

Tax Section News

A Publication of the Minnesota State Bar Association Tax Section

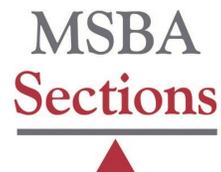
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Upcoming Tax Law Section CLE Programs
can be found at www.mnbar.org.



Change.

Tax practitioners are accustomed to change. In addition to the tax cases published each year, every 12 months is a new tax year, every year new tax laws are enacted, and every year the tax authorities issue hundreds, if not thousands, of pages of guidance. The federal tax changes in 2017 and the potential state tax law changes in 2018 are, however, more significant changes than we typically experience. Our clients will look to us for guidance with respect to compliance, planning, and controversy. The MSBA Tax Section Legislative Committee will be looking to you for guidance as well.

The Tax Section has a long history of proposing and supporting legislative initiatives to improve tax administration in the State of Minnesota. Members of the Legislative Committee spend long hours each year identifying issues, drafting bill language, meeting with the Department of Revenue, coordinating efforts with other interested groups (MN Society of CPAs, Minnesota Chamber of Commerce, Association of Minnesota Counties, etc.), speaking with legislators, and testifying before the House and Senate Tax Committees.

Much of this time is spent playing defense - reviewing proposed bills and working with the MSBA lobbyist to educate legislators on the real life tax implications of proposed bills. Many of our successes are related to preventing bad bills from become law and working with the MSBA lobbyist to fix technical errors and oversights.

The Tax Section also plays offense. A Tax Section initiative led to the recent amendment to Minn. Stat. § 290.01 that prohibits the commissioner and court from considering the location of an individual's attorney, CPA, or financial adviser when determining the individual's domicile. The Tax Section has several current initiatives aiming to amend or enact new tax laws. Those initiatives include: (1) an amendment to Minn. Stat. § 270C.407 to allow "interest netting," (2) revisions to Minnesota's claim for refund statute to more closely align with federal provisions, (3) an amendment to Minn. Stat. § 297A.68 to ensure that contributions and distributions between a single member LLC and its owners are exempt from sales tax, and (4) an amendment to Minn. Stat. § 271.01 to simplify service requirements for property tax petitions. More Tax Section initiatives can be found on the MSBA website: <https://www.mnbar.org/about-msba/msba-governance/assembly/legislative-committee/msba-legislative-positions#.Wv2ahqQvyUk>.

With the significant changes in federal tax law and the potential state tax law changes, the Tax Section Legislative Committee will be looking to you to identify legislative technical errors, oversights, unintended consequences, and contradictory statutory language. As you work with the new tax laws and future guidance, I encourage you to reach out to the Tax Section Legislative Committee with your concerns regarding the new laws/guidance and how those new laws/guidance impact your clients. Together we can help improve tax administration in Minnesota through this time of significant change.

*Andrew Howard, Briggs and Morgan
MSBA Tax Law Section Chair*

Change – and stability – in the air

Cynthia Bauerly

Minnesota Revenue Commissioner

The federal tax code has changed in many ways – both large and small –with the passage of the 2017 Federal Tax Law, commonly known as the Tax Cuts and Jobs Act of 2017. Minnesota and other states are considering changes of their own to balance taxpayer interests and budget needs.

More on that below, but first I want to discuss some recent changes at the Department of Revenue and our continued commitment to our partnership with MSBA.

- **Lee Ho** is our new deputy commissioner, replacing Ryan Church, who took a new job at Minnesota Management & Budget. Lee previously worked at Revenue for 18 years, most recently as information technology (IT) director. He spent the last few years as an assistant commissioner at the Department of Health, overseeing human resources, financial and facilities management, and IT governance.

Lee also has federal experience, with the U.S. Government Accountability Office where he evaluated the effectiveness of government programs.

- **Cynthia Rowley** is now an assistant commissioner, replacing Terri Steenblock, who joined the Federation of Tax Administrators. Cynthia previously served as the director of the Property Tax Division and, before that, director of Tax Operations. She is a leader in customer service and outreach, with a deep understanding of the department.
- **Alyssa Haugen** will become assistant commissioner for administration on May 2, replacing Pete Skwira, who accepted a job with Dakota County. Alyssa joins us from the Department of Health, where she was an assistant commissioner and deputy chief operating officer. She brings strong skills in stakeholder relations, large-scale project management, and continuous improvement.
- **Justin Nieman** is our new director of corporate tax; he was assistant director under Jeff Vogt, who has retired. Justin previously served as Revenue’s tax analytics manager – refining our use of data to be more efficient and effective – and as an auditor and supervisor.
- **Sarah Bronson** now heads our Taxpayer Rights Advocate Office. Sarah joined Revenue last fall, replacing Wende O’Brien, who retired. Sarah brings significant experience as an attorney and tax expert at Mid-Minnesota Legal Aid, where she was director of the Low Income Taxpayer Clinic.

