC exemption based on the debtor having received a refund of a withholding credit instead of the EIC credit.

*Morris v. Reed, DC Kan., 2016-1USTC ¶50,123; TRC INDIV: 57,264.05*

## Seismic Data Costs Incurred By Seller Of Oil And Gas Properties Cannot Be Deducted By Purchaser Of Properties

IRS Chief Counsel has concluded that a purchaser of oil and gas properties cannot deduct, under Code Sec. 167(h), the cost of seismic data obtained from the seller of the properties. If Code Sec. 167(h) had applied, the seller could have deducted the costs over two years, rather than as part of the cost of the properties.

- ***Take Away.*** Congress enacted Code Sec. 167(h) to encourage oil and gas exploration by providing a more rapid deduction for geophysical and geological (G&G) costs incurred to determine whether properties produce oil and gas. Since the seller had already ascertained the properties were productive, the buyer had not incurred costs to locate and identify properties with the potential to produce commercial quantities of oil and natural gas, the IRS determined.
- ***Comment.*** Under Code Sec. 167(h)(4), if property for which G&G expenditures were paid is retired or abandoned during the 24 month period, no deduction is allowed, and the amortization deduction continues.

***Background.*** The taxpayer, an independent oil and gas company, acquired producing and non-producing oil and gas leases and reserves. The taxpayer also acquired seismic data used by the seller to analyze the leased properties and to drill wells in previously non-producing properties.

Many of the properties were proved and developed. The sale also included undeveloped properties that were adjacent to productive wells and were considered proved or probable reserves. The taxpayer amortized the value of the seismic data as geophysical and geological (G&G) expenditures over 24 months.

***Not amortizable.*** G&G expenditures are defined as costs incurred by a taxpayer to obtain and accumulate data for acquiring and retaining mineral properties by taxpayers exploring for minerals. The function of G&G expenditures is to locate and identify properties with the potential to produce oil and gas, and to determine the optimal location for drilling wells.

Here, the seller had used the same seismic data to locate and identify productive wells in its formation area. The taxpayer did not incur costs to locate and identify potentially productive properties. Accordingly, the taxpayer could not deduct the costs under Code Sec. 167(h).

*CCA 201552024; TRC FARM: 21,176.*

# PRACTITIONERS' CORNER

## Top 10 Tax Developments In 2015 With Impact On 2016

This week's Practitioners' Corner presents a list of the top 10 developments from 2015 that may prove particularly important as we move forward into the New Year. *For an expanded review of these and other developments, see the Wolters Kluwer Tax Briefing, 2015 Tax Year-In-Review, on IntelliConnect and CCHGroup.com.*

### #1: PATH Act

Congress made permanent a number of previously temporary tax breaks for individuals and businesses as well as extending others. The *Protecting Americans from Tax Hikes Act of 2015* (PATH Act) provides:

***Permanent extensions for individuals.*** Incentives for individuals extended permanently, and in some cases modified, by the PATH Act include: the American Opportunity Tax Credit; deduction for certain expenses of elementary and secondary school teachers; and transit benefits parity. *For more details about the individual extenders made permanent, see Federal Tax Weekly, Issue No. 52, December 31, 2015.*

***Permanent extensions for businesses.*** The PATH Act makes permanent, and in some cases modifies, many incentives for businesses, including, among others: the research tax credit; enhanced expensing under Code Sec. 179; charitable deduction for contributions of food inventory; basis adjustment to stock of S corporations making charitable contributions of property; employer wage credit for activated military reservists. *For more details about the business extenders made permanent, see Federal Tax Weekly, Issue No. 52, December 31, 2015.*

***Other extenders.*** The PATH Act did not leave out the rest of the traditional extenders. However, lawmakers did not make these remaining tax breaks permanent. Extended for several years (in some cases through 2019, in other cases through 2016) are: bonus depreciation; the work opportunity tax credit (WOTC); higher education tuition and fees deduction; certain energy incentives; tax breaks for Puerto Rico and American Samoa, and more.

### #2: Supreme Court On ACA Tax Credit

In June, the U.S. Supreme Court held, in a six to three decision, that the Code Sec. 36B premium assistance tax credit is not limited to enrollees in state-run Health Insurance Marketplaces, *King, 2015-1* USTC *¶50,356.* Enrollees in federally-facilitated Health Insurance Marketplaces may also claim the credit, if eligible, the Supreme Court held.

