HAZARDS OF ISSUING STOCK FOR BASIS
— by Neil E. Harl

The decisions made in issuing corporate stock in a tax-free exchange can have important federal gift tax implications, depending upon how the stock is issued. Especially for transfers involving related transferors, the gift tax consequences can be substantial.

Requirements for tax-free exchange

The requirements for a tax-free exchange of property to a newly-formed corporation in exchange for stock are relatively straightforward—(1) the transfer must be solely for stock in the corporation and, (2) immediately after the exchange, the transferors must be in control of the corporation. The term “in control” means the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and at least 80 percent of the total number of shares of all other classes of stock of the corporation. A shift in ownership of stock among the transferors after the exchange does not necessarily deny tax-free exchange treatment. However, a transfer of more than 20 percent of the stock to persons other than the transferors can preclude a tax-free exchange.

The income tax basis of stock or securities received by the transferors is the basis of property transferred, less boot received and plus gain recognized, if any. If the sum of liabilities assumed or taken subject to by the corporation exceeds the aggregate basis of assets transferred, a taxable gain is incurred as to the excess.

Issuing stock for basis

For some time, it has been strongly recommended that stock be issued for the fair market value of property transferred less the indebtedness assumed by the corporation. Specifically, it has been recommended that stock not be issued for the income tax basis of the property transferred even though it is the practice of some practitioners, at least for firms on accrual accounting, to issue stock for the income tax basis of property transferred to the corporation. The hazards of issuing stock for the income tax basis of property transferred are especially great in agriculture where low basis assets are quite common and the disparate relationship between income tax basis and fair market value of property can create serious problems of equity as between or among the transferors and potential gift tax problems.

Example: Alice Anderson, at the death of her husband in 1960, acquired full ownership of 480 acres of farmland. Her son, Tom, has been renting his mother’s farmland and had built up a line of machinery and a sizeable livestock program.

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Under pressure from creditors who were concerned about the deteriorating financial condition of the son, which had resulting in substantial part from expanding the livestock program, Alice and Tom agreed to form an operating corporation with Alice’s land and Tom’s machinery and livestock to be transferred to the newly-formed corporation. Alice’s land had an income tax basis (derived principally from the federal estate tax value at her husband’s death) of approximately $150,000 but with a fair market value of $1.2 million. Tom’s machinery and livestock had a nearly identical income tax basis of about $150,000 but with a fair market value of about $151,000. The proposal was to issue a single class of common stock at $100 per share based on the income tax basis of the property transferred. This would have resulted in the issuance of 1500 shares of stock to Alice and 1500 shares of stock to Tom.

<table>
<thead>
<tr>
<th>Transferor</th>
<th>Assets Transferred</th>
<th>Income Tax Basis</th>
<th>Proposed Stock Issuance (shares)</th>
<th>Fair Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alice</td>
<td>Land</td>
<td>$150,000</td>
<td>1500</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Tom</td>
<td>Machinery &amp; Livestock</td>
<td>$150,000</td>
<td>1500</td>
<td>151,000</td>
</tr>
</tbody>
</table>

Had the transfer been completed, which it was not, each would have acquired a block of stock worth approximately $675,500 (half the value of assets appraised at $1,351,000 ($1,200,000 + $151,000). If the corporation had been liquidated shortly after formation, Alice would have held property valued at $675,500 and yet would have given up land valued at $1.2 million. The difference, or $524,500, could have been characterized as a gift from Alice to Tom. The gift tax consequences would have been substantial.

Issuance of stock for the income tax basis of transferred assets is permissible in two situations—(1) where only one transferor is involved or (2) where, for all transferors, the income tax basis of transferred assets bears a uniform relationship to the fair market value of property transferred. The latter situation could arise if four children, for example, were to inherit a farm and, after several years, form a corporation and issue stock for basis. Even though the basis would be substantially less than fair market value, each transferor’s basis would bear the same relationship to fair market value so no gift would result although the issuance of stock for basis would result in stock being worth significantly more than the value at which the stock was issued which can be misleading to the shareholders.

In conclusion

In order to avoid a gift on formation, it is clear that stock should be issued for fair market value less the amount of indebtedness taken over by the corporation.