Please join me in welcoming Lee, Cynthia, Alyssa, Justin, and Sarah in their new roles at Revenue. Each of them is dedicated to customer service and committed to continue our relationship with MSBA and our other partners.

Keeping our commitment

As part of our commitment to our partners in the tax system, we held three listening sessions across the state last fall with tax professionals who serve individual taxpayers. Nearly 60 people attended these events, representing tax professionals and organizations who represent taxpayers.

As with our earlier listening session with business tax professionals, we wanted to learn more about your needs, identify ways to enhance our communication and services for you, and provide time to discuss your concerns and enhance our working relationship.

We discussed many topics with you at these sessions. Among them, you encouraged the department to provide more tax preparer liaison services, have more conversations with tax professionals and groups – including a stronger presence at events and conferences – and enhance our Power of Attorney (POA) process. Based on your feedback we have:

- Added a tax preparer liaison to our outreach team in November. You can reach Mark Krause at 651-556-6606 or taxpro.outreach@state.mn.us.
- Increased our efforts to ensure conversations with you by using electronic communications – through our website and email updates. Look for the Contact Us button on our homepage (www.revenue.state.mn.us), and click the red envelope icon () to sign up for the email updates that interest you.
- Continued to build our presence at events like the recent Tax Town Hall and conferences that provide opportunities to discuss tax issues and build relationships. Among other things, we participated in monthly conference calls with the IRS, and we presented on substantive topics in sales and corporate franchise taxes at the annual MSBA Tax Institute and Minnesota Society of CPAs (MNCPA) Tax Conference.

We continue to develop – and share – new Revenue Notices with MSBA and other tax professionals and groups. And we are moving forward with three new or updated Minnesota Rules this year. For the latest rulemaking information – and opportunities to provide input:

- Watch the State Register, where we publish rulemaking notices, requests, and proposed rules.
- Check the rules docket on our website (www.revenue.state.mn.us > Law & Policy > Rules).
- Sign up for our rule updates mailing list. Send your email or mailing address to us at RulesCoordinatorDOR@state.mn.us or call 651-296-1022.

We're also focusing during this year's legislative session, in particular, on outreach and engagement with the Minnesota Legislature as they consider how best to respond to the 2017 federal tax law changes.

Thoughtful action needed

The federal and state tax codes interact in many ways, which means we must update state laws to avoid income tax increases on hard-working Minnesotans.

Doing nothing will increase state income taxes by \$59 million for over 300,000 families, an average cost of \$200 each. Matching every federal change will increase state income taxes by \$426 million for over 870,000 families, an average cost of \$489 each.

Gov. Mark Dayton's tax plan protects 300,000 families from state tax increases caused by the new federal tax laws while cutting taxes for over 2 million Minnesotans – that's \$319 million in tax relief for over two-thirds of the households in our state. His proposal:

- Creates a new permanent tax credit, cutting taxes for 1.9 million families by \$117, on average.
- Expands the Working Family Credit, saving an average of \$160 for 329,000 families.

- Cuts taxes for small businesses and farmers by \$100 million by letting them deduct expenses for the equipment they need to run and grow their operations.

The plan keeps cost-saving Minnesota deductions for property tax, interest on mortgages and home equity loans, and unreimbursed employee expenses. It also helps senior citizens qualify more easily for property tax deferral to help them stay in their homes and reduces taxes on tuition for college students.

When Gov. Dayton took office, Minnesota faced a \$6.2 billion deficit and we owed our school districts \$1.9 billion in unpaid debt. Since then, he has made hard choices to balance the budget, and successfully turned around our state's finances – with nine forecasted budget surpluses since 2011.

The governor has made clear he will not leave his successor the same fiscal mess he inherited. To promote budget stability, he proposes:

- Using adjusted gross income – instead of federal taxable income – on Minnesota income tax returns to provide a stable revenue stream and more control over how state income tax affects our families.
- Reversing unsustainable tax breaks enacted in– such as those on cigarettes and tobacco products, removal of the inflator on the business property tax levy, and estates worth over \$2.4 million (while maintaining the \$5 million deduction for family farms and small businesses).

