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Boy, do I love summer. From my desk, as I write this newsletter, I can see riders on the bike path and rafters on the Willamette. It's sunny and warm and bright and I'm not stuck in the office doing tax returns. I'm just writing about them. . .

### **THE NEWS IN BRIEF**

Our elected officials are again tinkering with the tax code. True tax simplification remains elusive for now; lawmakers seem to have abandoned that idea and instead seem intent on using the code to engineer social change.

◆ **New Federal Tax Law.** President Bush signed the Tax Increase and Prevention Reconciliation Act in May. . . a change to the "kiddie tax" means investment income of children up to 18 (instead of 14 under old law) will be taxed at the parents' tax rate. . . the alternative minimum tax was amended slightly to benefit some middle class taxpayers. . . the beneficial low rate for dividend income was extended by two years to tax years starting before 2011. . . taxpayers will be allowed to convert traditional IRAs to Roth IRAs regardless of income, but the change does not take effect until 2010

◆ **The Rich and the Poor.** The U.S. House of Representatives recently passed legislation that would increase the federal minimum wage from \$5.15 to \$7.25 (Oregon minimum wage is \$7.50 per hour). . . the same bill would reduce the estate tax paid by the wealthiest Americans. . . the bill is expected to die in the Senate. . . the IRS plans to terminate employment for almost half its estate tax auditors, a strategy some have termed a backdoor way to informally repeal the estate tax

◆ **Persistence Pays.** We recently assisted a client who was assessed several thousands of dollars in penalties for failure to file city of Portland/Multnomah County business tax returns. . . we prepared a request for waiver of all penalties but were turned down. . . after several appeals and a thorough review of our case however, the Revenue Bureau not only waived all penalties but amended its policy to allow for abating penalties in similar situations in the future

◆ **Postscript.** Since losing our mom to cancer in May my sister and I have spent many hours addressing various tax and legal issues. . . I'd advise anyone with aging parents to initiate honest family conversations about planning for orderly asset transfers. . . identify and locate bank, brokerage and investment accounts, insurance policies and safe deposit boxes. . . check beneficiary assignments on retirement accounts. . . consider adding children's names to parents' accounts. . . and most important, talk about these issues while there's still time