**NICHOLS PATRICK WEEKLY TAX UPDATE**

**With E. Lynn Nichols, CPA**

**March 24, 2014**

**CITATIONS**

1. **Estate's Representative Held Liable for Decedent's Outstanding Tax Debt**

(United States v. Robert Shriner et al.; USDC MD; No. 1:11-cv-02929; 3/13/2014)

A U.S. district court held that an individual's reliance on allegedly erroneous advice from an estate attorney was not sufficient to relieve him of a decedent's federal tax liability after he and a co-defendant distributed assets of the estate that rendered the estate insolvent and unable to pay the outstanding tax liability.

1. **HHS Extends Individual Healthcare Mandate Hardship Exemption**

(Insurance Standards Bulletin; 3/5/2014)

An individual healthcare mandate hardship exemption, available to individuals whose policies were canceled because of noncompliance with the Affordable Care Act, has been extended until October 1, 2016, the Health and Human Services Department's Center for Consumer Information and Insurance Oversight said in a March 5 release.

1. **Examining the First-Quarter Effect of the Expired Extenders**

(Article; 3/18/2014)

Although recent tax reform and budget plans seek to make permanent several expired tax extenders, companies and investors should be aware of the diminished financial reporting comparability that could arise with the absence of the provisions in the first quarter of 2014.

1. **Wyden Planning Extenders Markup in Early April**

(Article; 3/20/2014)

Senate Finance Committee Chair Ron Wyden, D-Ore., is planning to hold a committee markup of a tax extenders package sometime in early April, although a formal date has yet to be set, a committee spokeswoman told Tax Analysts March 19.

1. **Toyota Cannot Deduct Record $1.2 Billion Penalty**

(Article; 3/20/2014)

Toyota Motor Corp. will not be able to write off its $1.2 billion penalty payment as part of a settlement announced March 19 by the Justice Department.

1. **IRS to Hold Public Hearing on 501(c)(4) Proposed Rules**

(Article; 3/21/2014)

The IRS will hold a public hearing on its proposed rules limiting the amount of political activity that tax code Section 501(c)(4) organizations engage in, says Ruth Madrigal, an attorney-adviser in the Treasury Department's Office of Tax Policy. Madrigal says about 143,000 people have already submitted written comments to the IRS on the proposed rules issued in November 2013. There is no indication when the hearing might be or when the rules might be finalized. IRS Commissioner John Koskinen has said he isn't expecting the rules to be finalized before the November elections. G-8

1. **IRS Bars Appraisers From Valuing Facade Easements for 5 Years**

(IR-2014-31; 3/19/2014)

The IRS has announced its Office of Professional Responsibility has entered into a settlement agreement with a group of appraisers from the same firm accused of aiding in the understatement of federal tax liabilities by overvaluing facade easements for charitable donation purposes.

1. **IRA Rollover Limit Will Be Applied on an Aggregate Basis**

(Announcement 2014-15; 2014-16 IRB 1; 3/20/2014)

The IRS has announced that it will interpret section 408(d)(3)(B), which provides that an individual is permitted to make only one IRA rollover in any one-year period, as imposing the limitation on an aggregate basis rather than on an IRA-by-IRA basis.

1. **Estate Denied Refund of Taxes Paid on Constructively Received Income**

(Anthony J. Santangelo Jr. et al. v. United States; No. 3:12-cv-00071; 3/19/2014)

A U.S. district court denied an estate a refund of taxes paid on income received from a stock sale, finding that the decedent was in constructive receipt of the funds and taxes were properly assessed in 2006 because the funds were available in that year but the decedent and her daughter, who had power of attorney, didn't attempt to obtain them.