



TAX ADVISOR

VOLUME 2, ISSUE 2

FEBRUARY 1, 2005

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**

Providing tax and business advice to professional advisors

- ◆ Income Tax Planning
- ◆ Tax Audits & Appeals
- ◆ Partnership Agreements
- ◆ Corporate Tax Planning
- ◆ S Corporation Planning
- ◆ LLC's
- ◆ Like Kind Exchanges
- ◆ Choice of Entities
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- ◆ Wealth Transfer
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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



Caption describing picture or graphic.

INSIDE STORY HEADLINE

This story can fit 150-200 words.

One benefit of using your newsletter as a promotional tool is that you can reuse content from other marketing materials, such as press releases, market studies, and reports.

While your main goal of distributing a newsletter might be to sell your product or service, the key to a successful newsletter is making it

useful to your readers.

A great way to add useful content to your newsletter is to develop and write your own articles, or include a calendar of upcoming events or a special offer that promotes a new product.

You can also research articles or find “filler” articles by accessing the World Wide Web. You can write about a variety of topics but try to keep your articles short.

Much of the content you put in your newsletter can also be used for your Web site. Microsoft Publisher offers a simple way to convert your newsletter to a Web publication. So, when you’re finished writing your newsletter, convert it to a Web site and post it.

INSIDE STORY HEADLINE

This story can fit 100-150 words.

The subject matter that appears in newsletters is virtually endless. You can include stories that focus on current technologies or innovations in your field.

You may also want to note business or economic trends, or make predictions for your customers or clients.

If the newsletter is distributed internally, you might comment upon new procedures or improvements to the business. Sales figures or earnings will show how your business is growing.

Some newsletters include a column that is updated every issue, for instance, an advice column, a book review, a letter from the president, or

an editorial. You can also profile new employees or top customers or vendors.

“TO CATCH THE READER’S ATTENTION, PLACE AN INTERESTING SENTENCE OR QUOTE FROM THE STORY HERE.”

INSIDE STORY HEADLINE

This story can fit 75-125 words.

Selecting pictures or graphics is an important part of adding content to your newsletter.

Think about your article and ask yourself if the picture supports or enhances the message you’re trying to convey. Avoid selecting images that appear to be out of context.

Microsoft Publisher includes thousands of clip art images from which you can choose and import into your newsletter. There are also several tools you can use to draw shapes and symbols.

Once you have chosen an image, place it close to the article. Be sure to place the caption of the image near the

image.



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Caption describing picture or graphic.



Organization

STEPHEN L. ROBISON, J.D.,
LL.M., BUSINESS & TAXATION

Primary Business Address
Your Address Line 2
Your Address Line 3
Your Address Line 4

Phone: 555-555-5555
Fax: 555-555-5555
E-mail: someone@example.com

WE'RE ON THE WEB!

EXAMPLE.MICROSOFT.COM

YOUR BUSINESS TAG LINE HERE

This would be a good place to insert a short paragraph about your organization. It might include the purpose of the organization, its mission, founding date, and a brief history. You could also include a brief list of the types of products, services, or programs your organization offers, the geographic area covered (for example, western U.S. or European markets), and a profile of the types of customers or members served.

It would also be useful to include a contact name for readers who want more information about the organization.

BACK PAGE STORY HEADLINE

This story can fit 175-225 words.

If your newsletter is folded and mailed, this story will appear on the back. So, it's a good idea to make it easy to read at a glance.

A question and answer session is a good way to quickly capture the attention of readers. You can either compile questions that you've received since the last edition or you can summarize some generic questions that are frequently asked about your organization.

A listing of names and titles of managers in your organization is a good way to give

your newsletter a personal touch. If your organization is small, you may want to list the names of all employees.

If you have any prices of standard products or services, you can include a listing of those here. You may want to refer your readers to any other forms of communication that you've created for your organization.

You can also use this space to remind readers to mark their calendars for a regular event, such as a breakfast meeting for vendors every third Tuesday of the month, or a biannual charity auction.

If space is available, this is a

good place to insert a clip art image or some other graphic.



Caption describing picture or graphic.