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June 2006
Volume 3, Issue 2

RAUPC News

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Washington State Use Tax Enforcement: Buyer Beware

By Jay Hanson & Bob Underhill

Many of our clients have heard the constant refrain over the past several months regarding the requirement of paying "use tax" on out-of-state purchases of property brought into Washington State. Recently, for other clients, the introduction to the Washington State use tax system has been a surprise letter from the Washington State Department of Revenue regarding the requirement to pay use tax on a recent purchase of personal property.

The Washington State sales tax was enacted in 1935 and is imposed on each retail sale (or lease) of personal property and specified services. The "use tax" is the twin sister of the sales tax and it applies to the use of personal property or specified services within Washington State. The use tax rate is the same as the sales tax rate. The use tax supplements the sales tax by taxing the use of specified services and personal property on which sales tax has not been paid. In essence, if sales tax has not been paid on a purchase of property brought into Washington State, the use tax will generally apply instead. Taxpayer knowledge of the tax is admitted by the Department of Revenue (DOR) to be poor; compliance is dismal, to say the least; and actually finding the right form to pay the tax takes quite a bit of searching (even when requested, a DOR agent had a hard time correctly locating it). The use tax was largely ignored by consumers and rarely enforced by the Department several years ago. However, with Olympia's growing need for revenue in the early part of this decade, the use tax statutes were dusted off and enforcement of use tax collections began to rise.

Use tax obligations arise in a variety of settings. For example, the purchase of an item of artwork at an auction in New York State which is brought back to Washington State is subject to the payment of either sales or use tax. If no sales tax is paid at the time of purchase the purchaser is required to pay use tax within 30 days of bringing the artwork into Washington State. If the purchaser paid sales tax to New York State on the purchase, the purchaser is given a credit for the tax paid to New York State, but the purchaser still owes use tax on the difference between the tax paid to New York State and the use tax owed to Washington State. To the surprise of many, use tax is generally owed on all internet purchases made without the imposition of sales tax if the purchased item is to be used in Washington State. In this regard, even the purchase of a 99¢ iTunes song is subject to the payment of 9¢ of use tax.

Within the past several years use tax enforcement has been largely aimed at the collection of use tax on items such as boats, airplanes, artwork and jewelry. These items are oftentimes purchased out-of-state where sales tax is not applied to the sale and then brought into Washington State for use. The Department of Revenue has focused on these types of property because they are relatively easy to track when entering the state and the

***Use Tax* continued on page 5**

The Estate Tax Debate Begins Again

By Bob Underhill

As we're writing this, Congress has restarted discussions on the future of the estate tax system. The Republicans, who want complete repeal, are a few votes short of surviving a filibuster in the Senate. The fear of a loss of seats in both houses in the November election has put them in a compromising mood. If Congress takes a tilt to the left in November, it may be the Democrats who largely determine the future of the estate tax. So the new discussion is about lowering rates and raising exemptions, as we predicted it would be. Remember that in 2001, the then-Congress essentially rigged the law to force an overhaul of the system by 2010—the current law is repealed for one year in 2010 and then reinstates in 2011—back to rates and exemptions in effect in 2001 (a 55% rate and $1 million exemption amount). That absurdity obviously won't come to pass (we say "obviously," but know that anything is possible when dealing with the political process).

> *Proposals would increase the lifetime exemption amount to $5 million per person ($10 million for a couple), and create a two-tier rate structure—a 15% rate (consistent with the capital gain rate) on taxable estates of up to $20 million, and a 30% rate for larger estates. Since the estate tax system would remain in the law, presumably the step-up in basis rule would continue as well, even though vastly fewer estates would pay tax.*

