

**COUNCIL OF TAXATION SECTION
MINUTES OF REGULAR MEETING**

December 11, 2014

A regular meeting of the Council of the State Bar of Michigan Taxation Section was held on December 11, 2014, at 3:00 p.m. at the offices of Honigman Miller Schwartz and Cohn, 39400 Woodward Ave., Ste. 101, Bloomfield Hills, Michigan. Marjorie Gell, Chairperson of the Taxation Section, presided.

COUNCIL MEMBERS PRESENT

Marjorie Gell	Alex Domenicucci	Lynn Gandhi
Marla Carew	James Combs	Jackie Cook
Frank Henke	Paul McCord	Joe Pia
Gina Staudacher		

COUNCIL MEMBERS ABSENT

Michael Antovski	Carolee Kvoriak Smith	Bill Lentine
Tammie Tischler		

COMMITTEE CHAIRPERSONS PRESENT

Andrea Crumback	Katherine Wilbur	

COMMITTEE CHAIRPERSONS ABSENT

Mickey Bartlett	Sean Cook	Andrew MacLeod
Jack Panitch		

OTHERS PRESENT

Brian Figot	George Gregory	Richard Siriani
Stephanie Stenberg		

Section Chair, Marjorie Gell, called the meeting to order at 3:11 p.m. The Chair announced the resignation of Andrew Lane from the Taxation Council and recommended Regina (Gina)

Staudacher for the open spot. The recommendation was made the subject of a motion which was seconded and carried without opposition.

MINUTES

The Council Meeting Minutes of October 2014 were circulated for review. Upon motion by Joe Pia, seconded by Alex Domenicucci, the Minutes, subject to minor corrections, were unanimously approved and adopted.

TREASURER'S REPORT

Alex indicated that the current budget numbers were received just yesterday from the State Bar and will be presented at the January Taxation Council meeting.

A final proposed version of the 2014-2015 Budget was circulated. Since the last meeting, Alex reported, the proposal was reformatted and reconfigured to reflect the net amount of the Tax Conference in the fiscal year. Also, that same treatment was applied to the Tax Court Luncheon and for dues from October to September. The Lexis-Nexis revenue was reduced to be consistent with the immediately preceding fiscal year.

The following adjustments were made after receiving input from Council Members: (1) the Michigan Tax Lawyer expense was increased to \$9,000; (2) the Tax Court Luncheon expense was reduced by \$2,000; (3) Strategic Planning was reduced, from \$5,000 to \$3,000 and (4) the Reserve/Contingency was reduced from \$2,700 to \$500.

The Treasurer's Report was accepted.

COUNCIL ACTIVITIES

1. Strategic Planning – Jackie Cook

Jackie Cook reported that there is, in formation, an advisory council of past chairs. She is hoping to have a strategic plan draft for the next Council meeting.

2. Michigan Tax Lawyer – Bill Lentine

Bill was not present at the meeting, but provided a written report:

“I received the following information regarding MTL production costs:

The issue took a little while to print and it went in yesterday's mail. I haven't received any details on the cost of the issue yet. I will send on the costs of this issue when I find out what they are. In the meantime, I did look up the cost of printing the last [Spring] issue and that was \$2,189.40 plus postage. I don't know what postage was for that issue but postage for this issue [Fall] was \$440.83.

There are a couple of ways to decrease costs:

- Go with black and white cover. Color printing costs more.

- Limit the number of copies you print. Several larger sections are going electronic and doing an opt-in to receive a print copy, if they offer a print copy at all. The electronic version is able to be read on the computer, mobile device, and tablet.

Articles for the Winter Volume: 2 commitments (possibly a third). The focus of topics for this volume are SALT and Business Entities.

I would love to have another article or two if there is any interest or opportunity to obtain articles – please endeavor to secure articles as soon as possible. The submission deadline is January 1, 2014 for articles and committee reports.

I have not received an interest in student articles. Please advise if anyone is aware of student interest.

Please let me know if there are any advertisements for the tax conference sponsor.

Spring volume: Commitments due by: 3/1/2015

Committee reports and submissions are due: 5/1/2015

The focus of topics for this volume are Practice and Procedure and Business Entities (formerly International).

Fall volume: Commitments due by: 7/1/2015

Committee reports and submissions are due: 9/1/2015

The focus of topics for this volume are Employee Benefits and Estates and Trusts.”

