

By Practitioners, For Practitioners
Tax Pro News

Taxspeaker.com



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De-Mutualization Answered Definitively!

- We told you we would let you know as soon as it was decided and here you go, just in time to finish tax season with one of the greatest tax savers ever seen! Thanks to Charles Ulrich CPA, a retired CPA from Minnesota who challenged the IRS and won.

For the last 2 years you have heard us speaking about the Fisher de-mutualization case out of Minnesota. The IRS lost the initial court case in 2008, and then lost the appeal right before Thanksgiving 2009. Their last option was to appeal to the United States Supreme Court, and ***last week the IRS chose not to seek a US Supreme Court Review.*** What does this mean to tax professionals?

In a nutshell, stock received in a de-mutualization has a basis of greater than zero. The original court case never definitively determined what the basis

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should be, but it was pretty plain that basis would be equal to the stock value on the date of the distribution to the stockholder from the company.

- This means that 2009 sales should use as a cost basis the stock value on the date the stock was initially obtained, (usually the same date as the initial public offering, whether received in 2009 or a prior year.). If you had previously filed a protective claim (2009 1040 manual, Page 311) you now need to formalize that claim on an amended return.

If you have never done anything except report the sale as fully taxable in 2008, 2007 or 2006 amend those returns, NOW, particularly 2006 returns whose statute of limitations runs out in 45 days.

- A de-mutualization occurs when a mutual insurance company (owned by policyholders) decides to issue stock to those policyholders as evidence of their ownership interest. The process is usually performed as part of an initial public offering of stock to allow the insurance company to grow beyond its policy holder base.

The insurance company brings in a third party valuator who determines the value of the bricks, mortar and goodwill of the company and then assigns stock to the policy holders based on a number of factors such as premiums paid, policy terms, etc. Because the policy holders over the life of the policy have paid a premium representing both the cost of the insurance as well as the value of the bricks and mortar, Mr. Fisher's accountant took the correct position that there was a basis, and it appears the basis was equal to the IPO price determined by the third party valutors.

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Understanding Social Security



After a fruitless search for a ready reference social security course for tax professionals, we decided to write one!

We start with an overview of Social Security and Medicare coverage, coverage hurdles, 2010 Health Care bill changes and costs. We then spend the rest of our time discussing social security: what does it take to qualify, benefits, retirement, pitfalls, planning ideas and options in an easy to understand example-laden format.

2010 Understanding Social Security & Medicare Book

This current and comprehensive look at social security and medicare programs gives you the answers to your social security and medicare

questions. With chapters on social security, disability, survivors benefits, medicare and more the 2010 book is a must have for every American.

Chock full of examples, real-life situations, tables, guidelines, tax rules and limitations this book will immediately become an indispensable part of every retiree and advisor's library.

This course is actually being published as a book rather than as a loose leaf manual and is going to the printer tomorrow. Volume discounts are available for orders of 10 or more.

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IRS Licensing

As most of us are aware, national licensing will start going into effect this fall for many tax professionals. If you are not a CPA, EA or attorney you will be required to get licensed, pass a competency exam, and comply with CPE and other rules. We won't leave you out in the cold. As we are writing this newsletter the final planning touches are being made for our IRS exam preparation course to be ready this fall. More to come as we work towards conclusion, but this course will be available primarily as an on-demand video taken as you wish in module order.

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News

Quickbooks Classes In June we are offering 2 different Quickbooks classes in 1,2 or 4 modules. The first day is our [Quickbooks for Clients](#) course with 2 different modules available to train clients and staff in using Quickbooks. We have priced this class to take 1 or both modules, and also offer you a firm discount or commission code to have your clients take the course via live streaming webcast. On Day 2 we are offering [Quickbooks for Accountants](#) as a 2-module training course-the morning covers working with client data and the afternoon tips to save time and protect data. This course is also offered as a streaming webcast, and both courses offer very limited live attendance at our seminar offices in Indiana. Call Teresa or Kathy for further information at the seminar offices 877-466-1040.

Jennings Elite Seminars In another industry first this year we will be offering the first 2-way videoconference cpe classes to a select group of 16 firms across the country. Attendees will see us and we will see them, and the attendees will have a personalized education experience where they can choose from a buffet list of manual topics to be covered. Ideally suited for those technologically advanced firms, we have the software and hardware in place and have scheduled 5 seminars for this year.

All participants will receive the printed manual in a special binder and heavy weight stock paper, an interactive DVD of the class, and interactive PDF manual including video and audio explanations by our speakers, and much more.

In January, 2011 we will hold the industry's first "dueling seminars" Elite event, rotating our 3 top speakers between two time zones so that internet attendees on both the East and West coast will have the ability to participate in an educational

experience combining the best speakers, manuals and technology in a personalized interactive event.

Of course its priced higher.

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[1/10/2011 1040 In Depth-Eastern Time-Dueling Seminars](#)

[1/10/2011 1040 In Depth-Pacific Time-Dueling Seminars](#)

Bob's Health For the last month most of you have not had your emails answered from me, for which I apologize and warn you the situation may continue for another few weeks. As some of you know I was lucky enough as a young man to be treated with experimental chemotherapy which saved my life, but the payback was severe vein and heart damage. This seminar season was physically difficult for me but, with one exception in Cleveland, I never had any major issues. Last Monday (2/22) I returned to Cleveland for open heart surgery where an aortic valve was replaced and a mitral valve was repaired. The good news is all is now well, I was home resting and walking in 4 days and all the arteries are clear with a bright future. I will be doing streaming webcasts tomorrow and live courses again within a few weeks with a full schedule for the year. Some of us are just born lucky. My partners at the CPA firm have picked up my load, my friends and employees at the seminar company continue to carry the slack and my wonderful wife and son have tried to convince me to slow down (with no success whatsoever). Anyway, thanks to all and see you in a few months when seminar season starts up again.

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Our 2010 Alaska cruise CPE is scheduled for July 18-26th on Holland America lines from Vancouver to Seward. Call Wayne McCaulley at Holland American Cruise Lines at 800-355-3017 x 29301 to get pricing and to reserve your cabin today! Call Jennings Seminars at 877-466-1040 with any questions or to register for onboard seminars.

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