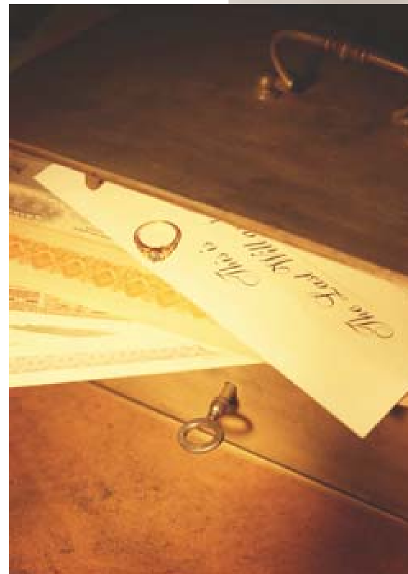
You may recall us saying in prior articles that the principal purpose of the estate and gift tax is social policy; in the scheme of things, the taxes raise relatively little revenue for the federal government. In anything like its current form, the estate tax came into being in the early part of the last century, when Congress at the time became fearful of the potential for European-like aristocracies in the era of industrialist-capitalists. So a primary purpose of the taxes is to bust up wealth concentrations, or encourage wealth to be more broadly distributed within families. To say the least, estate tax avoidance maneuvers can cause first-generation wealth owners to behave somewhat counter to their normal inclinations as stewards of wealth. Another indisputable side effect of a steep estate tax (as well as income tax) is the encouragement it provides toward charitable giving (which is deductible for both).

Legislation to permanently repeal the estate tax and the generation-skipping tax (but not the gift tax) very nearly cleared Congress last summer. It was effectively washed up by Hurricane Katrina and her aftermath—swelling government recovery expenditures and the misery of hundreds of thousands of displaced people made repeal of a tax on the wealthy politically indelicate at the time.

The permanent repeal bill would have left the gift tax on the books (the stated reason being to prevent families from gifting income or property to children and grandchildren in lower tax brackets, thereby saving income taxes to the family). Our more cynical belief is that gift taxes were to be retained to prevent the triggering of massive intergenerational wealth transfers, thereby removing that wealth from the reach of an estate tax if a future Congress restored the system.

Also recall that the repeal bill would have substantially modified the step-up in basis rule for property acquired from a decedent's estate. To that extent, the impact of repeal of the estate tax would have been diminished by increased capital gain taxes to the next generation.

The bi-partisan compromise plan floated by Sens. Kyl (R- AZ) and Baucus (D- MT) would lower rates and raise exemptions as described above, and leave the step-up in basis rules in place. Interestingly, the revenue cost of these proposals is mostly tied to the lowering of rates on the largest estates. Raising exemption amounts to $10 million per couple has a smaller revenue impact. Other proposals put forth by members of Congress include a complete exemption for closely held businesses and farms, as well as a provision to end discounting of interests in family-owned entities such as partnerships and LLCs. Neither provision would surprise us, and we have discussed the possibility of both. And exemption for family businesses makes sense, both to blunt political opposition to the death tax and to remove a genuine hardship to those who inherit family firms and confront the payment of sizeable inheritance tax. The provision to end discounting could make the rate reduction/exemption increase a pyrrhic victory for many estates. The loss of a valuation discount would effectively cause more of a family's wealth to be subject to tax, perhaps more than offsetting the favorable effect of lower rates and higher exemptions.



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The benefit of a Roth conversion comes with the distributions. While contributions to a Roth IRA are not deductible, the earnings are permanently tax-free.

Roth Conversions

By Derek Hayner

The recently passed Tax Increase Prevention and Reconciliation Act of 2005 eliminates the $100,000 adjusted gross income (AGI) ceiling for converting a traditional IRA to a Roth IRA. This won't be available to qualifying taxpayers until the 2010 tax year, but it does merit a closer look for planning purposes.

A conversion will be treated as a taxable distribution subject to your ordinary income tax rate, but will not be subject to the 10-percent early withdrawal penalty. In addition, taxpayers who convert in 2010 can elect to include the conversion income in 2010 or average it over the next two years. However, if the tax on the conversion income is paid for from the proceeds of the traditional IRA, that amount would be subject to the 10-percent early withdrawal penalty as it would reduce the amount of the conversion. In most cases it will only make sense to make the Roth conversion if the additional taxes can be funded with other sources.

