

Expiration of Tax Cuts. As many of you know, the “Bush Tax Cuts” were enacted in tax years 2001 and 2003. These same cuts are now set to expire on December 31, 2010. They lowered taxes by creating a “new” lowest income tax bracket of 10% and reducing the tax rate for all other brackets. They also decreased taxes for estates, capital gains and dividends, as well as expanded credits including the child tax credit. The current administration favors a permanent extension of the cuts, including capital gains measures that are limited to, “families earning up to \$250,000”. Republicans in both houses generally favor extending the cuts across the board, at least temporarily if not permanently.

It is probable that the cuts will be extended for the middle class, with it being unlikely that there will be an across-the-board *permanent* extension of the cuts. It is unclear what the duration of any extensions will be at this time.

AMT. The Alternative Minimum Tax was enacted by Congress in 1969. It runs parallel to the ordinary individual income tax and a taxpayer must pay the greater of the AMT or regular tax. At issue today is the amount of income that is exempted from the AMT. While not indexed to inflation, it has historically been patched each year. For 2009, 4 million taxpayers were subject to AMT. If not patched, an additional 21 million taxpayers will be affected in 2010. The exemption amount in 2009 was \$70,950 for joint filers and \$46,700 for individuals. Without congressional action, the exemption amounts will be reduced to \$45,000 for joint filers and \$33,750 for individuals for 2010.

Because there is support in the Whitehouse and in both houses for a patch to the AMT, legislation being passed between now and the end of the 2010 is quite possible. The latest proposal by bipartisan tax policy leaders is for a patch setting the exemption amounts for 2010 at \$47,450 for individuals and \$72,450 for married taxpayers filing jointly.

Court Denies Claim of Attorney's Fees by Lawyer Appearing Pro Se. In a November 10, 2010 decision, the United States Court of Appeals for the Second Circuit held that a lawyer appearing *pro se* was not entitled to an award of attorney's fees under IRC §7430. The Court reasoned that awarding *pro se* litigants legal fees would discourage litigants who are lawyers from “obtaining outside, independent counsel”. This would run counter to the policy underlying IRC §7430 which is rooted in “the judgment of an independent third party.”

Deadline for IRC §436 Amendments to Single-Employer Defined Benefit Plans May Be Extended. According to the IRS, officials are considering extending the year-end deadline for sponsors of single-employer benefit plans for amendments in accordance with IRC §436 benefit and accrual funding-based restrictions. Michael Spaid of the IRS' Tax-Exempt and Government Entities Division, recently acknowledged the difficulties that practitioners' faced in drafting plan language. Since issuing final regulations under §436 in October 2009, the IRS has not issued model plan language, thus making it difficult for employers to know whether their interim amendments are acceptable. *By: Sayeed Choudhury & Chaya Kundra, Kundra & Associates, PC*

Please join me, David DeDejong and Richard Chisholm at 5:30pm on **December 9th** on: **The IRS is Coming, Are You Ready?** *Have you or any of your clients had questions or received letters from the IRS? If so or if you want to be prepared for this likely possibility, I invite you to join us for an intensely informative evening promising to help all of those representing taxpayers that now or in the future may have issues with the IRS. Our highly experienced panelists will discuss aspects of innocent spouse relief, collection alternatives and negotiating resolution options, foreign accounts and FBAR, audits, appeals and Tax Court. The presentation will be held in the Bar CLE class room.*

Our next monthly meeting is December 1st, 2010 at 5:30 P.M. Our topic will be CDPs-- IRS Collection Due Process hearings. The meeting will be held at Kundra & Associates, P.C. 110 N. Washington Street, Suite 406, Rockville, MD 20850.

Please Join Us!