*"Complaints over the operation of the so-called 're-pair regs' during 2015 ended on an encouraging note when the IRS granted small-businesses and others, safe-harbor relief."*

### #3: ACA Implementation/ Changes

In addition to the U.S. Supreme Court upholding the IRS's regulations on the Code Sec. 36B premium assistance tax credit (discussed, above), year-end tax legislation delayed three controversial provisions.

***Year-end legislation.*** The *Consolidated Appropriations Act* provides for a two-year delay, until 2020, of the ACA excise tax on high-cost employer-sponsored health coverage (known as "Cadillac plans"); and a one-year moratorium (2017) on the ACA's health insurance provider fee. Further, the PATH Act imposes a two-year moratorium (2016 and 2017) on the ACA's excise tax on qualified medical devices.

***IRS guidance.*** Meanwhile, the IRS issued guidance throughout the year to explain, and sometimes provide relief from, certain ACA provisions.

- To reflect the extension and modification of the Health Care Tax Credit (HCTC) by the *Trade Preferences Extension Act of 2015*, the IRS issued Notice 2016-2 describing procedures for claiming the HCTC.
- In Notice 2016-4, the IRS announced an extension of the due dates for the 2015 information reporting requirements (both furnishing to individuals and filing with the IRS) for insurers, self-insuring employers, and certain other providers of minimum essential coverage under Code Sec. 6055 and the information reporting requirements for applicable large employers under Code Sec. 6056.
- Final regulations on the ACA's health insurance market reforms (TD 9744) address, among other subjects, grandfathered health plans, preexisting condition exclusions, lifetime and annual dollar limits on benefits, rescissions, appeal and review processes, and patient protections.
- Proposed regulations provide that employer-sponsored plans that fail to offer substantial coverage for inpatient hospitalization or physician services do not provide minimum value under the ACA (NPRM REG-143800-14). The IRS included limited transition relief.

### #4: Revised Repair Reg Rules

Complaints over the operation of the so-called "repair regs" during 2015 ended on an encouraging note when the IRS granted small-businesses and others, safe-harbor relief.

***Small business $2,500 de minimis cap.*** In much-anticipated news, the IRS announced in November an increase in the de minimis safe harbor limit under the repair regs — from $500 to $2,500 — for taxpayers without an applicable financial statement (AFS) (Notice 2015-82). The new $2,500 threshold, up from $500, takes effect starting with tax year 2016. However, the IRS also provided "audit protection" to qualified

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# WASHINGTON REPORT *by the Wolters Kluwer Washington News Bureau*

## Lawmakers return after holiday recess

Lawmakers have returned to Capitol Hill after their holiday recess. House Majority Leader Kevin McCarthy, R-Calif., said that the House will take up the Restoring Americans' Healthcare Freedom Reconciliation Act of 2015, which would repeal the Affordable Care Act (ACA). The House could vote as early as January 6 or 7. The Senate had previously approved the Restoring Americans' Healthcare Freedom Reconciliation Act. McCarthy has said that repeal of the ACA will be a priority for House Republicans.

## Brady predicts movement on tax reform in 2016

House Ways and Means Chair Kevin Brady, R-Texas, predicted that the House will move forward with comprehensive tax reform in 2016. In a recent statement, Brady said that passing tax reform is incredibly difficult. "That's why it happens once in a generation," Brady said. "But now that Congress will not be lurching between extender packages each year because of the deal signed into law in December, good tax policy is going to blossom, and we're going to have a chance to give tax reform oxygen over 2016 and 2017," he said.

Brady also touched on the U.S. corporate tax rate noting that earlier discussions have discussed a 25 percent corporate tax rate. "I am convinced that we have to be at 20 percent or below to keep us competitive for the longer run," he said.

