CASES, REGULATIONS AND STATUTES

by Robert P. Achenbach, Jr.

BANKRUPTCY

GENERAL -*ALM* § 13.03.*

EXEMPTIONS

RESIDENCE. The debtors claimed a homestead exemption for a house and horse sheds on 10.33 acres. The title to the property was in the name of a family limited partnership in which the debtors were minority partners. Although the court recognized some authority in Texas law that a partner could exempt specific partnership property from attachment by creditors when the debtor remained a partner, the court held that, in bankruptcy, the partnership interests passed to the bankruptcy estate. Because the debtor's partnership interest was bankruptcy estate property, the debtor could no longer claim the homestead partnership property as a personal exemption in bankruptcy. ***In re*** **Monsivais, 274 B.R. 263 (Bankr. W.D. Tex. 2002)**.

PREFERENTIAL TRANSFERS. The debtor had purchased cattle from an auction facility since 1997. For over 40 purchases, the debtor paid for the cattle with a personal check. Three of the checks were returned for insufficient funds and the debtor covered the check with a cashier's check. Two of the cashier check payments occurred during the 90 days before the filing of the bankruptcy petition and the trustee sought recovery of the payments as preferential transfers. The debtor argued that the cashier's checks were payment for the cattle and not preferential transfers. The court held that the return of the personal checks created a claim against the debtor, separate from the purchase of the cattle; therefore, if no exception applied, the cashier's checks were preferential transfers. The debtor claimed that either the contemporaneous exchange for new value or ordinary course of business exception applied. The court held that the contemporaneous exchange exception did not apply because, under the Missouri UCC, title to the cattle passed upon the date of the sale, delivery and presentation of the personal checks. The personal checks were the contemporaneous exchange for the cattle. The court held that the return of the checks created new claims which were satisfied by the cashier's checks. The court also held that the ordinary course of business exception did not apply because the debtor and auction facility had not set up a course of dealing in which the personal checks were returned and payment was made by cashier's checks. The court noted that only three of the 47 total purchases had returned checks, and two of those were the last two purchases. ***In re*** **Stewart, 274 B.R. 503 (Bankr. W.D. Ark. 2002)**.

FEDERAL AGRICULTURAL PROGRAMS

DISASTER ASSISTANCE PAYMENTS. The plaintiffs operated a catfish farm and suffered a loss of almost 60 percent of their fish in one crop year due to hot weather. The plaintiffs applied for disaster assistance under the Crop Loss Disaster Assistance Program (CLDAP). The CLDAP, however, required the CCC to determine the "normal mortality" associated with losses of crop under normal conditions so that losses incurred under natural disasters would be reduced by the normal mortality rate. For catfish farms, the normal mortality rate was set at 20 percent; therefore, the plaintiffs received compensation only for 40 percent of their losses. The plaintiffs challenged the 20 percent normal mortality factor as arbitrary and determined without due process. The normal mortality factor was determined by the CCC after consulting with experts in the various covered crops, including catfish farming. The court held that the CCC acted properly in determining the normal mortality factor and that the regulation was interpretative, which did not require public comment. **Belgard v. U.S.D.A., 185 F. Supp.2d 647 (W.D. La. 2001)**.

TUBERCULOSIS. The APHIS has issued interim regulations which amend the bovine tuberculosis regulations regarding state and zone classifications by removing the split-state status of Texas and classifying the entire state as modified accredited advanced. **67 Fed. Reg. 38841 (June 6, 2002)**.

WETLANDS. Under the Wetlands Reserve Program established by the Food Security Act of 1985, the CCC had issued regulations which, based upon statutory mandate, prohibited the Secretary from creating an easement on land that had changed ownership within the 12 months preceding the application for enrollment in the program. However, the Secretary could waive this ownership requirement if the new ownership was acquired by will or succession, or if the Secretary determined that the land was acquired under circumstances that gave adequate assurances that such land was not acquired for the purposes of placing it in the program. The Farm Security and Rural Investment Act of 2002, Public Law 107-171, expanded the ability of the Secretary to grant a waiver if the "ownership change occurred due to foreclosure on the land and the owner of the land immediately before the foreclosure exercises a right of redemption from the mortgage holder in accordance with State law." The CCC has issued final regulations which comply with the statutory change. **67 Fed. Reg. 39254 (June 7, 2002)**.