3. Michigan Bar Journal Liaison / Tax Court Lunch -- Gina Staudacher

Since Gina Staudacher just took office, a report on these areas was tabled until the next meeting.

4. Tax Conference

a. 2015 – James Combs

The Annual Tax Conference will take place on May 21, 2015 at St John’s Inn in Plymouth. James reported that the schedule for both the morning plenary and the afternoon break-out sessions are being worked on. The morning session looks to be particularly excellent.

Sponsorships were discussed. The group was reminded that the three levels are Platinum (\$4,000), Gold (\$2,500), and Silver (\$1,500). So far, the sponsors will be Plante Moran (which will now be a Gold sponsor), Stout Risius Ross, and Omega Talent (a new sponsor at the gold level). Honigman has also committed to be a silver sponsor. .

b. 2016 – Tammie Tischler

Tammie was absent and did not submit a report. Stephanie Stenberg advised that she will follow up with St. John's and let us know the date for the 2016 conference.

5. Federal & State Legislative Update and Public Policy Liaison – Frank Hencke

Frank reported that he has no report for this meeting and wants to speak with the Chair regarding upcoming matters.

Lynn Gandhi added, as to the legislative update, that there are only five session days left. She then discussed a number of bills still in progress, including (1) HB 4703 (unclaimed property administrative review); (2) HB 4207 (discounts for large sales tax vendors); (3) SB 142 and 143 (software as a service for sales tax purposes); (4) bills currently being drafted to address raising revenue for roads and a bill imposed sales tax on remote sellers.

6. Social Media/Communications – Marla Carew

Marla encouraged everyone to sign up for SBMConnect. It was suggested that we continue to incur the nominal cost of an e- blast email in order to publicize SBMConnect..

7. Annual Meeting – Joe Pia

Joe has made contact with the Townsend and reserved September 24, 2015 for the Annual Meeting. The question of entertainment is under discussion. Lynn suggested a student trio from Detroit Country Day School.

8. ICLE Tax Law Series – Stephanie Stenberg /Joe Pia

Stephanie reported that the Tax Law Series is going forward. There was one that went online today. The next one is on January 14, on Criminal Investigations; and another upcoming on February 19.

9. Grant Program – Marla Carew / Paul McCord

Paul indicated that there is currently nothing to report.

10. Pro Bono Project/Community Service Initiative Coordinator – Paul V. McCord

Paul noted that there was a meeting on November 7. Referrals are being received from various sources. At the Tax Court docket on the 17th, for low income taxpayers, there were two slots where the taxpayers were unrepresented; both ended up dropping their cases.

The tax pro bono program is now on SBMConnect.

LIAISON REPORTS

1. IRS Area Counsel Liaison Report – Eric Skinner and Rob Heitmeyer

Neither of the liaisons was present, and no report was submitted.

2. Probate and Estate Planning Section Liaison Report – George Gregory

George Gregory noted that the legislative session is coming to a close, with most legislation relevant to this area of law left unpassed. There is one new one – to change all usages of “husband” and “wife” in the probate code to “spouse.”

There is a proposed RAB on withholding of taxes on out-of-state beneficiaries of trusts that was the subject of some controversy. Both the Probate Section of the State Bar and the Michigan Bankers Association submitted comments, expressing a position opposite to the Department’s position in the RAB. As a result, the proposed RAB has been withdrawn for redrafting.

3. State Bar of Michigan Liaison Report – Richard Siriani

Richard indicated that the Board of Commissioners continues to work on the voluntary bar issue. He noted that there exists a misconception in the legal community that a voluntary bar would excuse lawyers from paying bar dues.

4. YLS Liaison Report – Phil Admiraal

Phil was absent and did not submit a report.

5. Program Facilitator’s Report – Brian Figot

Brian reiterated that he is here to help and will continue to send out committee emails. If any assistance is needed, he encourages all to contact him.

COMMITTEE ACTIVITIES

A. FEDERAL INCOME TAX – ANDREW MACLEOD

Andrew was unable to attend, but submitted a written report:

- On January 15 at 4pm at Dickinson Wright PLLC’s – Detroit office, James Combs of Honigman will be making a presentation on the “Nuts and Bolts of Obtaining a PLR”
- On March 5 at 4pm at TBD location in Downtown Detroit, Mike Monahan of Plante Moran will be making a presentation on “S Corporation M&A Issues, including topics such as Net Income Tax Implications, Mandatory Basis Reductions, LLCs Taxed as S Corporations, and Asset v. Stock Sale Considerations”

- On a date and location TBD in May, Alex Martin of Clayton McKervey will be making a presentation on Transfer Pricing Issues and Audits.