The benefit of a Roth conversion comes with the distributions. While contributions to a Roth IRA are not deductible, the earnings are permanently tax-free. Roth IRAs also have no minimum distribution requirements at age 70½. In order to determine whether a conversion makes sense, you will need to consider your investment timeframe, current versus expected retirement tax rate, and the expected growth rate on the retirement assets. If you are only a few years away from retirement at the time of conversion, accelerating the payment of tax probably would not prove beneficial. Similarly, if you expect to be in a significantly lower tax bracket upon retirement, it may not make sense to pay tax at the higher rate upon conversion. But if your investment timeframe is longer and you expect similar or higher tax rates upon retirement, it might make sense to take a tax hit upon conversion to gain the benefit of years of tax-free growth and distributions.

While the conversion provision does not apply to 401(k) plans, it does not prevent Roth conversions of traditional IRAs that have received rollovers from 401(k) balances when an individual leaves employment. Nor does the new law prohibit high-income taxpayers from contributing to nondeductible traditional IRAs now in anticipation of converting to Roth IRAs in 2010.

Of course, the biggest question is whether this conversion option will still be available once the 2010 tax year arrives. The Roth conversion provision was included in the tax bill as a "revenue raiser," but a lot of commentators are questioning whether the short-term revenues from initial conversions will outweigh the long-term revenue drain from the tax-free earning status the converted accounts will attain. In addition, many of the critics are calling the conversion plan a "budget gimmick" that will likely be reversed prior to 2010. Assuming it does withstand congressional tinkering, it could prove to be a powerful planning tool for taxpayers currently precluded from a conversion due to the $100,000 AGI limit.

Myth-Busting: Can S Corp Shareholders Avoid the Payment of Wages?

By Jay Hanson

Highlighting the IRS's continued vigilance in the area of S corporations and employee compensation, the Ninth Circuit Court of Appeals recently affirmed a Tax Court decision determining that a sole shareholder of an S corporation was also an employee of the S corporation for employment tax purposes. In general, an incentive exists for an S corporation to pay little or no wages to shareholders who perform services in any capacity on behalf of the S corporation. Ordinary income passing through an S corporation to a shareholder-employee, which is not attributable to wages for services performed, is not subject to employment tax either at the corporate level or at the shareholder-employee level. However, the issue of the payment of reasonable wages to shareholder-employees continues to find its way into the courtroom. When the IRS is successful in recharacterizing corporate distributions as wages, the S corporation and the employee are subject to employment taxes, as well as penalties and interest for the underpayment of employment taxes, and, potentially, for failing to file employment tax returns.

Under the Internal Revenue Code, an officer of a corporation is deemed to be an employee of the corporation if the officer performs substantial services for the corporation and is paid for those services. When a shareholder of an S corporation performs services for the S corporation, a *reasonable* portion of the remuneration paid to the shareholder must be characterized as wages paid for the performance of services to the corporation. In essence, the value of the services performed by the shareholder to the corporation needs to be characterized as wages. This issue becomes particularly acute for sole shareholder S corporations where the shareholder is performing services which generate a substantial portion of the corporation's gross income. To determine whether compensation paid

Myth-Busting **Continued on page 7**

New Tax Legislation & More Being Debated

AMT Reform Held Hostage

By Bob Underhill

The tax bill which recently hurtled through Congress, as most know, is notable for the two-year extension of 15% rates on qualifying dividends and long-term capital gains (through 2010). Thus, the tax on most investment income will remain at historically low rates. Most other pieces of that legislation are more arcane, and won't be substantively addressed here. But also notable is what didn't make it into the bill and why.

Continuation of the 15% rate on investment income was a key agenda item for the Bush administration. Faced with the increasing likelihood that the Republicans will lose control of one (if not both) branches of Congress in the Fall elections, Republican leadership needed to move a fairly streamlined bill, jettisoning a number of extenders and fairness provisions (with the public message that they will be incorporated into a trailer bill later this year—we'll see). Tax writers were also struggling to keep the overall cost of the bill under $70 billion; otherwise, the bill would not have enjoyed "reconciliation" status and would have required 60 votes for passage in the Senate. So things like a deduction allowance to teachers for money spent on teaching supplies and extension of the deduction for sales tax got left behind.

