

M. Robinson & Company
Tax Law Specialists
4th Annual Tax Update at Bentley University
Wednesday, June 24, 2015

Invitation

You are cordially invited to attend our 4th Annual Tax Program at Bentley University. This Program is co-sponsored by the New England Chapter of the American Association of Attorney-CPAs, a national organization.

Preregistration Required

Preregistration to this free event is required. To register, please click [here](#).

Why Attend?

It is well worth attending the 4th Annual Tax Update at Bentley University. Benefits include practical instruction from specialists on the following:

- (1) A potentially “hot” new practice area for you and your firm: transfers of professional practices from the older generation to younger generation.
- (2) Important new developments in Massachusetts and multistate taxation, including a review of the new Massachusetts Apportionment Regulation. Questions submitted in advance will be addressed by our panel of experts.
- (3) Successfully defending, or altogether avoiding domicile audits.
- (4) State voluntary disclosure programs and how it can be used to avoid penalties due to failure to timely report income and sales taxes.
- (5) Developments in international tax enforcement and the IRS Offshore Voluntary Disclosure Program.

In addition, you will receive nine (9) hours of Continuing Professional Education (CPE) for CPAs, along with an opportunity to network with colleagues at our complimentary continental breakfast, morning and afternoon breaks, complimentary lunch, and a complimentary wine reception at the end of the program. Thanks to our sponsors, this is all provided free of charge to our attendees. We will provide an updated listing of speakers soon. For hyperlinks to the content of our morning and afternoon programs, click here: [Morning Program](#); [Afternoon Program](#).

What You Will Learn

The Transfer of Professional Practices to the Next Generation

It is our policy to provide at least one substantial topic in our afternoon program that deemphasizes taxes. At last year's conference we reviewed the impact of aging clients on professional ethics. This year, we review the transfer of professional practices to the next generation.

The normal transfer of professional practices to the next generation was stalled by the Great Recession of 2008. Now, many of the affected older professionals are in their late sixties to early 70's and the economy has somewhat recovered. Perhaps as many as one-quarter of smaller legal and accounting practices are affected. Other types of professional practices – in such diverse fields as medicine, dentistry, veterinary medicine, insurance, advertising, architecture, business consulting, and engineering – are similarly affected. This program helps you make business succession planning a “hot” new profit center for your practice.

This timely program looks at the transfer of professional practices from three perspectives: The older retiring professional; the younger acquiring professional; and the bank who will be asked to fund at least a portion of the transfer. The topic covered include:

- (1) How can you prepare your practice for sale? If you are acquiring a practice, what do you look for? If you are selling your practice, what do you look for? How can you advise buyers and sellers?
- (2) How can you help prepare younger professionals prepare for the responsibilities of partnership? What must the older generation do? What must the younger generation do?
- (3) What are the major tax issues? What can the buyer do when outside basis exceeds inside basis? How can sellers postpone the recognition of income? When is income taxed to sellers at capital gains rates? When at ordinary income rates? When can the buyer get a deduction of at least part of the purchase price?
- (4) Is financing available and under what terms?

Our panel of presenters will include experienced consultants, an experience lawyer and CPA who have done deals, tax attorneys, and a banker who has financed deals. Following the program, there is a complimentary wine reception that will enable the audience and the presenters to meet, mingle and exchange business cards.

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Developments in International Tax Enforcement and the IRS Offshore Voluntary Disclosure Program

No practitioner can ignore international taxation. We provide an update of developments in the enforcement of the United States income tax laws relating to foreign income and in how the IRS is administering its offshore voluntary disclosure programs.

Comprehensive Overview of State and Local Taxation

This program is designed to help smaller CPA practice groups retain the most profitable segment of their client base: multi-state businesses. These businesses tend to be larger and more profitable than local “ma and pa” operations. These businesses also have a much greater exposure to state and local taxes – both in their home state and in other states. The Morning Program provides a basic overview of state and local taxes from the perspective of a Massachusetts-based business engaged in interstate commerce.

1. How to apportion services income under the new Massachusetts apportionment regulation?

Massachusetts promulgated a new apportionment regulation (830 CMR 63.38.1) on January 2, 2015. This regulation adopts a market-based approach for the apportionment of income arising from personal services. The new regulation applies to C corporations, S corporations, partnerships and non-resident individuals under c. 63, Section 38(f) MGL. It is effective for taxable years beginning on or after January 1, 2014. Prior to this change, Massachusetts reported income arising from personal services under a cost-of-performance standard.

Some CPAs may put their multi-state personal service clients on extension until they will have an opportunity to study this complex new regulation. We will provide an authoritative overview of this complex regulation and will invite recognized experts including a representative from the Massachusetts Department of Revenue to address our program. Our updated article on market-based apportionment will be distributed during the morning program. We will also address questions from the audience.