FEDERAL ESTATE AND GIFT TAX

ACCIDENTAL DEATH BENEFITS. The IRS has ruled that accidental death benefits payable pursuant to New York City and New York state laws to specified beneficiaries of a deceased N.Y.C. firefighter or police officer who died in the line of duty are not includible in the decedent's gross estate, except to the extent the benefits represent a return of the decedent's contributions to the pension fund. The benefits were payable only to the decedent's beneficiaries named by the decedent or determined by law and were not payable to the decedent's estate. **Rev. Rul. 2002-39, I.R.B. 2002-23**.

MARITAL DEDUCTION. The decedent received property in trust from the estate of a predeceased spouse. The predeceased spouse's will provided for a family trust and a marital trust and authorized the estate executor to elect QTIP treatment for the marital trust. The executor listed the marital trust on the estate tax return for the predeceased spouse but listed the value as the amount of both trusts. The executor eventually filed an amended return with the proper value of the marital trust. The confusion resulted in some marital trust property being used to fund the family trust. Upon the decedent's death, the current value of the marital trust was included in the decedent's estate. The IRS ruled that the current value of the marital trust was included in the decedent's estate. **Ltr. Rul. 200223020, Feb. 21, 2002**.

FEDERAL INCOME TAXATION

APPEALS. The IRS has modified and extended its test of the arbitration procedure set forth in *Announcement 2000-4, 2000-1 C.B. 317*, for an additional one-year period beginning on July 1, 2002. This procedure allows taxpayers to request binding arbitration for factual issues that are already in the appeals process. As a first step, the taxpayer and IRS must attempt to negotiate a settlement; if the negotiations prove unsuccessful, the parties may jointly request binding arbitration. The IRS is modifying the initial test program in the following ways: (1) issues involving substantiation of expenses under I.R.C. §§ 162, 274 will now be eligible for arbitration; (2) issues for which taxpayers intend to seek competent authority assistance will now qualify for arbitration, provided that a request for such assistance has not yet been filed; (3) timelines have been imposed for completing the agreement to arbitrate and proceeding to arbitration; and (4) collection cases, issues for which arbitration would be inconsistent with sound tax administration, frivolous issues, and cases in which the taxpayer failed to act in good faith during settlement negotiations are excluded from the arbitration procedure. The arbitration program is handled by the Appeals Large Business and Specialty Programs-Operations in the IRS. **Ann. 2002-60, I.R.B. 2002-24**.

CHARITABLE DEDUCTION. The taxpayers, husband and wife, formed a family trust which reached an agreement with a charitable organization for the organization to acquire a life insurance policy on the life of the wife. The trust made payments to the charity without restrictions but the charity used the contribution to pay the premium on the insurance policy. The trust made another payment the following year and the charity again made the premium payment. The trust and charity agreed to split the proceeds of the insurance upon the death of the wife. The agreement and insurance policy was terminated the third year. The court held that the taxpayers were not entitled to a charitable deduction for the contributions to the charity because the taxpayers received something of value in exchange. When the payments were made, the charity supplied the taxpayers with a receipt stating that no consideration was paid for the contributions, which was false. The court held that the false receipt resulted in the taxpayers failing to have sufficient substantiation of the contributions to support a deduction. **Addis v. Comm'r, 118 T.C. No. 32 (2002)**.