But to us, the real impact of continuing the 15% rate on investment income is the fact that it holds hostage any meaningful overhaul of the alternative minimum tax (AMT). The bill contains yet another "bandage" to prevent the AMT from reaching even deeper into the middle ranks of taxpayers, but provides no true reform. As we have commented before in our newsletter, the AMT has long outlived its original purpose in the tax code—to prevent mostly wealthy taxpayers from sheltering a large portion of their income from taxation. Today, the AMT is affecting vastly more taxpayers than Congress originally envisioned and, left unabated, will become the *de facto* tax system (estimates are that within 10 years, two-thirds of US taxpayers will pay AMT).

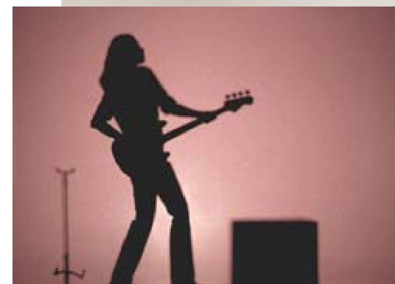
Politically, it is a classic "red state vs. blue state" issue. While Republicans would like to see AMT reformed, they wanted extension of the 15% rates even more. Oddly enough, while starting out in the 1970s as a Democrat-favored tax system, the AMT now impacts predominantly people in "blue states"—states like California, Oregon, New York and Massachusetts, with high state income tax rates. The price tag, in federal budgetary terms, of true AMT reform is huge and growing. To reform or repeal the AMT would force tax increases onto other taxpayers, something that could not happen at the same time politicians were extending 15% rates on investment income (rates enjoyed by predominantly wealthy taxpayers). So the AMT, or what we like to call the "stealth tax," will likely remain in more or less its present form, at least until there is a change in administrations.

Other notable provisions in the act include:

- ***Kiddie Tax***: The kiddie tax rules require that unearned income (e.g., interest, dividends) of a minor child be taxed at the parent's (usually higher) tax rate. The definition of a minor has been extended from age 14 to age 18. The tax applies to net unearned income over $1,700.
- ***Small Business Expensing***: In 2003, to encourage capital investment by small businesses, Congress allowed for the immediate expensing for tax purposes of up to $100,000 (indexed for inflation) of qualifying property. The allowance was due to revert to $25,000 after 2007 and has now been extended through 2009. To focus the benefit on small businesses, the deduction phases out if qualifying property additions for the year exceed $400,000 (indexed).

As in any tax legislation, this bill is replete with indications of rather crass special-interest lobbying and, in more recent years, appalling contortions by the tax writers to artificially "fix" budget shortfalls by fiscal year. Here are a few examples:

- The music and recording industry got a few goodies inserted into the bill, including a provision that allows songwriters to sell their song titles (so-called "self-created musical compositions") at capital gain rates. The sale or assignment of self-created property—like anything received in exchange for one's labor—has historically been taxed as ordinary income. So look for the likes of Don Henley and Neil Diamond to begin cashing out.



- To jimmy tax receipts into given fiscal years, the Act calls for corporate tax payments due September 2006 to be remitted at 105%; payments due in July, August and September 2012 must be remitted at 106.25% (these excess payments are scored as federal revenue in those time periods; any refunds or credits that may result are pushed to the following fiscal year—not quite GAAP accounting). Another example: 20.5% of the corporate tax payment due on September 15, 2010, is now by fiat due on October 1 instead. You may think we're kidding on this,

***Legislation* Continued on page 7**

Use Tax Continued from page 1

tax revenue associated with these big-ticket items makes collections enforcement a revenue-producing activity for the Department of Revenue.

Initial collection activities by the Department of Revenue were oftentimes selective and focused on transactions that were relatively easy to identify. However, the Department of Revenue seems to be broadening the scope of the items it is tracking to determine whether a customer is complying with use tax payments. It now seems that the Department of Revenue is poring over U.S. Customs declarations, bills of lading from the transportation of items into Washington State and other property importation documents. In one instance, the DOR learned of goods imported into the state via a Seattle-based outfit that stores art and collectibles. These records are used to determine what items are being brought into Washington State and who is importing the items. If an item is identified the taxpayer is then sent a letter detailing the taxpayer's obligation to pay use tax on the purchase. Often, the letter is sent long after the 30-day period to pay the tax has passed, initiating both penalties and interest on the non-payment of the tax.

