

Washington Talk

All's quiet on the tax front. One does not expect major tax legislation during an election year, and 2016 is not shaping up to be an exception. When Congress adjourned for the August recess, Senate Finance Chair Orrin Hatch (R-Utah) was noncommittal about the prospects for a tax bill before the election. Perhaps in a lame duck session? Finance Committee member John Thune (R-S.D.) was skeptical even about that.

Tax Analysts reports that a continuing resolution is expected to keep the government running after the fiscal year expires on September 30. An omnibus bill to complete the unfinished appropriations might be coming in the lame duck session, and a tax measure could be attached to it. Renewable energy incentives and tax provisions for coal producers are possible subjects, as well as technical corrections.

Will the real IRS agent please stand up? Given all the recent publicity about scamsters pretending to be IRS agents, plus the explosion in this sort of financial fraud, the IRS now has a new headache. Many taxpayers now apparently are assuming that real IRS agents are fakes. At a recent tax forum in Maryland, Darren Guillot, a director of field collection, said: "I have my employees being detained by police because they think we're fakes because the perpetrators of these heinous crimes, these impersonators, are so darn good at what they do."

IRS agents do have government credentials, but those also might be viewed skeptically by taxpayers. The best bet for the suspicious taxpayer is to call the IRS to confirm the agent's identity.

Guillot also reminded the audience that the IRS never asks for payment in the form of iTunes gift cards (as many of the scamsters do). That should go without saying.

A study by the Peterson Institute for International Economics revealed that inheritance is far more important in Europe than elsewhere. In the U.S., 71% of billionaires created their own fortunes, and just 29% inherited them. Only half of Europe's richest people are self-made, ranging from only 35% in Germany to 63% in Italy.

A study conducted by the Bank of Italy of Florentine tax records from 1427 through 2011 found a remarkable persistence of families at the top of the wealth pyramid over the centuries. Some are concerned that this apparent lack of social mobility contributes to Europe's weak economic performance as compared with that of the U.S.

Word that the European Commission had ordered an unwilling Irish government to collect more than \$14 billion from Apple in back taxes and interest provoked tax-writing members on both sides of the aisle. "A predatory and naked tax grab," said House Ways and Means Committee Chair Kevin Brady (R-Texas). "Inherently unfair," chimed in Senate Finance Committee Chair Orrin G. Hatch (R-Utah). "This is a cheap money grab by the European Commission, targeting U.S. businesses and the U.S. tax base," explained Charles Schumer (D-N.Y.). "This ruling could set a dangerous precedent that undermines our tax treaties and paints a target on American firms in the eyes of foreign governments," concurred Ron Wyden (D-Ore.).

The core of the European Commission's complaint concerns an advance pricing agreement issued to Apple affiliates in 1991, 25 years ago. The Commission acknowledged that every step taken by Apple was legal under Irish tax law at the time, but it ruled that Ireland had effectively provided illegal state aid to the company. Apple and the Irish government each announced appeals of the ruling.

Apple CEO Tim Cook led the vigorous defense with an open letter to the Apple community in Europe. "As responsible corporate citizens, we are also proud of our contributions to local economies across Europe, and to communities everywhere. As our business has grown over the years, we have become the largest taxpayer in Ireland, the largest taxpayer in the United States, and the largest taxpayer in the world." Cook has long been on record as favoring corporate tax reform, including lower tax rates for repatriated profits and an end to tax deferral on foreign profits. But until such reform happens, Apple is within its rights to use all legal means to control its taxes.

The political fallout from the Commission's ruling could be severe.

The controversy over the estate of pop star Prince Rogers Nelson continues. No will has been produced to date, and DNA tests have been used to disqualify some who claimed to his illegitimate and unacknowledged children. DNA tests also may be needed to determine whether certain half-siblings actually had the same father as Prince did to support their claim to a portion of his estate, variously estimated at between \$100 million and \$300 million.

According to the Private Wealth web site, all the publicity about Prince's intestacy has had a salutary effect upon the general public. More people are attending to their estate planning, or at least taking first steps in the process on the Internet [<http://www.fa-mag.com/news/dearly-beloved--prince-s-death-prompts-uptick-in-wills-27071.html>].

- LegalZoom.com had a 46% increase in estate planning volume after April 21, the day that Prince died.
- Nolo.com saw sales of its downloadable Willmaker service jump 24%, and its Nolo Online Living Trust Service rose 41%.
- RocketLawyer.com had a 57% increase in estate planning activity.
- Completed wills at USLegalWills.com grew by 61% in the three weeks following Prince's death.

LegalZoom also reported a 20% increase in requests for consultation with an attorney.