In relation to the upcoming issue of the Michigan Tax Lawyer, I have arranged for Eric Gregory to write an article on the Codified Economic Substance Doctrine and recent guidance relating thereto in Notice 2014-58, and Alex Martin on Transfer Pricing Issues. Both have confirmed that they will be able to submit an article on a timely basis.

B. ESTATES AND TRUSTS – SEAN COOK

Sean Cook was absent, but submitted a written report:

The estates and trusts committee had a meeting on October 30th with guest speaker Jeff Risius to discuss inside baseball of the Adell case. Stout Risius Ross was the taxpayer valuation expert. We had a great turnout with about 18 in person and another half dozen by conference call. I attempted to have a location in Grand Rapids at our offices there but it was the same night as a Grand Rapids estate planning council meeting. We did have 2 participants in any event. The next meeting is not set but I am planning on something in February. At the time of this report, no further update on the draft RAB regarding taxation of nonresident beneficiaries after it was pulled back by Treasury after objection by the Michigan Bankers Association.

C. EMPLOYEE BENEFITS – MICKEY BARTLETT

Mickey did not attend and did not submit a report.

D. PRACTICE AND PROCEDURE – JACK PANITCH

Jack was unable to attend but submitted a written report.

The State and Local Tax Committee and Practice and Procedure Committee held a joint holiday mixer at Varnum's Novi office last night, December 10, 2014. Greg Nowak spoke about a Michigan state and local tax case of national notoriety, *IBM v Treasury*. The Practice and Procedure Committee and State and Local Tax Committee also identified a speaker and topic for their joint breakout session for the annual meeting, Nicole Schultz, of Treasury, who will discuss Treasury's new offer-in-compromise program, set to kick off in January 2015. The Practice and Procedure Committee has identified Professor Joni Larson, Director of Cooley's Graduate Tax Program, to address the treatment of virtual currency under the Internal Revenue Code at the separate P&P breakout session for the annual meeting.

reported that there are tentative plans for January, May and fall Practice and Procedure meetings. Eric Nemeth of Varnum might speak at the January meeting.

E. STATE AND LOCAL TAXATION – ANDREA CRUMBACK

Andrea reported further on the joint mixer mentioned in Jack Panitch's written report. She noted that there were two Assistant Attorneys General present, and that Jack, as a former Assistant Attorney General was really able to reach out. The next mixer is tentatively planned for February or March.

She also reported that the Tax Tribunal Lunch is coming up on January 21, and that the session on February 19 is in Lansing.

F. YOUNG TAX LAWYERS – KATIE WILBUR

Katie was present and submitted a written report. She indicated that The Young Tax Lawyers Committee will be holding a series of networking events at Michigan breweries throughout the year that will give young lawyers the opportunity to mingle with tax law "rising stars." Events are scheduled to be held in Grand Rapids at HopCat Brewery on December 4, 2014, in Lansing at Midtown Brewing Co. on February 5, 2015, and in Detroit at the Detroit Beer Co. on April 2, 2015. In addition, the Young Tax Lawyers Committee is reaching out to its membership for suggestions on our next formal programming event.

She also reported, at the meeting, that the lines of communication with the SBM Young Lawyers Section have been very good and that the February and April mixers are still going forward.

There has been discussion of starting a Facebook group. The Chair suggested that this possibility should be discussed with Marla and Jackie before the next Council meeting.

For the last event, an EventBrite invitation was utilized so that the Committee could have a better idea as to potential attendance.

OLD BUSINESS

1. Report Participation Policy

The Chair thanked Richard Siriani for his help with the redline version of the proposed policy that was passed out at the last Council meeting.

Two key points deal with: (1) confidentiality – no dissemination until approval; and (2) conflict of interest. For clarity, it was suggested that a draft should bear the legend "Not for Dissemination."

The Chair noted that the policy is patterned after one adopted by the NY Tax Section.

There was a motion to adopt the proposal subject to the addition of a provision for appropriate marking regarding dissemination. The motion was properly seconded and carried unanimously. The Chair noted that Carolee will need to draft a resolution regarding the appointment of Gina and notify Candace Crowley about the new participation policy.