CORPORATIONS-ALM § 7.02.*

GOLDEN PARACHUTE PAYMENTS. The IRS has issued guidance on valuing stock options for nonpublicly traded stock and publicly traded stock for purposes of I.R.C. §§ 280G, 4999. The new revenue procedure provides that a stock option for stock that is publicly traded (that is, an option that is a compensatory stock option as defined in *Rev. Proc. 98-34*) will be considered properly valued if the valuation method satisfies the standard set forth in *Rev. Proc. 2002-13* for stock options that are not compensatory stock options. Accordingly, the value of a compensatory stock option will be considered properly determined if its value is determined in accordance with *Rev. Proc. 98-34*, with the safe harbor valuation method in *Rev. Proc. 2002-13*, or with a valuation method that is consistent with generally accepted accounting principles and that takes into account the factors provided in the proposed regulations. **Rev. Proc. 2002-45, I.R.B. 2002-__, *modifying*, Rev. Proc. 2002-13, I.R.B. 2002-8, 549**.

SHAREHOLDER LOANS. The taxpayer was the sole shareholder of a corporation which provided acting services. The taxpayer made several contributions to the corporation which were labeled as loans from the taxpayer on the corporation's tax returns. The taxpayer did not execute any promissory notes or otherwise provide evidence of any repayment terms, interest or enforcement terms. The corporation made several payments for expenses which were not related to the business but were the taxpayer's personal expenses. The taxpayer argued that, because the expenses paid by the corporation were less than the amount owed to the taxpayer, the corporation's payments were repayment of the loans. The court held that the contributions were capital contributions and not bona fide loans and that the corporation's payment of the taxpayer's personal expenses was constructive dividends. **Noble v. Comm'r, T.C. Summary Op. 2002-68**.

COURT AWARDS AND SETTLEMENTS. The U.S. Supreme Court has denied certiorari in the following case. The taxpayer was forced to resign employment by the taxpayer's

***Agricultural Law Manual* (ALM).**

employer. The taxpayer joined a class action suit against the employer which alleged age discrimination and other torts. The taxpayer signed an agreement to pay the class attorneys one-third of any recovery. A settlement was reached and the plaintiffs in the action allocated the proceeds first to litigation and administration costs. One-third of the remainder was allocated to the attorneys' fees, one-third to compensation for lost wages, and one-third for the tort injuries. The employer paid one-third of the settlement directly to the attorneys and the remainder to the class and agreed to withhold income taxes from the amount allocated to compensation for lost wages. The court held that the amount paid as attorneys' fees by the employer was included in the taxpayer's income because the liability for the fees was the responsibility of the taxpayer and not the employer. **Sinyard v. Comm'r, 2001-2 U.S. Tax Cas. (CCH) ¶. 50,645 (9th Cir. 2001), *aff'g*, T.C. Memo. 1998-364**.

The taxpayer was a shareholder and employee of a corporation. The taxpayer's employment was terminated and the taxpayer sued the corporation for wrongful termination. The parties reached a settlement in which the corporation paid the taxpayer's attorney's fees, paid compensation for the wrongful termination and repurchased the taxpayer's stock. The taxpayer argued that the attorney's fees payment was excludible from income under I.R.C. § 62(c) as a reimbursement or other expense allowance arrangement. The court held that the payment did not qualify for I.R.C. § 62(c) treatment because the payment was not made under an accountable plan since the payments were not related to the performance of services for the corporation. **Biehl v. Comm'r, 118 T.C. No. 29 (2002)**.

DISASTER PAYMENTS. On May 21, 2002, the president determined that certain areas in Illinois were eligible for assistance under the Disaster Relief and Emergency Assistance Act, 42 U.S.C. § 5121, as a result of severe storms, tornadoes, and flooding on April 21, 2002. **FEMA-1416-DR**. Accordingly, a taxpayer who sustained a loss attributable to these disasters may deduct the loss on his or her 2001 federal income tax return.

DISCHARGE OF INDEBTEDNESS. The IRS has issued proposed regulations relating to the information reporting requirement under I.R.C. § 6050P for cancellation of indebtedness. The proposed regulations reflect the enactment of I.R.C. § 6050P(c)(2)(D) by the Ticket to Work and Work Incentives Improvement Act of 1999 which requires lenders to report discharges of indebtedness. In addition, under the proposed regulations, if an organization that is required to report under Section 6050P (an applicable entity) forms, or avails itself of, some other entity for the principal purpose of holding loans acquired by the applicable entity, then, for purposes of Section 6050P, the entity so formed or availed of is treated as having a significant trade or business of lending money. **67 Fed. Reg. 40629 (June 13, 2002)**.