Washington is negotiating with big internet and mail-order catalog sellers to collect sales tax at a uniform rate on all purchases.

This new enforcement procedure puts more pressure than ever on Washington State taxpayers to come into compliance with their use tax obligations. However, without mass taxpayer education, the Department may never get to the point where use tax can be effectively collected on the millions of internet and mail-order purchases, not to mention the millions of dollars of "stuff" people buy on vacation and bring home with them. Plus, full compliance by even knowledgeable taxpayers would be a horrible burden. Something bought at Disneyland costing $100 would be subject to California sales tax (at a lower rate than Washington State). Upon bringing the item back to Washington, you would have to compute and pay the tax difference to Washington. In several client encounters with the DOR on this matter, we have:

- Argued strenuously (and to some limited success) that enforcement of the use tax on big-ticket purchases amounted to selective enforcement against the wealthy and was potentially discriminatory and unconstitutional;
- Heard one DOR agent admit that she had just filed her first use tax return last year;
- Did not draw an objection to our assertion that half the Washington legislature (even the governor) was not paying the tax;
- Gotten the unit head to agree that probably substantially fewer than 1,000 use tax returns were filed state-wide for all of last year;
- Asserted that the DOR was not fulfilling its legislative mandate to properly inform the public of their taxpaying responsibilities and make it easy for taxpayers to comply.

Having said all that, the tax is due if you're caught. And it may get harder as time goes on to avoid interest and penalties. The state seems content to focus only on VERY large purchases (art, jewelry, etc.). For the smaller stuff, Washington (and many other states acting together) is negotiating with big internet and mail-order catalog sellers to collect sales tax at a uniform rate on all purchases (current law only requires out-of-state sellers to collect Washington sales tax if they have "nexus" to the state).

If you have any questions regarding the issues addressed in this letter or would like further assistance regarding your use tax payment responsibilities please direct those inquiries directly to our office.

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Tax Evasion: A New Spin on Reality TV

By Jay Hanson

Richard Hatch, the flamboyant winner of the $1 million prize in the debut season of the CBS reality show "Survivor" was recently sentenced to serve 51 months in federal prison for failing to pay taxes. Mr. Hatch was convicted of evading taxes on his $1 million "Survivor" prize as well as $327,000 he earned as a co-host of a radio show and $28,000 in rents on property he owned. In addition to serving time, Mr. Hatch was ordered to pay the taxes he owes for 2000 and 2001, which the IRS calculated at $494,971. Mr. Hatch became known popularly as the "naked guy" for refusing to wear clothes during the filming of "Survivor." An estimated 51 million television viewers, including some agents at the Internal Revenue Service, watched as Mr. Hatch collected his $1 million prize for being the sole survivor. Commenting on Mr. Hatch's sentencing, Assistant Attorney General Eileen O'Connor said, "[o]ur nation's federal tax system is not a reality show to be outwitted, it is reality."

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Asides

. . . from recent cases and rulings

By Bob Underhill

A novel approach. An utterly predictable outcome.

In a fact pattern much repeated in this town a few years ago with the collapse of the dot-com industry, the Tax Court reviewed the plight of a couple stung with an *alternative minimum tax* bill on audit. The unfortunate taxpayers in this case had exercised incentive stock options (ISOs), which get favorable capital gain treatment if the stock is then held for more than a year. During that year, however, the company went bust and the stock became worthless. Nonetheless, an AMT preference item is computed at the time of exercise equal to the difference between the fair market value of the shares (at the point of exercise) and the strike price. The fact that the stock later tanks and the preference value vanishes does not change that result. So the taxpayers got tagged with an AMT tax of $286,000 in the year of exercise *and* a bunch of worthless shares. Presumably to make a point (as they undoubtedly were advised that it was a losing cause), the taxpayers took their plea to tax court. While the tax court has shown great sympathy to taxpayers in similar situations, that sympathy has been mere dicta, and has never translated into favorable holdings. Here, because of the preference item, the shares had an AMT tax basis equal to their fair market value on the date of exercise. So the taxpayers tried to argue that they had an AMT capital loss which could be carried back to offset their AMT gain in the year of exercise (but for individuals, as the court pointed out, capital losses can only be carried forward, not back). They then asserted that the loss was an ordinary AMT loss, of course causing the court to observe that losses on stock are capital, not ordinary. So, not surprisingly, the Court ruled for the IRS. The only thing remarkable about this case is the fact that it was brought in the first place—the legal fees in bringing a case to tax court would be a chunk of change. But at least they're tax deductible.

