

Re:Cap

Caplin & Drysdale
ATTORNEYS

A Fresh New Look

September 2004

We are pleased to present to you a new format for the monthly newsletter. We hope you enjoy this new format and always welcome suggestions for improvement.

Speakers Corner

September 5-10, 2004

58th Annual Congress of the International Fiscal Association

Location: Vienna, Austria

Speaker: **Michael G. Pfeifer**

Topic: Estate Planning-Tax Opportunities and Limitations

For more information, go to: www.ifa-vienna.com

September 23, 2004

ALI-ABA Video Law Review

Location: Live Satellite TV/Live Webcast Program

Speaker: **Beth Shapiro Kaufman**

Topic: Estate Planning Practice Update-Fall 2004

For more information, go to: www.ali-aba.org

October 15, 2004

BNA Tax Management Conference-Tax Shelter Enforcement

Location: Washington, D.C.

Speaker: **Christopher S. Rizek**

Topic: New Perils for Practitioners

For more information, go to: <http://www.ioma.com>

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Notes & Notables

New Arrivals

Yan Zhang, a recent graduate of the University of Michigan Law School, has joined the firm as an associate and will be working on International Tax matters. We also welcomed associate **Michael Durham** to the firm's Exempt Organizations practice group this month.

Honors and Appointments

Mortimer Caplin has been appointed to the American Bar Association's Standing Committee on Pro Bono and Public Service. Mr. Caplin will be serving a three year term.

Milton Cerny recently received the 2004 Order of Knights of Comenius award from the Czech Cultural Center Houston. This award is given to distinguished individuals who have exhibited the highest traits and qualities of character in addition to exemplary work in their professions.

Rita Tobin has been appointed to the International Law Committee of the Association of the Bar of the City of New York. Ms. Tobin will be serving a three year term beginning this month.

Pro Bono

August 2004

Consortium of Methodist Churches, Northern Virginia

Milton Cerny provided pro bono legal and tax advice to the Hispanic community at the consortium.

Head of the Class

August 9-20, 2004

University of Utah

Kirk Jowers taught a two-week intensive course on money, politics, and the U.S. presidency.

Recent Publications

August 9, 2004

U.S. Issues Guidance on Apportionment of Charitable Contributions to U.S.-Source Income

Tax Notes International

By: **Milton Cerny and Rebecca Rosenberg**

In this edition of Tax Notes International, Mr. Cerny and Ms. Rosenberg discuss how the proposed regulations issued in July will affect the apportionment of charitable deductions between U.S. and foreign-source income.

September 2004

Corporate Business Taxation Monthly

By: **Jim Salles**

Mr. Salles discusses the IRS' new guidance on credit card issuers' reporting of annual card fees and late fees.

For more information on any of the items contained in this issue of Re:Cap please contact the Marketing Department at 202-862-5000 or krs@capdale.com

In The News

June 24, 2004

“Big Nonprofit Salaries Face Government Scrutiny”

The Chronicle of Philanthropy

Commenting on the new IRS focus on salaries of charity executives, **Marc Owens** says charity leaders should take special note of a case brought against the former New York Stock Exchange chairman for allegedly violating state law by receiving \$187 million in compensation.

July 29, 2004

“Attorney Comments on Five-Year Review Proposal for EO’s”

Tax Notes Today

In a letter to the chair and ranking member of the Senate Finance Committee, **Milton Cerny** writes that requiring exempt organizations to submit information about their operations to the IRS five years after they obtain exemption would be burdensome and would not produce compliance benefits.

August 6, 2004

“EO Reps Respond to Finance Draft of Charity Reform Proposals”

Tax Practice & Controversies

In this article reporting on a closed-door meeting (on proposed reforms for tax-exempt organizations) of Senate Finance Committee staff and members of the exempt organizations community, the author quotes **Milton Cerny** who explained that meeting attendees expressed a strong sentiment for revising the Form 990 information return so that it more effectively reveals potential abuses.

August 19, 2004

“Elections Chief Eyes New Speech Limits”

The New York Sun

Commenting on a proposal to limit soft-money contributions to 527 groups based on what groups say they want to do with the money, **Trevor Potter** notes that the three FEC commissioners who made the proposal are “playing games which represent an irresponsible dereliction of duty by public officials who are charged with enforcing the nation’s campaign finance laws.”

August 18, 2004

“Dirty Campaign Tricks Now Serious Crimes”

Seattlepi.com

Trevor Potter explains that the new law requiring any statement published by campaigns, national party committees or political action committees to include a disclaimer saying who is behind the message is meant to help the electorate determine how much give credence to the communication based on who sent it and to force the person who sent the message to take responsibility for its content.

August 23, 2004

“Republicans, Democrats Claim Inaccuracies to Try to Get Ads Pulled Down”

SFGate.com

While it is common for Republicans and Democrats to request that television stations reject opposing party attack ads, **Trevor Potter** explains that it is rare for a station to actually pull an ad and keep it off the air. (This article also appeared in *Associated Press Worldstream*, *Associated Press*, *Associated Press Online*)

August 24, 2004

“Village House of Worship is Hotbed of Anti-Bush Protests”

The New York Sun

Trevor Potter notes that an anti-Bush group who set up an anti-Bush booth on church grounds would not be violating the federal election law since houses of worship may help issue-oriented political groups.

August 25, 2004

Nightly Business Report

Trevor Potter was interviewed regarding 527 groups who will spend more than \$200 million in this election. Mr. Potter said that 527 groups “ought to be using only hard money—no corporate money, no labor money and only \$5,000 from an individual [but] so far the FEC has not been enforcing the law and has been allowing these groups to use unlimited contributions from any source for these political ads.” (Interview was rebroadcast on NPR’s *Weekend Edition* and ABC’s *World News*)

August 27, 2004

“Bush to Join Sen. McCain in Lawsuit to Force FEC Action on Nonparty Groups”

BNA

Discussing planned court filings on behalf of President Bush and Senator John McCain, McCain’s representative, **Trevor Potter**, said one complaint will seek to require the FEC to issue regulations while a second will ask a court to require the FEC to act on a complaint that the Bush campaign filed against several Democrat-leaning 527 groups.

September 2004

“Eyes Wide Shut”

Wealth.Bloomberg.com

In this article on IRS increased efforts to watch over and curtail abuses by tax shelter promoters, developers, and participants, **Chris Rizek** said, “the single hardest issue in the tax shelter area is defining what you’re trying to catch.” He also recommended that the regulations “be broadly construed in favor of disclosure.”