There is much discussion to come on these and other tax issues. I look forward to working with MSBA in the rest of this year's legislative session and beyond. Thank you for your partnership.

Cynthia Bauerly is commissioner of the Minnesota Department of Revenue.

IRS NEWS FOR TAX PROFESSIONALS

March 2018

► UPCOMING WEB CONFERENCES

We may offer web conferences in March, but as of the date of publication, we don't have registration information. Please check [HERE](#) in March for National and Local webinars for Tax Professionals.

Click [HERE](#) for webinars and videos recently posted to the IRS Video Portal.

► NEWS

[IRS Creates Special IRS.gov Page for Tax Reform](#)

- To help the tax community track information related to the **Tax Cuts and Jobs Act (TCJA)**, the IRS has created a special page on IRS.gov to highlight provisions of the new law. The frequently updated page will include a "one-stop" listing of new legal guidance, news releases, Frequently Asked Questions, and other information related to TCJA.
- Tax professionals should bookmark the page and check it regularly for the latest information as the IRS works to implement changes.
- [Text of Tax Cuts and Jobs Act on Congress.gov](#)

[Update on Extender Legislation](#)

- The Budget Bipartisan Act of 2018 was signed Feb. 9 and retroactively extended and modified numerous tax provisions covering 2017. The IRS is incrementally updating the needed forms, and completing programming and testing of our processing systems to reflect each provision of the legislation.

[CCH Tax Group – list of 2017 Tax Extenders](#)

[Text of 2017 Tax Extenders on Congress.gov](#)

[To Help Taxpayers, IRS Clarifies Some Common Early Filing Season Myths](#)

- Myth 1: All Refunds Are Delayed
- Myth 2: Delayed Refunds, those Claiming EITC and/or ACTC, will be Delivered on Feb. 15
- Myth 3: Ordering a Tax Transcript a "Secret Way" to Get a Refund Date
- Myth 4: Calling the IRS or a Tax Professional Will Provide a Better Refund Date
- Myth 5: Calling the IRS is the Most Convenient Way to Get Answers to Tax or Refund Questions
- Myth 6: The IRS will Call or Email Taxpayers about Their Refund

[Disaster Assistance and Emergency Relief for Individuals and Businesses](#)

- Special tax law provisions may help taxpayers and businesses recover financially from the impact of a disaster, especially when the federal government declares their location to be a major disaster area. Depending on the circumstances, the IRS may grant additional time to file returns and pay taxes. Both individuals and businesses in a federally declared disaster area can get a faster refund by claiming losses related to the disaster on the tax return for the previous year, usually by filing an amended return.

Report of Foreign Bank and Financial Accounts (FBAR) Resources

- **On IRS.gov**
 - [FBAR](#)
 - [IRS FBAR Reference Guide](#)
 - [Comparison of Form 8938 and FBAR Requirements](#)
- **On FinCEN.gov**
 - [BSA E-Filing System](#)

[IRS Encourages Taxpayers to Renew ITINs; Delays Expected for Those Who Missed Deadline](#)

- The IRS urges taxpayers with expired Individual Taxpayer Identification Numbers (ITINs) to renew them as soon as possible. Tax returns with expired ITINs will face processing delays and affected taxpayers may lose eligibility for key tax benefits until the ITIN is renewed.
- Those with middle digits of 70, 71, 72 or 80 (Example: 9NN-70-NNNN or 9NN-80-NNNN) expired on Dec. 31, 2017. ITINs that have middle digits 78 or 79 expired Dec. 31, 2016, but taxpayers can still renew them.

► IDENTITY THEFT / DATA THEFT / SCAM ALERTS

[Scam Alert: IRS Urges Taxpayers to Watch Out for Erroneous Refunds; Beware of Fake Calls to Return Money to a Collection Agency](#)

- The IRS is warning taxpayers of a quickly growing scam involving erroneous tax refunds being deposited into their bank accounts. The IRS also offered a step-by-step explanation for how to return the funds and avoid being scammed.
- Following up on a [Security Summit alert issued Feb. 2](#), the IRS issued this additional warning about the new scheme after discovering more tax practitioners' computer files have been breached. In addition, the number of potential taxpayer victims jumped from a few hundred to several thousand in just days. The IRS Criminal Investigation division continues its investigation into the scope and breadth of this scheme.
- These criminals have a new twist on an old scam. After stealing client data from tax professionals and filing fraudulent tax returns, these criminals use the taxpayers' real bank accounts for the deposit.
- Thieves are then using various tactics to reclaim the refund from the taxpayers, and their versions of the scam may continue to evolve.