EDUCATION EXPENSES. The taxpayers, husband and wife, claimed a deduction for the wife's law school expenses. The wife was employed as a law librarian and continued in those duties after receiving the law degree and admission to the state bar. The wife claimed that she had no intention of ever practicing law. The law school degree was not required by the wife's employer. The court held that the law school expenses were not deductible because the education prepared the wife for a new trade or business. **Galligan v. Comm'r, T.C. Memo. 2002-150**.

INTEREST RATE. The IRS has announced that, for the period July 1, 2002 through September 30, 2002, the interest rate paid on tax overpayments remains at 6 percent (5 percent in the case of a corporation) and for underpayments at 6 percent. The interest rate for underpayments by large corporations remains at 8 percent. The overpayment rate for the portion of a corporate overpayment exceeding $10,000 remains at 3.5 percent. **Rev. Rul. 2002-33, I.R.B. 2002-22**.

PARTNERSHIPS-ALM § 7.03.*

ADMINISTRATIVE ADJUSTMENTS. The IRS had issued a notice of deficiency based upon the taxpayer's share of partnership discharge of indebtedness income. The taxpayer argued that the notice was barred by the statute of limitations for personal income tax returns because the taxpayer was not a partner in the partnership. The court held that the issue of the taxpayer's status as a partner was a partnership item, subject to the longer limitation period of I.R.C. § 6229 for administrative adjustment proceedings. **Blonien v. Comm'r, 118 T.C. No. 34 (2002)**.

PENSION PLANS. For plans beginning in June 2002, the weighted average is 5.68 percent with the permissible range of 5.11 to 6.24 percent (90 to 120 percent permissible range) and 5.11 to 6.81 percent (90 to 110 percent permissible range) for purposes of determining the full funding limitation under I.R.C. § 412(c)(7). **Notice 2002-38, I.R.B. 2002-25**.

RETURNS. The IRS has advised newly married taxpayers of the possible need to file name and address changes with the IRS. A taxpayer who changes his or her last name upon marrying should notify the Social Security Administration and should update his or her social security card so that the number matches the new name. Form SS-5, "Application for a Social Security Card," is available through the SSA website at www.ssa.gov or by calling toll-free 1-800-772-1213. If one or both spouses are changing their address, they should notify the IRS using Form 8822, "Change of Address Form," to be sure that they receive any tax refunds or IRS correspondence. **IR-2002-74**.

S CORPORATIONS

MERGER. An S corporation, merged into a C corporation in a merger qualifying as an "A" reorganization under I.R.C. § 368(a)(1)(A). Prior to the merger, an individual shareholder owned stock in the S corporation and stock in the C corporation. The shareholder has suspended losses under I.R.C. § 1366(d) at the time of the merger. After the merger, the shareholder has two blocks of stock in the C corporation, the stock received in the merger and the original stock. The shareholder made no contributions to, and received no distributions from, the C corporation with respect to the stock during the post-termination transition period. In a Field Service Advice letter, the IRS ruled that the shareholder was permitted to apply losses suspended under I.R.C. § 1366(d) against the shareholder's historic basis in the C corporation stock. The shareholder was required to reduce the shareholder's historic basis in the C corporation stock for the losses taken. **FSA Ltr. Rul. 200223052, May 7, 2002**.

SALE OF RESIDENCE. The taxpayers, husband and wife, owned a residence in one city. The husband obtained employment in another city and the couple placed the original house for rent. The house was rented for six months, after which it was placed for sale. The house did not sell for almost two years. The taxpayers claimed maintenance and tax expenses as deductions related to property held for the production of income. The court held that the temporary rental of the house did not convert the house to property held for the production of income and denied the deductions. **Saunders v. Comm'r, T.C. Memo. 2002-143**.