Merlo v. Commissioner, 126 TC10 (2006).

An exceedingly weak analysis by the IRS, but a taxpayer loses on a ruling.

Corporation A was a publicly traded trucking company; Corp B (an LLC 99% owned by a subsidiary of Corp A) supplied drivers. Corp A entered into a one-year renewable services agreement paying Corp B for drivers on a cents-per-mile basis. Corp A had the option to pre-pay up to three-and-a-half months of the driver services it expected to receive. Corp A made the pre-payment at year-end and deducted the payment under an exception in the Code allowing a *deduction for advance payments* where the services are expected to be received within three-and-a-half months. Corp B did not include the pre-payment in income (meaning, of course, that the affiliated group had front-ended a deduction to one member before taking the advance into income of the receiving member). Under audit, the examining agent referred the matter to the IRS national office. Owing perhaps to the artificial nature of the front-ended deduction, the IRS strained logic a bit to hold that Corp A failed to meet the exception to the advance payment rule, therefore denying the deduction. The IRS also held that Corp B was not entitled to adopt the deferral method of accounting, which would have allowed it to defer income from the advance payment into the following year when the driver services were actually performed. The outcome was exactly opposite what the taxpayers wanted and intended. Instead of Year 1 deduction and Year 2 income, they ended up with Year 1 income and Year 2 deduction! How the IRS reached its conclusion doesn't hold much water to us, but it probably goes to show that if you try to pull a fast one on the IRS you could end up losing big.

TAM 200619022, 2/1/06.

This one was a winner.

The IRS clarifies that two *related taxpayers can exchange property tax-free under Section 1031* (the like-kind exchange rules) using a qualified intermediary (QI). Under the facts, a trust and an S corp were related persons (within the meaning of the Tax Code). The trust transferred building 1 to a buyer and acquired building 2 as replacement property from the S corp. The exchanges were made through a QI, which used the cash proceeds from the sale of building 1 to acquire replacement property for the S corp.

- Under Section 1031(f) neither party in a related party exchange can dispose of the replacement property within two years of the date of the last transfer.
- Like-kind exchanges can be tricky, especially if there is debt against the exchange property or there is any non-like-kind property (including cash) received in the exchange.
- The use of qualified intermediaries is a must.

Ltr. Rul. 200616005.

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Farewell, Fernando; Hello, Fernando *Deux*

By Amy Bockelman

We lost a beloved member of the RAUPC family in late April when the office fish, Fernando, passed away quietly in his home on the end table by the sofa. Though we are not sure of the exact date of his passing, we know that he was surrounded by his favorite plants and marbles and had a nice view of Elliott Bay. Fernando was with us for more than a year and a half, and he was particularly close to Bob, who insisted on a fitting and ceremonial burial for Fernando in the women's room. We feel this is what Fernando would have wanted. After a few brief words of farewell, Fernando was on his way back to the ocean with a mighty flush.

After an acceptable mourning period, a new fish came to live in Fernando's former home. Like Fernando, he too is a Betta with red coloring, but he appears to be less steely-eyed and more of a gentle, laid-back fish. He has been dubbed Fernando *Deux* and we look forward to getting to know his watery personality over the coming months, if not years.