## Grassley lauds codification of Taxpayer Bill of Rights

Sen. Charles Grassley, R-Iowa, a member of the Senate Finance Committee (SFC), highlighted codification of the Taxpayer Bill of Rights in year-end 2015 tax legislation. In a statement, Grassley said that the changes made to the IRS by the *Protecting Americans from Tax Hikes Act of 2015* (PATH Act) and the Consolidated Spending Act, 2015, would improve taxpayer confidence in the agency. Along with codifying the Taxpayer Bill of Rights, the year-end legislation prohibits IRS employees from using personal email accounts for official business; improves the ability of 501(c)(4) and other exempt organizations to seek review in federal court when the IRS fails to act on an application in a timely manner or makes a negative determination as to their tax-exempt status; and provides for termination of employment of IRS employees for taking official actions for political purposes, Grassley said.

## Coons highlights need for "war tax"

Sen. Chris Coons, D-Dela., revisited earlier proposals to pass a "war tax" (also known as a war surtax) to pay for U.S. military operations against ISIS. Paying for the wars we fight is a matter of congressional responsibility and national security, Coons wrote in an op-ed article. "A large national debt weakens our ability to respond to global threats, undermines our fiscal position, and limits our diplomatic flexibility." Coons noted that from the War of 1812, for which Congress approved new taxes in three consecutive years, to the Gulf War, Congress took steps to pay for every major conflict.

## Banking group calls for new approach to 367 regs

The Clearing House (TCH), a banking trade group, recently asked the IRS to reconsider the agency's approach in proposed regs under Code Sec. 367. "In a significant departure from existing law, the regulations would tax certain outbound transfers of foreign goodwill and going concern value in otherwise tax-free transactions. BHCs and their affiliates seeking to conduct business in subsidiary rather than branch form may require an outbound transfer (or transfers) of foreign goodwill and going concern that would now result in adverse U.S. tax consequences under Section 367," TCH told the IRS. The trade group recommended that final regs include an exception for outbound transfers of foreign goodwill and going concern value by BHCs and their affiliates.

## More banks enter DOJ Swiss Bank Program

A number of financial institutions entered the U.S. Department of Justice (DOJ) Swiss Bank Program in December. DOJ explained that its Swiss Bank Program is intended to provide a path for Swiss banks to resolve potential criminal liabilities in the United States. Banks already under criminal investigation related to their Swiss-banking activities and all individuals were expressly excluded from the program.

Generally, banks are required to make a complete disclosure of their cross-border activities; provide detailed information on an account-by-account basis for accounts in which U.S. taxpayers have a direct or indirect interest; cooperate in treaty requests for account information; furnish detailed information as to other banks that transferred funds into secret accounts or that accepted funds when secret accounts were closed; and pay appropriate penalties. Banks meeting all of the above requirements are eligible for a non-prosecution agreement.

In December, Lombard Odier & Co Ltd (Lombard Odier) and DZ Privatbank (Schweiz) AG (DZ Privatbank) reached resolutions with DOJ. Additionally, J. Safra Sarasin AG (Safra Sarasin), Coutts & Co Ltd (Coutts), Gonet & Cie (Gonet) and Banque Cantonal du Valais (BC Valais) reached resolutions with DOJ.

## OECD meeting focuses on BEPS regional implementation

The Organisation for Economic Co-operation and Development (OECD) held a year-end meeting in Costa Rica on regional implementation of its base erosion and profit shifting project. The OECD reported that discussions focused on options for a framework to implement BEPS measures as well as specific needs of Latin American and Caribbean countries. During 2015, the OECD held several regional meetings about BEPS implementation.

Continued from page 9

taxpayers by not challenging use of the new $2,500 threshold in tax years prior to 2016.

***Remodel-refresh retail/restaurant remodel costs.*** The IRS announced a safe harbor method for qualified taxpayers in the restaurant business or retail trades to use to determine if costs paid or incurred to refresh or remodel a qualified building are deductible or must be capitalized (Rev. Proc. 2015-56). The safe harbor calls for 75 percent of qualified costs to be deducted immediately and 25 percent to be capitalized as cost for building improvements. The agency also described how taxpayers may obtain automatic consent to change to the safe harbor method of accounting.

## #5: FATCA Implementation

International compliance continued to grow in importance throughout 2015. A major focus was information reporting, as demonstrated by the *Foreign Account Tax Compliance Act* (FATCA), the offshore voluntary disclosure program (OVDP), and information exchanges with other countries. Treasury also took action to limit corporate inversions.