TAX ON SOCIAL SECURITY BENEFITS. The taxpayer was married and resided in the same residence as the spouse for at least 30 days during the taxable year. The taxpayer received social security income of $11,181, filed a return as "married filing separately," and did not include any of the social security benefits as taxable income. The taxpayer argued that the taxpayer and spouse lived apart; therefore, the taxpayer was eligible to claim a base amount of $25,000 under I.R.C. § 86(c)(1), resulting in exclusion of all social security income. The court held that, because the taxpayer resided with the spouse for some part of the taxable year and did not file a joint return, the taxpayer's base amount was zero and all of the social security income was taxable. **McAdams v. Comm'r, 118 T.C. No. 24 (2002)**.

SECURED TRANSACTIONS

FEDERAL FARM PRODUCTS RULE. By Roger A. McEowen. The Farm Security and Rural Investment Act of 2002, Pub. L. No. 107-171, ___ Stat. __ (2002) made several changes in the federal farm products rule. Section 10604(a) of the Act modifies the requirement of 7 U.S.C. § 1631(c)(4) that an effective financing statement (other than electronically filed financing statements) be signed by the debtor by specifying that the statement is effective if it is signed, authorized or otherwise authenticated by the debtor. The same section also clarifies that a financing statement securing farm products needs to describe the farm products and specify each county or parish in which the farm products are produced or located. Also, any amendment to a financing statement made to reflect material changes must be made in writing within three months and be signed, authorized or otherwise authenticated by the debtor.

Section 10604(a) of the Act also changes the requirement that a notice of lapse of the financing statement be signed by the secured party to a requirement that the secured party sign, authorize or otherwise authenticate the filed notice of lapse of the financing statement. Section 10604(c) of the Act makes the same changes to 7 U.S.C. § 1631(g)(2)(A) with respect to a commission merchant or selling agent who sells a farm product for others.

Section 10604(b) of the Act modifies, in part, the language of 7 U.S.C. § 1631(e) concerning when a buyer of farm products takes subject to a security interest by changing the required information on the security interest from "a description of the farm products subject to the security interest created by the debtor, including the amount of such products where applicable, crop year, county or parish, and a reasonable description of the property", to "a description of the farm products subject to the security interest created by the debtor, including the amount of such products where applicable, crop year, and the name of each county or parish in which the farm products are produced or located". Section 10604(c) of the Act makes the same changes to 7 U.S.C. §1631(g)(2)(A) with respect to a commission merchant or selling agent who sells a farm product for others.

Section 10604(b) of the Act also states that the requirement that the notice sent to the buyer of farm products by the secured party within a year before the sale of the farm products be amended in writing within three months of the occurrence of any material changes be signed to "changed, authorized or otherwise authenticated". Section 10604(c) of the Act makes the same changes to 7 U.S.C. § 1631(g)(2)(A) with respect to a commission merchant or selling agent who sells a farm product for others.

PERFECTION. The debtor had several loans with a bank for operating and ownership loans. Some loans were consumer loans perfected with UCC-1 financing statements and some were farm products loans perfected with UCC-1F financing statements. Each loan was secured by perfected security interests. The name of the bank and its address on the financing statements were accurate when made, but the bank was merged into another bank without changing or amending the financing statements. To complicate the matter more, Idaho adopted the Revised UCC Article 9. The debtor sought to have the security interests be declared unperfected because the financing statements had the wrong creditor name and address. The court held that the Revised Article 9 applied but provided that security interests perfected under the old version would be considered perfected under the revised version. However, the Revised Article 9, Idaho Code § 28-9-704(3)(A), provided that unperfected security interests automatically become perfected under the Revised Article 9 if they meet the new criteria. As to the UCC-1 financing statements, the court held that the name and address changes did not render the security interests unperfected under the old Article 9; therefore, the security interests remained perfected under the Revised Article 9. As to the UCC-1F financing statements, the court held that the incorrect name and address may have rendered the security interests unperfected under the old Article 9 but were not sufficient to prevent perfection under the Revised Article 9; therefore, the security interests were perfected under the Revised Article 9. ***In re* Hergert, 275 B.R. 58 (Bankr. D. Idaho 2002)**.