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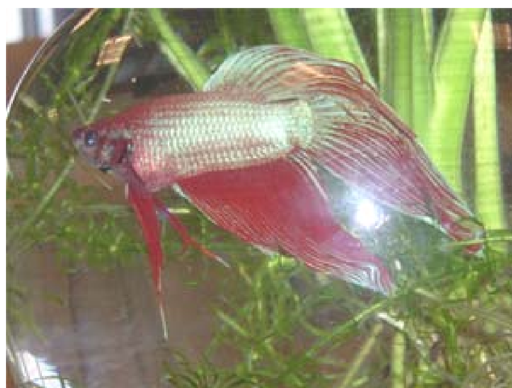
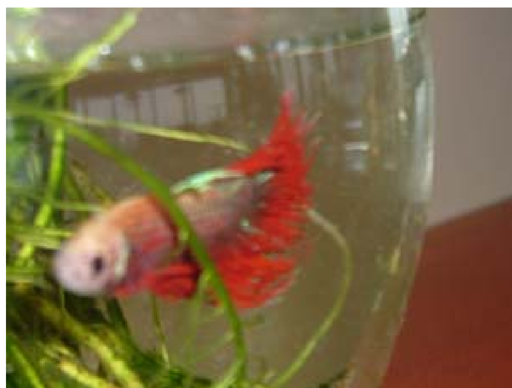

Rest in peace, Fernando.


Welcome home, Fernando *Deux*, our tax and wealth mascot.

Myth-Busting Continued from page 3

to a shareholder-employee is reasonable, the IRS will look at factors such as: compensation paid for similar positions in other companies; time spent performing services for the corporation; and comparing compensation to distributions and retained earnings. In determining reasonable compensation there exists an exception to employee status for a corporate officer who does not perform any services (or performs only minor services). However, the decision of the Court of Appeals continues to affirm the IRS's position of requiring the payment of reasonable compensation to S corporation shareholder-employees who perform services to the S corporation.

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Legislation Continued from page 4

but we're not. There are dozens more just like these.

Another bit of budget gimmickry has received a bit more press: all taxpayers, regardless of income, are permitted beginning in 2009 to convert a traditional IRA account to a Roth IRA. The conversion will be treated as fully taxable ordinary income, but exempted from the 15% excise tax on premature distributions. Once in the Roth account, all future earnings and distributions from the account are tax-free. Some financial planners are ecstatic over the opportunity; we see it as a bad idea except in rather unusual circumstances. Those that are tempted will accelerate the tax hit (thereby increasing federal tax receipts in the near term), in exchange for tax-free Roth accounts going forward. For most of our clients, the loss of assets on investment stemming from the accelerated tax bill will be hard to outearn. Where taxpayers have unused ordinary losses or deductions that can offset the income from the IRA distribution, or where taxpayers are looking to increase their AGI to accommodate a very large charitable deduction, the conversion may be worth considering.

In addition to the sales tax deduction and teacher's deduction, a few other items important to many of our clients that did not make it into the bill (and may be saved for the "trailer" bill) include the following:

- A reduction in the capital gains rate on collectibles (artwork, coins, etc.) from 28% to 15%.
- Certain charitable giving incentives, including a charitable deduction for non-itemizers.
- A deduction for mortgage insurance premiums.
- Continuation of 15-year depreciation for leasehold and restaurant improvements.

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Tax Events Calendar

Date	Taxpayer	Event
August 15, 2006	Nonprofits	Last day for filing prior-year income tax returns (Form 990 series) for calendar-year nonprofit organizations who obtained an automatic three-month extension of time to file. Last day for filing Form 8868 to request an additional three-month extension of time to file.
September 15, 2006	Individuals	Third installment of current-year estimated tax by individuals is due (Form 1040-ES).
September 15, 2006	Corporations	Last day of filing for previous-year income tax return (Form 1120 series) by calendar-year corporations that obtained an automatic six-month filing extension.
September 15, 2006	Corporations	Third installment of current-year estimated tax due from calendar-year corporations (Form 1120-W).
October 16, 2006	Individuals	Last day for individuals who received a six-month filing extension to file previous-year income tax return (Form 1040 series) as well as to pay any tax which is due.
October 16, 2006	Partnerships	Last day to file previous-year partnership return (Form 1065 series) by calendar-year partnerships who received a six-month extension of time to file.

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