2. Past Chair Advisory Council

The Chair noted that she has asked several past chairs to be on an advisory council due to the strategic need to add institutional memory to the Council's deliberations. Jackie will be the liaison to the advisory council.

NEW BUSINESS

1. Achievement Award

The Chair indicated that there will be an *ad hoc* committee to consider a Lifetime Achievement Award based upon an individual's contribution to the Section. The award would be conferred annually at the Tax Conference luncheon.

The Chair, Joe Pia and Jackie Cook will work on proposed criteria and report back at the next meeting.

To illustrate, it was noted that the Business Law Section has a "Steve Schulman Award" and that the Probate Section also has a lifetime achievement award.

There being no additional business, a motion to adjourn was made by Alex Domenicucci, seconded by Lynn Gandhi. The meeting was adjourned at approximately 4:42 p.m.

Respectfully submitted,

Brian D. Figot
Substituting for Carolee Kvorik Smith,
Secretary

COMPILATION OF WRITTEN REPORTS

Taxation Council Meeting
December 11, 2014

COUNCIL ACTIVITIES

Michigan Tax Lawyer

Report from Andrew MacLeod, received December 10, 2014

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COMMITTEE ACTIVITIES

Federal Income Tax

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- On a date and location TBD in May, Alex Martin of Clayton McKervey will be making a presentation on Transfer Pricing Issues and Audits.

Estates & Trusts

Report from Sean Cook, received December 2, 2014

The estates and trusts committee had a meeting on October 30th with guest speaker Jeff Risius to discuss inside baseball of the Adell case. Stout Risius Ross was the taxpayer valuation expert. We had a great turnout with about 18 in person and another half dozen by conference call. I attempted to have a location in Grand Rapids at our offices there but it was the same night as a Grand Rapids estate planning council meeting. We did have 2 participants in any event. The next meeting is not set but I am planning on something in February. At the time of this report, no further update on the draft RAB regarding taxation of nonresident beneficiaries after it was pulled back by Treasury after objection by the Michigan Bankers Association.

Practice & Procedure

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spoke about a Michigan state and local tax case of national notoriety, *IBM v Treasury*. The Practice and Procedure Committee and State and Local Tax Committee also identified a speaker and topic for their joint breakout session for the annual meeting, Nicole Schultz, of Treasury, who will discuss Treasury's new offer-in-compromise program, set to kick off in January 2015. The Practice and Procedure Committee has identified Professor Joni Larson, Director of Cooley's Graduate Tax Program, to address the treatment of virtual currency under the Internal Revenue Code at the separate P&P breakout session for the annual meeting.

Young Tax Lawyers Committee

Report from Katherine Wilbur, received December 2, 2014

The Young Tax Lawyers Committee will be holding a series of networking events at Michigan breweries throughout the year. Rather than having a formal program for these events, we will meet for appetizers and refreshments to mingle with the rising stars of tax law. We have scheduled these events to be held in Grand Rapids at HopCat Brewery on December 4, 2014, in Lansing at Midtown Brewing Co. on February 5, 2015, and in Detroit at the Detroit Beer Co. on April 2, 2015. Please see the Tax Section's website for more details.

In addition, the Young Tax Lawyers Committee is reaching out to its membership for suggestions on our next formal programming event. Please reach out to Katherine Wilbur with your idea at katherine.wilbur@gmail.com.

Strategic Planning – Jackie Cook

Social Media/Communications – Marla Carew

Michigan Bar Journal Liaison/Tax Court Lunch – Gina Staudacher

Tax Conference

2015 – James Combs – May 21, 2015

2016 – Tammie Tischler

Federal & State Legislative Update and Public Policy Liaison – Frank Henke

Annual Meeting – Joe Pia – September 24, 2015

ICLE – Jeff Kirkey and Joe Pia

Grant Program – Paul McCord

Pro Bono Project/Community Service Initiative Coordinator – Paul V. McCord

IRS Area Counsel Liaison Report – Eric Skinner/Rob Heitmeyer

Probate and Estate Planning Section Liaison Report – George Gregory

State Bar of Michigan Liaison Report – Richard Siriani

YLS Liaison Report – Phil Admiraal

Program Facilitator Report – Brian Figot

Employee Benefits – Mickey Bartlett

State & Local Taxation – Andrea Crumback