FOOTNOTES

3 I.R.C. § 351(a). For transfers on or before October 2, 1989, the requirement read “stock or securities” which permitted the issuance of qualifying debt securities in a tax-free exchange. I.R.C. § 351(a), before amendment by the Omnibus Budget Reconciliation Act of 1989, Pub. L. No. 101-239, Sec. 7203, 103 Stat. 2333 (1989), amending I.R.C. § 351(a), (b), (d), (g). The 1989 amendment treats the issuance of debt securities as part of a tax-free exchange as boot. Id. For property transfers by a C corporation, the effective date was July 11, 1989, unless the 80 percent test of I.R.C. § 1504(a)(2) was met. Id.
4 Id.
5 I.R.C. §§ 351(a), 368(c).
7 Intermountain Lumber Co. v. Comm’r, 65 T.C. 1025 (1976) stock sale was “integral part” of incorporation). But see Wilgard Realty Co. v. Comm’r, 127 F.2d 514 (2d Cir. 1942), cert. denied, 317 U.S. 655 (1942) (transfer of more than 20 percent of stock to members of family on day of receipt of stock from corporation did not preclude tax-free exchange).
8 I.R.C. §§ 351(b), 358(a)(1)(A).
10 See 7 Harl, supra note 1, § 53.03[2][b].
11 See 7 Harl, supra note 1, § 53.03[2][b], note 55.
BANKRUPTCY

GENERAL-ALM § 13.03.*

DISCHARGE. The debtor grew almonds and negotiated a crop financing loan with a creditor over three years. The debtor granted a security interest in the crops, farm property and general intangibles. The debt was to be repaid from the proceeds of each year’s crop; however, the second year’s crop was mostly destroyed by weather conditions. The parties negotiated a revision of the loan with additional financing for the third year. As part of that agreement, the debtor assigned any insurance proceeds for the damaged crop to the creditor. The debtor obtained a crop insurance settlement but did not apply any of the money towards the loan and kept the settlement secret from the creditor. The creditor sought to have the loan declared nondischargeable because the debtor willfully and maliciously injured the creditor by not paying the insurance settlement to the creditor. The Bankruptcy Court had held the loan nondischargeable but the appellate court reversed and remanded because it held that the Bankruptcy Court failed to make specific findings as to the intent of the debtor in converting the insurance proceeds to injure the creditor. In re Thiara, 285 B.R. 420 (Bankr. 9th Cir. 2002).

CHAPTER 13-ALM § 13.03.*

ELIGIBILITY. The debtor failed to pay taxes for 1992, 1993 and 1994. The IRS had issued deficiency notices for those taxes but had not assessed the taxes on the date of the Chapter 13 petition. The case was dismissed because the debtor’s total debts, including the taxes, exceeded the eligibility limit for Chapter 13. The debtor argued that the taxes were contingent and unliquidated because no assessment had been made and the exact amount of the taxes was unknown. The court held that the taxes were not contingent because all of the events giving rise to the taxes were completed and the taxes were sufficiently liquidated because both parties agreed that the taxes exceeded the eligibility limit for Chapter 13. The opinion is designated as not for publication. In re Geary, 2003-1 U.S. Tax Cas. (CCH) ¶ 50,219 (9th Cir. 2003).

FEDERAL TAX-ALM § 13.03[7].*

DISCHARGE. The debtor failed to file income tax returns for two tax years and the IRS made assessments based upon substitute returns created by the IRS. The taxpayer then filed income tax returns under an amnesty program which used the amounts assessed by the IRS as the taxes owed. The court rejected a rule that any return filed after the IRS creates a substitute return and makes an assessment does not qualify as a return for Section 523(a)(1) purposes. Instead, the court held that a post-assessment return filed in good faith will qualify as a return for Section 523(a)(1) purposes. The court held that the taxes were dischargeable because the taxpayer’s late returns were an attempt to comply with the amnesty program. In re Klein, 2003-1 U.S. Tax Cas. (CCH) ¶ 50,239 (Bankr. S.D. Fla. 2003).

The debtor failed to file income tax returns for six tax years and the IRS made assessments based upon substitute returns created by the IRS. The debtor executed an installment agreement for payment of the taxes. The debtor also made an offer in compromise which was rejected. The debtor then filed returns for the six years which contained the same information as the substitute returns but with either more or less income tax liability. The court held that, because the debtor’s late return filings were complete and accurate, they would constitute returns for purposes of Section 523(a)(1)(B). The court noted, however, that the IRS could still seek nondischargeability of the taxes for willful attempt to evade payment of taxes under Section 523(a)(1)(C) in that the debtor’s failure to file and pay taxes was strong evidence of an attempt to evade payment of taxes. In re Woods, 285 B.R. 284 (Bankr. S.D. Ind. 2002).