CITATION UPDATES

Estate of Schuler v. Comm'r, 282 F.3d 575 (8th Cir. 2002), *aff'g*, T.C. Memo. 2000-392 (reciprocal gifts) see p. 52 *supra*.

***In re* Lambert, 273 B.R. 887 (Bankr. D. Or. 2001)** (estate property) see p. 59 *supra*.

Scott v. United States, 186 F. Supp.2d 664 (E.D. Va. 2002) (trusts) see p. 71 *supra*.

Shepherd v. Comm'r, 283 F.3d 1258 (11th Cir. 2002), ***aff'g*****, 115 T.C. 376 (2000)** (gifts) see p. 44 *supra*.

Thom v. United States, 283 F.3d 939 (8th Cir. 2002), ***aff'g*****, 134 F. Supp.2d 1093 (D. Neb. 2001)** (installment reporting) see p. 54 *supra*.

IN THE NEWS

ENVIRONMENTAL LAW. The Ninth Circuit Court of Appeals has ruled that the EPA can set limits on pollution of rivers from logging and agricultural runoff. The ruling upholds a federal judge's interpretation of certain provisions of the 1972 Clean Water Act that the EPA began enforcing in 1991 because of pressure from environmental groups. Those provisions allow the EPA to force states to come up with ways to reduce pollution in rivers and waterways contaminated solely by runoff, as opposed to industrial waste or sewage. Before 1991, the EPA set pollutant limits only on discharges from "point sources," such as drain pipes from sewage systems and industrial plants. States decide how to achieve the limits, through restrictions on logging, road-building and other practices that cause erosion and chemical runoff. States can lose federal funds if they fail to require reductions. Farming groups argued that the government was only authorized to limit pollution from industrial waste and sewage systems. The suit was filed by two Mendocino County landowners who were joined by the American Farm Bureau Federation and state and local farm organizations. **Las Vegas Sun, May 31, 2002.**

POULTRY PRODUCTION CONTRACTS. About 400 Oklahoma poultry farmers have sued an Arkansas chicken company for roughly $30 million, alleging the company made millions of dollars at their expense. The farmers charged fraud and breach of contract in the lawsuit filed in federal court against O.K. Industries Inc., in Fort Smith, Ark. The lawsuit asks for O.K. Industries and its subsidiaries to give $75,000 to each farmer for compensation and punitive damages. The lawsuit, filed in Federal District Court in Muskogee, is another turn in the continuing chicken fight. The lawsuit against O.K. Industries filed Wednesday apparently is the only one pitting a poultry company against its own contractors. "O.K. Industries promises poultry farmers an honest deal -- that they will be paid well and paid based on how good a job the farmers do raising chickens," said Charles Goodwin, attorney with Crowe & Dunlevy in Oklahoma City. "The reality is that the farmers oftentimes make no more than a poverty-level income." He said farmers' pay depends on O.K. Industries' choices about who gets what chickens and when the birds will be picked up. Farmers say they invest about $200,000 or more in building each chicken house. The lawsuit alleges that the company will not sign a contract with the farmers until the houses have been built or the loan secured. The lawsuit alleges that farmers get locked into working for the company and remain at O.K. Industries' mercy for the type of chickens, feed, medication and other supplies used to raise chicks. "Calculation of compensation is a deceptive, unfairly discriminatory, unfair, and arbitrary and capricious system of compensation," the lawsuit claims. It alleges that the pay scale penalizes farmers based on factors controlled by O.K. Industries, and details of that system are not explained to farmers before they invest in equipment. The lawsuit alleges that chicken houses deteriorate quickly and farmers are not aware of that or of how their pay is tied to the condition of their houses. "Unfortunately, the farmers, who have invested hundreds of thousands of dollars to build their chicken houses, are then forced to choose between losing everything or staying with the company," Goodwin said. The lawsuit also seeks to resolve the issue of whether the company, rather than farmers, should be responsible for the litter that can damage water quality. **The Oklahoman, May 31, 2002**.

