



TAX ADVISOR

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Providing accurate, innovative and timely tax and business advice since 1986.

LLC OPERATING AGREEMENTS

I have noticed an alarming tendency among some attorneys to eliminate highly complicated tax provisions from Limited Liability Company Operating Agreements as, “too com-

plicated” or because they did not understand them.

Many of these provisions provide substantial tax benefits and planning opportunities for your clients. An excellent example in-

cludes significant tax benefits for bringing in additional owners later. Let us help you draft an operating agreement that is best for your client.

**Stephen L. Robison, J.D.,
LLM Tax and Business**

Board Certified in Federal Tax Law since 2002

Selected as Ohio SuperLawyer in Taxation in 2003 & 2004.

**Jack Keglemeyer, J.D.,
LLM Taxation**

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For more information contact us at:
4500 Cooper Road, Ste. 305
Cincinnati, OH 45242
513-412-3483 (telephone)
513-412-3482 (facsimile)

Email
steve@robisontaxlaw.com
jack@robisontaxlaw.com

SELECTED TOPICS FROM THE 2004 AMERICAN JOBS CREATION ACT [PART I]

PENALTIES, LANDMINES AND TIME BOMBS. We all know that the IRS is frustrated with the proliferation of tax shelters and tax scams over the past dozen years. The response is higher penalties for clients and advisors alike. Taxpayers are now required to disclose

certain “listed transactions”, confidential transactions, transactions with contractual protection, transactions involving large tax losses, and transactions involving brief ownership of assets. The first line of defense against the IRS's desire to enforce these penalties

should include an internal review of clients transactions to determine whether any transactions should be reported and to assist client in assessing future transactions. We can assist you with this review.

SECTION 6662A. The Accuracy-Related Penalties and Reportable Transactions. In addition to imposing a penalty for failing to disclose a reportable transaction, Congress also created a new accu-

racy-related penalty for certain reportable transactions. Section 6662, the traditional accuracy-related penalty provision, has contained special tax shelter rules for many years. The

2004 Act creates a new §6662A penalty, which carves out certain reportable transactions and creates a new, stricter accuracy-related penalty provision.

DENIAL OF INTEREST DEDUCTIONS FOR CERTAIN REPORTABLE TRANSACTIONS. In addition to imposing new penalties, the 2004 Act disallows a deduction for any interest paid or accrued on underpay-

ments of tax attributable to understatements regarding a non-disclosed listed transaction or a non-disclosed reportable avoidance transaction (i.e., a reportable transaction, other than a listed transaction, that has a

significant purpose of avoiding or evading federal income tax.). This disallowance provision is effective for transactions in tax years beginning after the date of enactment.

Coming in March

- ◆ Selected Topics From the American Jobs Creation Act [Part II]
- ◆ Innovation