SETOFF. The debtors had secured claims for unpaid taxes for 1995, 1996 and 1997 in their Chapter 13 case file in March 2002. The IRS retained the debtors’ 2001 refund as a setoff of the other prepetition tax claims. The debtors claimed that the setoff would harm their ability to meet their plan obligations. The court held that the setoff was allowed against other prepetition claims because, although the refund money would be useful to fund the plan, the setoff would also have the effect of decreasing the claims paid under the plan. In re Stienes, 285 B.R. 360 (Bankr. D. N.J. 2002).

TAX REFUNDS. The debtor’s plan provided for payment of any federal income tax refunds directly to the Chapter 13 trustee and the trustee sought an order requiring the IRS to send the refunds directly to the trustee. The IRS objected on three grounds: (1) the refunds were not “projected disposable income,” (2) such an order would violate the Assignment of Claims Act, and (3) the order would place an unfair administrative burden on the IRS. The court held that, (1) because the debtor agreed to have the refunds included in the plan income, the refunds were included in disposable income; (2) the Assignment of Claims Act does not bar voluntary payments under bankruptcy plans; and (3) because income deduction orders in bankruptcy cases have proven to be essential in successful reorganizations, the benefit outweighed the burden on the IRS. The IRS was ordered to pay the refunds directly to the trustee. In re McMillan, 285 B.R. 480 (Bankr. W.D. Wash. 2002).
FEDEAL AGRICULTURAL PROGRAMS

EXOTIC NEWCASTLE DISEASE. The APHIS has issued interim regulations amending the exotic Newcastle disease regulations by quarantining La Paz and Yuma Counties, AZ, and a portion of Mohave County, AZ, and prohibiting or restricting the movement of birds, poultry, products, and materials that could spread exotic Newcastle disease from the quarantined area. 68 Fed. Reg. 7412 (Feb. 14, 2003).

FARM CREDIT SYSTEM. The FCA has issued proposed regulations which clarify existing provisions, respond to comments, and reorganize the FCA rules into a separate section of FCA regulations. 68 Fed. Reg. 5595 (Feb. 4, 2003).

The FCA has issued proposed regulations governing disclosure of effective interest rates (EIR) and related information on loans. The proposed rules clarify the current rule as to when and how qualified lenders must disclose the EIR and other loan information to borrowers; when and how the cost of Farm Credit System borrower stock must be disclosed to borrowers; and how loan origination charges and other loan information must be disclosed to borrowers. The proposed regulations require lenders to use a discounted cash flow method in determining the EIR to provide meaningful disclosures to borrowers; however, they do not prescribe detailed calculation procedures. 68 Fed. Reg. 5587 (Feb. 4, 2003).

HARD WHITE WHEAT. The CCC has issued final regulations which implement the Hard White Wheat Incentive Program (HWWIP). This program provides incentive payments to eligible hard white wheat producers in the amount of $0.20 per bushel, with a maximum of 60 bushels of hard white wheat production eligible for payment on each acre planted. Planting certified hard white wheat seed is not an eligibility requirement to receive payment under HWWIP; however, an additional incentive payment in the amount of $2.00 per acre is provided to hard white wheat producers who plant certified hard white wheat seed for any of the 2003 through 2005 crops of hard white wheat. 68 Fed. Reg. 5205 (Feb. 3, 2003).

KARNAL BUNT. The APHIS has adopted as final regulations amending the Karnal bunt regulations to prohibit grain grown in a regulated area from being used as seed outside the regulated areas. The interim regulations also remove the requirement that wheat seed, durum wheat seed, and triticale seed that originate within a regulated area be treated with a fungicide before it may be planted within a regulated area. 68 Fed. Reg. 5793 (Feb. 5, 2003).

WITCHWEED. The APHIS has issued interim regulations under the witchweed quarantine and regulations by removing areas in Bladen, Columbus, Cumberland, Pender, and Robeson Counties, NC, and Dillon, Horry, and Marion Counties, SC, from the list of suppressive areas. The interim regulations add six farms in Robeson County, NC, 11 farms in Horry County, SC, and six farms in Marion County, SC, as suppressive areas. 68 Fed. Reg. 6603 (Feb. 10, 2003).

