

**Philadelphia Bar Association
Probate and Trust Section
Tax Committee Meeting
Tuesday, January 22, 2013 at 8:15 am**

Present:

Rebecca Rosenberger Smolen (chair)
Marguerite Weese (secretary)
Roger Johnson
Joanne Rubinson
Laura Stegossi
Jon Sokoloff
Sara Burns
Margery Schneider

Discussion:

- **Tax Update: (see handout for full information)**
 - IRA Charitable Rollover – effective for 2012 tax year, if your contribution is given prior to February 1, 2013, and for the 2013 tax year. The contribution must be given to a public charity, not a private foundation, donor advised fund or a supporting organization.
 - Federal Estate Tax Exemption: \$5,250,000
 - 7520 Rate for February: 1.2%
 - Wandry Case – IRS has issued a non-acquiescence to the court’s decision, rather than continue its appeal of the holding. This leaves uncertainty for future use of the formula clause.
 - Schedule O of the PA Inheritance Tax Return has been updated with regard to sole use trusts, such that by signing Schedule O, executors and trustees now have fiduciary liability for notification to the PA Department of Revenue and payment of the tax, in the event that the trust terminates without court approval.
- **Heckerling Debrief:**
 - Discussion about whether anyone was experiencing clients with donor’s remorse for the big gifts that were finalized at the end of 2012- as of right now, there was no such general feeling, but with the qualification that it’s still early in the year/soon after the Act came out.
 - Discussion about the effect of the IRS’s non-acquiescence to the Wandry decision. The commentaries say the logic behind the court’s finding is sound, but since we know that the IRS is not going to follow the holding, there is still a large amount of uncertainty going forward.

- Decanting is no longer on the IRS Priority List – the reasoning was said to be because they knew that they wouldn't be able to get to decanting this year, but this is unusual reasoning since that has typically not impacted what is on the priority list
- Discussions regarding use of:
 - Pour-over wills into an incomplete gift trust
 - Filing gift tax returns to start the running of statute of limitations on valuations

- **Tentative Topics for the upcoming year**
 - February – Gift Tax Return Preparation
 - March – Estate Tax Return – Bob Maxwell's presentation
 - April – OFF
 - May – PA Schedule O discussion OR GST discussion
 - June- Florida Law
 - July - OFF
 - August - OFF
 - September – Medicare/Net Investment Surtax of 3.8%
 - October – PA Department of Revenue Panel
 - November - Potentially the IRS
 - December – OFF

- Meetings will continue to be on the 4th Tuesday of each month at 8:15 am, unless otherwise specified.