

Book Review: *Taxation of Compensation and Benefits* Demystifies Rules

by Robert W. Wood • San Francisco

T*axation of Compensation and Benefits*, by David J. Cartano, a Los Angeles tax lawyer, is a meaty 900 plus page in a softbound 5½" x 8½" format, packed with an extremely complete and concise view of the compensation world. Since such issues virtually always play at least some part in the merger and acquisition field, lawyers, accountants, investment bankers and executives will all benefit from the crisp treatment of the enormous array of topics contained in this new handbook.

Far from treating only qualified plans or fringe benefits, the book treats the entire panoply of issues that typically arise. The chapter list, with each chapter being self-contained, almost serves as a checklist for the entire field. Separate chapters are devoted to:

- Deferred Compensation Plans;
- Fringe Benefits;
- ERISA/Qualified Employer Plans;
- Entertainment Expenses;
- Reasonable Compensation;

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- Accident and Health Plans;
- Employee Achievement Awards;
- Stock Option Plans;
- Stock Appreciation Rights;
- Phantom Stock Rights;
- §423 Employee Stock Purchase Plans;
- Individual Retirement Accounts;
- Bonuses;
- Loans to Employees;
- Social Security and Medicare;
- Junior Stock;
- Section 457 Plans;
- Group Term Life Insurance;
- Cafeteria Plans;
- Voluntary Employees' Beneficiary Association;
- Split Dollar Life Insurance;
- Automobiles;
- Restricted Stock;
- Child and Day Care Assistance;
- Partnership Compensation;
- Vacation Pay;
- Withholding Tax on Compensation;
- Golden Parachute Payments;
- Welfare Benefit Plans;
- Nonresident Alien Compensation;
- Foreign Earned Income;
- Determining the Proper Taxpayer;
- Tax Deferred Annuities; and
- Compensation Over \$1,000,000.

As the above list of chapters makes evident, the coverage spans many disciplines, yet Cartano treats each subject with equal ease. The book is full of examples to explain and qualify the statements that are made. Furthermore, this is not a "lightweight" summary of rules. Each page is heavily footnoted, with references to Code, Regulations, rulings and caselaw. Readers who do not require the documentation and cites for each point will not be bothered by the footnotes, and will find Cartano's

explanations helpful and concise. On the other hand, those who may have detailed research assignments ahead of them will find *Taxation of Compensation and Benefits* a useful jumping off point because of the extensive citations it contains.

The glossary at the back of the book is also a wonderful feature, containing an alphabetized list of terms that commonly arise in the benefit field. In each case, the term is followed by a concise definition and description, as well as helpful chapter and section references to the text of Cartano's book. The glossary can be used in conjunction with the detailed index. Although the index is certainly broken down into many more categories than the glossary, the glossary with its cross-reference to sections in the book doubles as an index, too. The cross-reference table (to Internal Revenue Codes and Regulations) is also quite detailed.

Taxation of Compensation and Benefits is an enormously useful book. Although it may not turn many non-pension lawyers into ERISA fanatics, it certainly demystifies many of the rules that are associated with this technical area. Plus, it covers many topics that many tax professionals deal with all of the time—stock option rules, restricted stock, withholding problems, employee loans, and SARs, just to name a few. It is available from Tax Institute for \$99, plus \$10 shipping and handling. California orders add \$8.42 sales tax. ■

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