FEDERAL ESTATE AND GIFT TAX

CHARITABLE DEDUCTION. The decedent had executed seven wills and one codicil over 35 years. Only the first will provided for a bequest to a charity. After the decedent’s death, the heirs and the charity commenced legal proceedings to challenge the will. The parties reached a settlement which included a bequest to the charity. The ruling does not indicate whether the settlement bequest matched the bequest in the first will. The IRS ruled that the settlement bequest to the charity was not eligible for a charitable deduction because the charity did not have an enforceable right to any portion of the estate. The IRS ruled that, because the only charitable bequest occurred in the first will and the decedent executed six more wills and a codicil which revoked all prior wills, the charity had no enforceable claim against the estate. Ltr. Rul. 200306002, Sept. 30, 2002.

FEDERAL INCOME TAXATION

CORPORATIONS

MERGER. The IRS had assessed taxes against a corporation and the assessment was upheld upon appeal to the Tax Court. The taxpayer corporation merged with that corporation, and under the merger agreement, the taxpayer agreed to assume all liabilities of the corporation. The IRS then assessed the taxpayer for the taxes owed by the prior corporation. The taxpayer argued that its liability for the taxes was limited to the value of the assets acquired from the former corporation and that it was the responsibility of the IRS to prove the value of the assets. The court held that the taxpayer had agreed to assume all of the former corporation’s liabilities but did not rule on the issue of whether the liability was limited to the value of the former corporation’s assets because the taxpayer presented no evidence as to the value of the former corporation’s assets.

Eddie Cordes, Inc. v. Comm’r, 2003-1 U.S. Tax Cas. (CCH) ¶ 50,228 (10th Cir. 2003), aff’g, T.C. Memo. 2001-265.

INSTALLMENT REPORTING. The taxpayer sold some property on installments. The taxpayer provided the details of the sale to an accounting firm which prepared the taxpayer’s income tax return. The firm failed to elect to use the installment method of reporting the sale. The error was discovered during a review of the return after it was filed with the IRS. The IRS ruled that the taxpayer would be allowed to revoke the election out of the installment method

PENSION PLANS. For plans beginning in February 2003, the weighted average is 5.51 percent with the permissible range of 4.96 to 6.06 percent (90 to 120 percent permissible range) and 4.96 to 6.62 percent (90 to 110 percent permissible range) for purposes of determining the full funding limitation under I.R.C. § 412(c)(7). Notice 2003-14, I.R.B. 2003—__.

The taxpayer corporation’s ESOP plan was held in a previous case to be not qualified in 1986 under I.R.C. § 401(a) because the annual additions exceeded the I.R.C. § 415(c) limits. The present case involved the issue of whether the plan was qualified in subsequent years. The court held that the plan continued to be not qualified because the taxpayer had not made any corrective changes from the conditions involved in the previous case. Clendenen v. Comm’r, T.C. Memo. 2003-32.

RENT. The taxpayer was a medical doctor with several clinic offices. The taxpayer’s mother purchased an office building in another city and incorporated a business for the building. The business did not generate any income. The taxpayer rented space in the building and paid rent to the taxpayer’s mother, although the taxpayer did not maintain any business in the space. The taxpayer claimed that the rental payments were part of a bona fide business arrangement but the court held that the rent payments were a redistribution of the taxpayer’s high tax bracket income to the mother who had no other income. The court held that the taxpayer could not deduct the rent payments as a business expense. Chin v. Comm’r, T.C. Memo. 2003-30.

RETURNS. The IRS has issued a revenue procedure establishing an expanded Taxpayer Identification Number (TIN) Matching Program. The former TIN matching program established by Rev. Proc. 97-31 was limited to federal agencies and processed data on tapes or cartridges. The program established by this revenue procedure is an online system open to all payors of “reportable payments” and their authorized agents. The program permits payors to verify the payee TINs required to be reported on information returns and payee statements. Prior to filing an information return, a program participant may check the TIN furnished by the payee against the name/TIN combination contained in the service data base maintained for the program. The IRS will maintain a separate name/TIN data base specifically for the program and will inform the payor whether or not the name/TIN combination furnished by the payee matches a name/TIN combination in the data base. The TIN matching online interactive program will provide the results of up to 25 requests in real time. A bulk file containing up to 100,000 TIN match requests can be processed overnight via a secure mailbox. Rev. Proc. 2003-9, I.R.B. 2003—__.

The IRS has posted Publication 2193 (Rev. 8-2001), Too Good to be True Trusts, to its website, www.irs.ustreas.gov, in the Forms & Pubs section. The publication provides definitions and information regarding different types of trusts, and discusses how they are used and how they must comply with the tax laws. It also details how to recognize a problem trust. The document is available at no charge and can be obtained (1) by calling the IRS’s toll-free telephone number, 1-800-TAX-FORM (1-800-829-3676); (2) through FedWorld on the Internet; or (3) by directly accessing the Internal Revenue Information Services bulletin board at (703) 321-8020.