***FATCA implementation.*** The IRS began exchanging financial account information with foreign tax administrators (IR-2015-111). The IRS also added countries to the list of countries with which it automatically exchanges tax information on the amount of deposit interest paid to nonresident aliens (Rev. Proc. 2015-50).

***OVDP.*** The IRS announced that it will continue its offshore voluntary disclosure program (OVDP) for an indefinite period (IR-2015-9). It also reported that disclosures under the related Streamlined Filing Compliance Program also continue to increase (IR-2015-116).

## #6: New Partnership Audit Rules

The *Bipartisan Budget Act of 2015* (Budget Act) repealed the TEFRA unified partnership audit rules and replaces them with streamlined procedures. The Budget Act delays the effective date of TEFRA for returns filed for partnership tax years beginning after 2017. However, subject to certain exceptions, partnerships may choose to apply the new regime to any partnership tax year beginning after November 2, 2015.

Under the streamlined procedures, the IRS will examine the partnership's items of income, gain, loss, deduction, credit and partners' distributive shares for a particular year of the partnership (the so-called "reviewed year"). Any adjustments will be taken into account by the partnership in the year that the audit or any judicial review is completed (the so-called "adjustment year"). Partnerships with 100 or fewer qualifying partners may opt-out of the new audit regime, and be audited under the general rules applicable to individual taxpayers.

## #7: Rules To Reign In Certain Partnership Strategies

Partnerships continue to outpace other tax entities for doing business in a number of sectors. 2015 also saw the IRS, with mixed success, trying to keep up, by issuing guidance.

***Payment for services.*** Proposed partnership regulations treat certain partnership arrangements as disguised payments for services, rather than as an interest in the partnership (NPRM REG-115452-14).

***Changing interests.*** Final regulations under Code Sec. 706(d) address how to allocate partnership items among partners whose interests in the partnership change during the partnership's tax year (TD 9728). New proposed regulations, issued together with the final regulations, would add additional "extraordinary items" (including performance of services), as well as broadening what may constitute an allocable cash-basis item and requiring a look-through rule for tiered partnerships (NPRM REG-109370-10).

***Corporate partner deemed exchange.*** Final, temporary and proposed regulations require a corporate partner of a partnership to recognize gain on the corporation's deemed exchange of appreciated property for its own stock using the partnership (TD 9722, NPRM REG-149518-03).

***Mandatory basis reduction.*** The IRS issued proposed regulations that require corporations that engage in certain gain elimination transactions to reduce the basis of their corporate assets or to recognize gain (NPRM REG-138759-14).

## #8: Tax-Related Identity Theft

2015 saw a rising number of identity theft victims as well as increased efforts by the IRS to interdict criminals.

***2016 tax season.*** The IRS announced it will have new measures in time for the 2016 filing season to curb tax-related identity theft and refund fraud (IR-2015-117, FS-2015-23, FS-2015-24).

***Limited Form W-2 automatic extensions.*** To further curb identity theft, final and temporary regulations remove the automatic extension of time to file most forms in the W-2 series (TD 9730, NPRM REG-132075-14), generally effective for the 2017 filing season.

## #9: Budget Pressures On IRS

2015 saw the IRS struggle with the increased challenges of ACA administration, curbing foreign-based abuses, identity theft, customer service, and other activities/programs.

***Taxpayer services down.*** National Taxpayer Advocate (NTA) Nina Olson released her Annual Report to Congress in 2015 and cautioned that due to budget cuts, IRS customer service had reached unacceptably low levels.

***FY 2016 funding.*** The *Consolidated Appropriations Act* provides the IRS with only limited relief. Congress earmarked $290 million to improve IRS customer service and cybersecurity, along with curbing tax-related identity theft.

***Exams.*** IRS Commissioner John Koskinen remarked in November that examination revenue has dropped from an average of $14.7 billion for FY 2005–2010 to an average of $10.5 billion for FY 2011–2015. Koskinen said that the IRS has lost 5,000 enforcement personnel since 2010, including revenue agents, revenue officers, and Criminal Investigation staff.

## #10: Supreme Court On Same-Sex Marriage

The Supreme Court held in June that the Fourteenth Amendment requires a state to license a marriage between two people of the same sex (*Obergefell, 2015-1* USTC *¶50,357*). Further, states must recognize a marriage between two people of the same sex when their marriage was lawfully licensed and performed out-of-state. Proposed regulations issued soon after Obergefell reflect and clarify earlier guidance that treated same-sex married couples the same as opposite-sex married couples for federal tax purposes (NPRM REG-148998-13).


