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Tax Pro News

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May, June &
July seminar
schedule:

May 4-
Accounting,
Ruidoso, New Mexico

May 5-Farm/Ranch Tax
Ruidoso, New Mexico

May 12-Reducing Health Care
Costs-Omaha, NE (Free)

May 15-Reducing Health Care
Costs-Des Moines, IA (Free)

May 22-
Accounting
Ames, Iowa

Questions on 2006 IRS limits?

[IRS Revenue Procedure 2005-70](#) establishes most of 2006's dollar limits:

- Kiddie tax threshold for 2006 is \$850
- Adoption credit \$10,960
- Hope and lifetime credit tuition expense threshold is \$1,100
- Excess investment income for purposes of EIC is \$2,800
- Standard deductions:
 - MFJ \$10,300
 - Single \$ 5,150
 - H of H \$ 7,550
 - MFS \$ 5,150
- Aged and blind exemption \$1,000 each if MFJ, \$1,250 each if Single
- Qualified transportation fringe benefit \$205
- Personal exemption \$3,300
- Section 179 limit \$108,000 and the ceiling is \$430,000
- HSA contribution limit \$2,700 single, \$5,450 MFJ
- Attorney fee award limit \$160 per hour

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**June 2-
Accounting
Ft. Collins, Colorado**

**June 5-
Accounting
Lamar, Colorado**

**June 9-
Accounting
Coeur D'Alene, Idaho**

**June 15-16-
Technology Post
Falls, Idaho**

**June 23-
Technology
Lincoln, Nebraska**

**June 27-
Accounting
 Fargo, ND**

**July 12-Technology
Oklahoma City, Oklahoma**

**July 28-August 4-Alaska Cruise
CPE-SOLD OUT!**

Registration Information is
available at: [http://www.
taxspeaker.com/calendar.asp](http://www.taxspeaker.com/calendar.asp)

Some New or Special Fall Seminars to Look For:

**Aug. 10-Farm/Ranch-
 Fargo, ND (Sponsored by
NDSA)**

**Aug. 11-Technology-Fargo,
 ND (Sponsored by NDSA)**

**Aug. 16-Technology-
Scranton, PA (Sponsored
by PSPA)**

**Sept. 11-Technology-Ft
Collins, CO**

Sept. 12-1120/1120S/1065/

Lawsuits & Attorney Fees

In [PLR 200550004](#) the IRS held that attorney fees paid to obtain a settlement award for pension benefits are deductible before AGI rather than as an itemized deduction. This is similar treatment to discrimination awards. The general rules for taxation of lawsuit proceeds are as follows:

Award Type	Where to deduct Taxability	Subject to Atty Fees	AMT?
Personal Injury	Exempt	N/A	N/A
Civil Rights	Taxable	Pre-AGI	No
Punitive Dmgs.	Taxable	2% Itemized	Yes
Class action	Taxable	Pre-award	N/A
Other awards	Taxable	2% Itemized	Yes

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LLC Update-Ft Collins, CO

Sept. 13-Technology-
Garden City, KS

Sept.14-Farm/Ranch-
Garden City, KS

Sept. 15-1120/1120S/1065/
LLC Update-**Cheyenne,**
WY (Sponsored by WAPA)

Sept. 16-Accounting-
Cheyenne, WY (Sponsored
by WAPA)

Sept. 19-20
1120/1120S/1065/LLC In
Depth-**Oklahoma City**
(Sponsored by OSA)

Sept. 21-1120/1120S/1065/
LLC Update-**Detroit Lakes,**
MN (Sponsored by MNCPA)

Sept. 22-Technology-
Detroit Lakes, MN
(Sponsored by MNCPA)

Sept. 25-26-Accounting-
Bloomington, IL
(Sponsored by IAI)

Sept. 26-27-
1120/1120S/1065/LLC In
Depth-**Reston, VA**
(Sponsored by ASV)

Sept. 28-29-
1120/1120S/1065/LLC In
Depth-**Williamsburg, VA**
(Sponsored by ASV)

New *FREE e-Manual for 2006*

Well, the geeks here in the office (meaning Bob & Ryan) got it done and we are excited about our 2006 live seminars. Why? Because every single Jennings Seminar attendee in 2006 will receive a complete text manual at the seminar as well as a free *e-Manual*. What is an *e-Manual*? We give you password protected access to a private location on our website where you may download every chapter of your course, chapter by chapter. But here is the unbelievable feature-***all manuals are hyperlinked to the relevant online IRS publication, Code, Reg, wherever possible, again for free!*** (You must have internet access) And not just our tax seminars, our accounting, technology and farm/ranch seminars will also all be provided free and all are hyperlinked!

So let's see-I can buy a cd that does not link to the IRS or other document and carry it with me wherever I go and install it only once and be forced to install everything I don't want **OR** I can get a free *e-Manual* from Jennings Seminars, download what I want, where I want, as many times as I want and also have free access to the underlying supporting documents. Come on, even we can figure this one out!

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All live seminars include an industry-leading subject-tabbed reference manual, highlighter, sticky notes and free hyperlinked e-Manual.

So do you really want to be a PSC?

In [PLR 200606020](#) The taxpayer operated a business valuation business as a C corporation, and wished to be treated as a Personal Service Corporation. Why, you ask, would a corporation wish to be taxed as a PSC? Don't PSC's have horrible things like a flat tax rate of 35%, and reduced limits on accumulated earnings? And wouldn't the taxpayer be better off just electing to be an S corporation? Yes, yes and yes. However, the taxpayer wanted to use the cash method of accounting (automatic for a PSC) but this taxpayer must have had gross revenues of greater than \$5 million, the cash basis limit for most C corporations. The IRS held that the taxpayer was not engaged in one of the 8 required fields and therefore did not qualify-therefore accrual required! The 8 required fields are health, engineering, accounting, law, architecture, consulting, performing arts or actuary.

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