ROYALTIES. The taxpayer was an accountant who was the president and shareholder of a professional corporation which operated an accounting business. The taxpayer and other shareholders formed a limited partnership. The taxpayer granted the limited partnership the right to use the taxpayer’s client list in exchange for royalty payments. The partnership, in turn, sold the list to the taxpayer’s corporation. The taxpayer continued to provide accounting services for these clients. The fees from the accounting services were paid to the corporation which paid some of the fees as wages to the taxpayers and paid some as royalties to the partnership. In a Chief Counsel Advice letter, the IRS ruled that the character of the royalty payments was wages because there was no change in the use of the client list after formation of the partnership. CCA Ltr. Rul. 200305007, Sept. 26, 2002.

S CORPORATIONS

INADVERTENT TERMINATION. A decedent’s will passed shares of an S corporation in the decedent’s estate to a trust. The trust beneficiary failed to timely file an election to treat the trust as a qualified subchapter S trust. The beneficiary treated the income as subchapter S income. The taxpayer represented that the election was intended to be made and that the failure to make the election was not motivated by tax avoidance or retroactive tax planning. The IRS granted an extension of time to make the election. Ltr. Rul. 200305020, Oct. 25, 2002; Ltr. Rul. 200305021, Oct. 25, 2002.

LOSSES. The taxpayers were shareholders in an S corporation which contracted with another corporation for that corporation to construct a tire recycling system. The project failed and the S corporation was terminated. The taxpayers claimed loss deductions based upon either a pass-through loss deduction or a worthless stock deduction. The central issue was whether the stock became worthless in the tax year that the corporation was dissolved. The court held that the loss was not recognized in the year of termination because the corporation still had a claim for reimbursement which was not shown to be worthless in the year of termination. Wagner v. United States, 2003-1 U.S. Tax Cas. (CCH) ¶ 50,238 (M.D. Fla. 2003).

WORTHLESS STOCK. The taxpayers were shareholders in an S corporation which contracted with another corporation for that corporation to construct a tire recycling system. The project failed and the S corporation was terminated. The taxpayers claimed loss deductions based upon either a pass-through loss deduction (see summary under Losses, supra) or a worthless stock deduction. The central issue was whether the stock became worthless in the tax year that the corporation was dissolved. The court held that the stock had value even after the dissolution because the shareholders could still purchase the recycling system at a discount until the project failed. In

...
addition, the shareholders retained a reimbursement claim until the project failed. Because the project did not fail completely until several years after the corporation dissolved, no worthless stock deduction was allowed for the year of dissolution. Wagner v. United States, 2003-1 U.S. Tax Cas. (CCH) ¶ 50,238 (M.D. Fla. 2003).

SELF-EMPLOYMENT TAX. The taxpayer and deceased spouse operated a farm. The couple transferred the farm to a trust and on the death of the decedent, the taxpayer became the sole trustee and beneficiary of the trust which was split into three trusts. The taxpayer continued to operate the farm. In a technical advice memorandum, the IRS ruled that the trust income would not self-employment income unless the trust could be disregarded and the income was generated by the efforts of the taxpayer on the farm as part of the taxpayer’s trade or business. The IRS also stated that there could be an issue of whether the taxpayer received adequate payments for the services performed for the trusts’ trade or business of farming. The IRS suggested that a determination be made whether the taxpayer received payments that were reasonable and of sufficient amount for services that the taxpayer provided to the trusts’ trade or business. TAM 200305001, July 24, 2002; TAM 200305002, July 24, 2002.

SECURED TRANSACTIONS

CONVERSION. The plaintiff was an elevator which had received soybeans harvested by the defendant landowner and the defendant’s hired hand. The plaintiff filed a suit in interpleader to determine the ownership of the beans after both the defendant and hired hand had claimed inconsistent ownership of the beans. The defendant counterclaimed for conversion by the plaintiff for failure to release the beans to a buyer. The defendant argued at trial that the defendant and hired hand each owned one-half of the beans; however, the plaintiff’s employees testified that the defendant initially tried to sell all of the beans and the hired hand also tired to sell all of the beans. The trial court held that the interpleader suit was proper in that no clear ownership was available to the plaintiff at the time the beans were to be released. Because no clear ownership was established by the defendant at the time of sale, no conversion occurred. The appellate court affirmed, noting that Mo. Stat.§ 400.7–603 excuses a bailee from delivery after more than one person claims title or possession of goods in the hands of the bailee until the bailee has time to determine the ownership of the goods by an action in interpleader. Green Valley Seed, Inc. v. Plenge, 72 S.W.3d 601 (Mo. Ct. App. 2002).

