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IRS 2010 Milestones

“It was the best of times, it was the worst of times,” was Dickens’ elegant nod to the truism that every age has highs and lows. In our current epoch, each year-end is replete with schmaltzy media reprises, lists and more lists. Celebrity hookups and breakups, business booms and busts, political gaffes, deaths, milestones and more. You name it, there’s a list.

I must be out of touch, since I sometimes find myself entirely unfamiliar with items on the lists. Take the [Wall Street Journal’s](#) list of the year’s fashion highs and lows. Happily, I had never heard of “jeggings,” an odd hybrid of jeans and leggings. My initial impression?

Horrified, though perhaps that was because the Journal depicted [Conan O’Brien](#) mockingly modeling the jeggings. But I’ve been watching the tax world for [30 years](#), and here’s my own not very scientific list of 10 highs and lows we taxpayers saw in 2010, mostly from the IRS, but some from our elected representatives in Congress.

1. Not So Voluntary Disclosure? If you have a [foreign bank account](#) with more than \$10,000, you have extra forms to file or penalties to face. As the [UBS debacle](#) proved, not much is secret these days, even in the land of rich chocolate. While the special [Voluntary Disclosure program](#) deadline for the IRS ended October 15, 2009, many disclosures outside the special program trickled into 2010 and more are coming. See [IRS Commissioner Doug Shulman’s Statement on UBS / Voluntary Disclosure Program](#).

In fact, the IRS is considering a new program. On the one hand, the IRS doesn’t want to make you feel bad if you stepped forward early. They

said it was **really** a deadline and anyone thereafter would get the book thrown at them. On the other hand, if you don't offer people some incentive to step forward, how will you find them all? It's a tough debate.

But the IRS could take a page from car dealers. None of us really think it's "the best sale ever" or the "lowest price ever" when we buy a car, do we? After we buy, we know some other guy or gal will get an even **better** deal. That's OK. Like car dealers, maybe the IRS should just come up with a new program, advertise it widely (even more widely than last time, please) and move on. Maybe throw in free undercoating too.

For more, see [FAQs Regarding Report of Foreign Bank and Financial Accounts \(FBAR\) – Financial Accounts](#).

2. Disaster Relief, Madoff Relief and More. It may be sacrilegious to lump these together, but hear me out. The IRS did a great job of rushing out [guidance](#) and assistance to people beset by natural disasters. Not so much with people beset by [ponzi schemes](#).

On the whole, though, you have to hand it to the IRS, which has adapted amazingly well to the hubbub of "we want it now" guidance. Sure, there are many places where tax practitioners remain frustrated for years at the lack of guidance. But with a metaphorical oil can, the IRS applies it pretty effectively where needed to squeaky wheels.

3. Estate Tax. This one was not the IRS's fault, so thank Congress. The estate planning world was thrown into a frenzy when the Bush Era estate tax holiday finally came due at the end of 2009, with no estate tax at all in 2010. All year we wondered, and Jack Kevorkian followers perked up with water cooler chatter. A number of [billionaires died in 2010](#), and their heirs are smiling all the way to the bank.

Finally, though, at the end of 2010 we got a [2 year patch](#) that seems to make sense. With \$5 million exemptions, portability between spouses and unified gift, estate and generation skipping features, here's hoping it lasts beyond 2012.

4. IRS Website. No kidding, the [IRS website](#) is unbelievably helpful, and every year it gets better. The IRS has tweeted itself into this

decidedly un-Dickensian era. For consumers and tax practitioners, I suggest going there often. I do.

There are [news releases](#) and updates, regulations and rulings, new form announcements, tips and traps about filing, even Q&A formatted guidance that you'll often find will answer your questions. Sign up for the [email alerts](#) too. You can even get on lists to get notices of IRS sales and auctions.

Clients sometimes ask if they will be tracked for visiting the IRS site. For example, if you read about IRS rules regarding [foreign accounts](#), will the IRS know this and think you have a foreign account? I don't think so.

5. Bush-Era Rates. This was quite ridiculous, with no end of teeter-tottering and political fisticuffs that left taxpayers not knowing until mid December 2010 what rates would apply in 2011! Thank Congress, not the IRS. In fact, the IRS was just as [frustrated](#) as we were, worrying over return filing messes.

So we all blathered about [what to do](#). I still say the debate would have been over sooner if we'd called the [rates by another name](#). But all's well that end's well. Now we have a two year reprieve of (at least this) rate debate, including 15% long term capital gains for all.

Next week, I'll post five more IRS milestones.

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