2. In what states is my business client required to file income and sales taxes?

When a client operates in more than one state, the CPA must periodically ask: Does my client have an obligation to file state income and sales and use tax returns in another state? In some cases, a client begins with just a one small customer in State X. Over time, the client’s contacts with State X become more and more extensive. But the client and its CPA has not evaluated the client’s exposure until the client is readied for acquisition as part of its owners’ succession planning. Sometimes, potential buyers conduct their own due diligence and discover a serious multi-state tax exposure. Sometimes, the department of revenue of another state discovers the tax exposure by comparing a taxpayer’s missing tax return filings with related telephone records, truck registrations and the like.

The failure to file income tax returns and pay the related income taxes can sometimes result in large potential assessments of tax, penalties and interest. The statute of limitations on assessment does not begin to run until a tax return is filed. Meantime, the statute of limitations on apportionment or credit has expired in the taxpayer's home state.

This program provides a practical overview of how to determine when a business client is required to file income and sales taxes. It also describes how to minimize or avoid penalties and interest by taking advantage of the voluntary disclosure rules that most states have. We encourage CPAs to write-in with their questions that will be addressed at the conference by a panel of specialists.

3. How is software taxed in Massachusetts?

Vendors of software face a harsh dilemma. If the vendor fails to collect sales tax, the vendor is liable for the tax as a responsible party. If the vendor collects a sales tax that is not due, the vendor places itself at a severe competitive disadvantage. The taxation of software by Massachusetts is complex. "Canned" software is subject to Massachusetts sales and use taxation on an apportioned basis. Software designed for a customer's specific use may (or may not) be subject to sales and use taxation. The line is hard to draw and often there is a lot of money riding on the result. Sometimes, the best approach is to request a letter ruling from the Massachusetts Department of Revenue. This session provides a basic overview of TIR 2013-XX and the procedure for obtaining letter rulings from the Massachusetts Department of Revenue.

4. When is my out-of-state client liable for Massachusetts state income and sales and use taxes?

The Massachusetts Department of Revenue uses various techniques to require out-of-state taxpayers to pay income taxes to the Commonwealth of Massachusetts. These include (1) residency laws; (2) domicile laws; and (3) income apportionment regulations. We provide an overview of these rules. We also discuss how to avoid domicile and residency audits and how to defend them before the Massachusetts Department of Revenue and before the courts. We also touch on ways to reduce the tax bite under the Massachusetts "foreign state" income tax credit and the Massachusetts "foreign state" sales and use tax credit.

5. Recent Massachusetts Appellate Tax Board Cases

The Massachusetts Appellate Tax Board ("ATB") is the Massachusetts cognate of the United States Tax Court. Under Massachusetts law, the ATB hears all appeals from adverse rulings of the Massachusetts Department of Revenue. The procedural rules permitting the ATB to consider these appeals "on the merits" contain many traps for the unwary such as those highlighted in the recently decided Phillips case. You will learn how to avoid some of the more serious procedural traps that might prevent the ATB from hearing your client's case "on the merits." You will also learn about some of the more interesting cases decided by the Massachusetts Appellate Tax

Board over the past year. These recently decided cases include: (1) Penalty Cases; (2) Constitutional Law Cases; (3) Debt/Equity Cases; a Hobby Loss Case; and (5) two “Federal Change” cases.

6. When and How to Take Advantage of IRS and Massachusetts Alternative Dispute Resolution Procedures

Several years ago, the IRS began to experiment with alternative dispute resolution procedures. About two years ago, the Massachusetts DOR began experimenting with mediation and, later, with expedited settlements. Recently, the Appellate Tax Board has begun to conduct its own mediation program to reduce its case load. You will learn what is happening and how your client can take advantage of these new programs.

Continuing Professional Education (CPE) Credit Hours

This program is designed for nine (9) hours of Continuing Professional Education (CPE) for CPAs who attend the full day, including lunch:

Morning Session	215 minutes
Keynote Speaker	20
Afternoon Session	<u>215</u>
Total Minutes	<u>450</u> minutes
(450 minutes/50 minutes per credit hour)	<u>9</u> hours

The Board of Public Accountancy does not recognize partial credit hours. Thus, those who can attend only the morning session or only the afternoon session will receive four (4) credit hours of CPE. Those who attend the lunch only will not receive any CPE credits. As noted above, those who attend the full day, including lunch, will receive nine (9) CPE credits.

Questions?

Call Attorney Morris N. Robinson, CPA, LLM. His direct dial is 617/428-0055.

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