TRESPASS

HUNTING. The defendant was convicted of trespass hunting without permission. The landowner/farmer testified that the defendant shot some pheasants while the birds were flying over the farmer’s land. The defendant claimed that the birds were shot in the highway right-of-way ditch and flew on to the farmer’s land. The appellate court held that it would not review findings of a trial court based on credibility of witnesses and upheld the conviction based on the farmer’s version. The court held that the shooting of a wild bird while it was flying over private property constituted criminal trespass. The court noted that hunters are allowed to retrieve animals lawfully shot off the property if the hunter enters the property unarmed and does nothing but retrieve the shot animal. State of South Dakota v. Rumpca, 652 N.W.2d 795 (S.D. 2002).

ZONING

MIGRANT LABOR HOUSING. The plaintiff operated a vegetable farm and hired migrant farm laborers to harvest the crops. The plaintiff wanted to build more housing units for the laborers but was informed that a special exception use permit was required by the township’s zoning ordinance. Rather than seeking a special exception use permit, the plaintiff filed an action seeking a declaration that portions of the Michigan Public Health Code, Michigan Occupational Safety and Health Act (MIOSHA), and related administrative rules pertaining to agricultural labor camps preempt the township’s ordinance restricting the location of housing for migrant laborers. The court held that the statutes and regulations did not preempt the local zoning ordinance because the statute and regulations did not perversively control the area of location and type of housing required for migrant workers. Frens Orchards, Inc. v. Dayton Township Bd., 654 N.W.2d 346 (Mich. Ct. App. 2002).

CITATION UPDATES

Capital Video Corp. v. Comm’r, 311 F.3d 458 (1st Cir. 2002), aff’g, T.C. Memo. 2002-40 (legal fees) see Vol 13 p. 204.


TAX TIPS

Digest subscriber Larry Kopsa, an accountant in York, Nebraska has provided these timely reminders:

TAXPAYER IDENTIFICATION NUMBERS. Newlywed and the recently divorced taxpayers need to make sure the names on their tax returns match those registered with the Social Security Agency (SSA). A mismatch between a name on the tax return and a social security number (SSN) could unexpectedly increase a tax
W-2 FORMS. Taxpayers should receive a Form W-2, "Wage and Tax Statement," from each employer to use in preparing the federal income tax return. According to the IRS, employers must furnish this record of 2002 earnings and withheld taxes no later than January 31, 2003 (if mailed, allow a few days for delivery). Taxpayers who do not receive a Form W-2 should contact their employer to find out if and when the W-2 was mailed. If it was mailed, it may have been returned to the employer because of an incorrect or incomplete address, so be sure to verify the address. After contacting the employer, allow a reasonable amount of time for the employer to re-mail or to issue the W-2. If a taxpayer has not received a W-2 by February 15th, the taxpayer can contact the IRS for assistance toll free at 1-800-829-1040. The taxpayer should have the following information handy: (1) the employer's name and complete address, including zip code, the employer's identification number (if known), and telephone number; (2) the taxpayer's name, address, including zip code, social security number, and telephone number; and (3) an estimate of the wages earned, the federal income tax withheld, and the dates of employment. If the taxpayer has misplaced a W-2, the taxpayer should contact the employer and be prepared with the information listed above. The employer can replace the lost form with a "reissued statement." The employer is allowed to charge a fee for providing a new W-2. Taxpayers still must file a tax return on time even if the taxpayer does not receive a Form W-2. If the taxpayer cannot get a W-2 by tax-filing deadline, the taxpayer may use Form 4852, "Substitute for Form W-2, Wage and Tax Statement," but it will delay any refund due while the information is verified. If the taxpayer receives a corrected W-2 after the return is filed and the information it contains does not match the income or withheld tax reported on the return, the taxpayer must file an amended return on Form 1040X.
AGRICULTURAL TAX AND LAW SEMINARS

by Neil E. Harl and Roger A. McEowen

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The seminar registration fees for current subscribers to the Agricultural Law Digest, the Agricultural Law Manual, or Principles of Agricultural Law (and for multiple registrations from one firm) are $185 (one day), $360 (two days), $525 (three days), and $670 (four days). The registration fees for nonsubscribers are $200, $390, $570 and $720, respectively.

*   *   *   *

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