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## COMPLIANCE CALENDAR

**January 11**
Employees who received $20 or more in tips during December report them to their employer.

**January 13**
Employers depositor Social Security, Medicare, and withheld income tax for January 6, 7, and 8

**January 15**
Employers depositor Social Security, Medicare, and withheld income tax for January 9, 10, 11, and 12.

If the monthly deposit rule applies, employers deposit the tax for payments in December 2015.

Deadline to make a final payment of estimated tax for 2015, using Form 1040-ES, Estimated Tax for Individuals.

**January 21**
Employers depositor Social Security, Medicare, and withheld income tax for January 13, 14, and 15

**January 22**
Employers depositor Social Security, Medicare, and withheld income tax for January 16, 17, 18, and 19.

## TRC TEXT REFERENCE TABLE

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

| | | | | | |
|---|---|---|---|---|---|
| ACCTNG 36,162.05 | 566 | FILEIND 18,052 | 612 | IRS 60,050 | 590 |
| ACCTNG 36,162.05 | 613 | FILEIND 18,054 | 580 | LITIG 6,100 | 7 |
| BUSEXP 9,092 | 561 | HEALTH 6,100 | 613 | LITIG 6,130.35 | 564 |
| BUSEXP 9,104.15 | 573 | HEALTH 6,104 | 1 | PAYROLL 3,352 | 599 |
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| BUSEXP 18,458 | 6 | HEALTH 9,116 | 614 | PENALTY 3,052 | 611 |
| BUSEXP 18,808 | 579 | HEALTH 18,000 | 556 | PENALTY 3,110.25 | 601 |
| BUSEXP 24,506.05 | 611 | INDIV 30,550 | 564 | PENALTY 3,260.15 | 589 |
| BUSEXP 30,104.05 | 589 | INDIV 6,368 | 2 | PENALTY 9,100 | 576 |
| BUSEXP 30,262.50 | 5 | INDIV 33,408 | 577 | PENALTY 9,152 | 615 |
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| FILEBUS 9,104 | 601 | IRS 12,200 | 3 | | |
| FILEBUS 9,108 | 574 | IRS 33,302.05 | 603 | | |

## CONFERENCES

***January 11:*** Wolters Kluwer presents a webinar, "Protecting Americans from Tax Hikes (PATH) Bill of 2015: Highlights and Planning Update." For more information, visit *www.krm.com/cch* or call (800) 775-7654.

***January 13:*** Wolters Kluwer presents a webinar, "1040 Individual Income Tax Forms and Law Update, Including Newly Passed Extenders." For more information, visit *www.krm.com/cch* or call (800) 775-7654.

***January 15:*** Wolters Kluwer presents a webinar, "ACA Compliance: Prepare for Challenges of New IRS Forms, New Reporting As Additional ACA Compliance Begins and Ongoing Compliance Continues." For more information, visit *www.krm.com/cch* or call (800) 775-7654.

***January 22:*** Wolters Kluwer presents a webinar, "Preparing the Decedent's Final Form 1040 – And Other Post-Death Elections and Decisions for Your Clients." For more information, visit www.krm.com/cch or call (800) 775-7654.

***January 28:*** The District of Columbia Bar Taxation Section hosts its program, "Top 10 Estate Planning Developments in 2015 and How They Impact Your Practice In 2016." For more information, visit *www.dcbar.org*.

***January 28–30:*** The American Bar Association Section of Taxation hosts its 2016 Midyear Meeting in Los Angeles. Expert practitioners and IRS speakers will discuss the latest federal tax policies, initiatives, regulations, legislative forecasts and planning ideas. For more information, or to register, visit *americanbar.org*.

***February 2:*** The American Law Institute for Continuing Legal Education presents a webinar, "Attorney-Client Privilege and Work Product Doctrine in Tax Controversies." For more information, visit www.ali-cle.org, or call (800) 253-6397.

***March 4:*** The Federal Bar Association Section on Taxation holds its 2016 Tax Law Conference in Washington, D.C. For more information, or to register, visit *www.fedbar.org/Sections/*