SHARED APPRECIATION AGREEMENTS. A federal judge has thrown out a lawsuit filed by farmers across the country over the government's attempt to recoup millions of dollars from bailouts written in the late 1980s. While the bailout contracts are "poorly drafted and confusing," they do say the farmers owe the government at least some of the amount by which their land increased in value since the deals were struck, U.S. District Judge Rodney Webb wrote. The dispute hinges on a 1987 law that restructured or wrote off billions of dollars in farm loans. It has been credited with saving 23,000 farmers from foreclosure during the 1980s. The lawsuit said the federal Farm Service Agency (FSA) began asking for a total of $4.3 million from farmers in 1999. The agency asked each farmer for half the amount of money by which that farmer's land increased in value from 1989, the year it agreed to write off loans above the actual value of the land. The farmers contended they had to share only appreciation money if they sold their land or quit farming within the 10-year term of the contracts; otherwise, the deals would simply expire and they would owe nothing. The Agriculture Department, which oversees the FSA, said the contracts, called shared appreciation agreements, came due 10 years after they were signed - or sooner, if the farmers left the land. In his decision, Webb said the 1987 Agricultural Credit Act was intended to help struggling farmers write down debt "and in return USDA would receive a portion of the increased value of the land." Webb also agreed with the government that it should be paid if a farmer quit the land or when the contract came due. "In either event, recapture will take place; the only question is when," he wrote. He also said there was nothing to support the farmers' argument that the amount owed could be capped. The lawsuit lists as plaintiffs more than 100 farmers from Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, North Dakota, South Dakota, Tennessee and Wisconsin. **Jack Sullivan, Associated Press**.

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AGRICULTURAL TAX AND LAW SEMINARS

by Neil E. Harl and Roger A. McEowen

August 13-16, 2002 Holiday Inn I-25, Fort Collins, CO
September 24-27, 2002 Interstate Holiday Inn, Grand Island, NE

Plans are also underway for a two-day seminar in the Palm Springs, CA area on October 17-18, 2002 on "Farm & Ranch Income Tax" and "Farm & Ranch Estate and Business Planning." Mark your calendars and watch this space for details.

Come join us for expert and practical seminars on the essential aspects of agricultural tax and law. Gain insight and understanding from two of the nation's top agricultural tax and law instructors.

The seminar are held on Tuesday, Wednesday, Thursday, and Friday. Registrants may attend one, two, three or all four days, with separate pricing for each combination. On Tuesday, Dr. Harl will speak about farm and ranch income tax. On Wednesday, Dr. Harl will cover farm and ranch estate planning. On Thursday, Roger McEowen will cover farm and ranch business planning. **NEW THIS YEAR**: On Friday, Roger McEowen will cover agricultural contracts. Your registration fee includes comprehensive annotated seminar materials for the days attended which will be updated just prior to the seminar. The seminar materials will also be available on CD-ROM for a small additional charge.

Here are some of the major topics to be covered:

• Income tax aspects of property transfer, including income in respect of decedent, installment sales, private annuities, self-canceling installment notes, and part gift/part sale transactions.

• Taxation of debt, taxation of bankruptcy, the latest on SE tax of rental of land to a family-owned entity; income averaging; earned income credit; commodity futures transactions; paying wages in kind; new depreciation rules.

• Farm estate planning, including 15-year installment payment of federal estate tax, co-ownership discounts, alternate valuation date, special use valuation, family-owned business deduction (FOBD), marital deduction planning, disclaimers, planning to minimize tax over deaths of both spouses, trusts, and generation skipping transfer tax.

• Gifts and federal gift tax, including problems with future interests, handling estate freezes, and "hidden" gifts.

• Organizing the farm business--one entity or two, corporations, general and limited partnerships and limited liability companies.

• **New this year:** Farm and ranch contracts. Also, patents, antitrust issues and regulation of production.

Special room discounted rates are available at the hotels for seminar attendees.

The seminar registration fees for current subscribers (and for multiple registrations from one firm) to the *Agricultural Law Digest*, the *Agricultural Law Manual*, or *Principles of Agricultural Law* are $185 (one day), $360 (two days), $525 (three days), and $670 (four days). The registration fees for nonsubscribers are $200, $390, $570 and $720, respectively.

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