[Key IRS Identity Theft Indicators Continue Dramatic Decline in 2017; Security Summit Marks 2017 Progress Against Identity Theft](#)

- The IRS announced steep declines in tax-related identity theft in 2017, attributing the success to the Security Summit initiatives that help safeguard the nation's taxpayers.
- Key indicators of identity theft dropped for the second year in a row in 2017. This includes a 40 percent decline in taxpayers reporting they are victims of identity theft in 2016. Since 2015, the number of tax-related identity theft victims has fallen by almost two-thirds and billions of dollars of taxpayer refunds have been protected.
- As the IRS and Summit partners have strengthened their defenses, identity thieves are looking to steal more detailed financial information to help provide a more detailed, realistic tax return to better impersonate legitimate taxpayers. **Because they need more personal data, cyberthieves increasingly are targeting tax professionals, human resource departments, businesses and other places that have large amounts of sensitive financial information.**

[Instructions for Requesting Copy of Fraudulent Returns](#)

- A victim of identity theft or a person authorized to obtain the identity theft victim's tax information may request a redacted copy (one with some information blacked-out) of a fraudulent return that was filed and accepted by the IRS using the identity theft victim's name and SSN.
- Due to federal privacy laws, the victim's name and SSN must be listed as either the primary or secondary taxpayer on the fraudulent return; otherwise the IRS cannot disclose the return information. For this reason, the IRS cannot disclose return information to any person listed only as a dependent.
- Partial or full redaction will protect additional possible victims on the return. However, there will be enough data for you to determine how your personal information was used.

► YOUR PRACTICE

[YouTube video: What to Do After a Tax Professional Data Compromise](#)

[Use Pub 2043 to Set Refund Expectations for Your Clients](#)

- IRS Publication 2043, IRS Refund Information Guidelines for the Tax Preparation Community, is now available for 2018. The publication provides the latest refund information and guidelines including specific information for your clients claiming the Earned Income Tax Credit or Advance Child Tax Credit.
- Please note, although the IRS issues most refunds in less than 21 days, it is possible some tax returns may require additional review resulting in delayed refunds.

[Freedom of Information Act \(FOIA\)](#)

- The FOIA office is receiving requests for records that you can get without a FOIA request.
- [Here's a list of records you can get without making a FOIA request.](#)

► EMPLOYERS AND BUSINESS OWNERS:

Ensure You Have Access to FIRE System Before You Need It

- If you plan to **submit 1099's** through the Filing Information Returns Electronically (FIRE) system, ensure you can access the system before the Feb. 28 and March 31 deadlines to file. A valid username, password, PIN and secret phrase are required for a successful login.
- If you encounter difficulties logging in, check that you have correctly entered your information. If you get locked out of your FIRE account, call Information Returns Customer Service at 866-455-7438 (International toll call at 304-263-8700) for assistance with resetting your password, PIN, or secret phrase. Before calling, have your business name, employer identification number, and user ID on hand. Do not revert to paper filing.
- Plan ahead as wait times might be longer than usual if you call close to the filing deadline.
- You can find more information on the [FIRE landing page on IRS.gov](#). (Updated February 20 – good info!)

[Publication 15, Circular E, Employer's Tax Guide for 2018](#)

► NEWS FROM OTHER AGENCIES

[National Association for the Self-Employed \(NASE\)](#)

- YouTube video: [Preparing an Audit Proof Tax Return](#) (used with permission)

► IN EVERY ISSUE

Tools for Tax Professionals

- [Subscribe to e-News for Tax Professionals](#)
Preparers can register to get this electronic newsletter. It's one of the best ways for tax professionals to get the latest national and local IRS news. (Editor's note: most of the articles in this monthly newsletter come from e-News for Tax Professionals.)
- [Quick Alerts](#)
Preparers can subscribe to receive alerts about events that affect Authorized IRS e-file providers, issuers and payers, transmitters, and software developers.
- [Understanding Your IRS Notice or Letter](#)
Want to see if the letter your client got is really from the IRS? Many (but not all) IRS letters and notices listed here.
- [Practitioner Priority Service](#)
Hours? Who can use it? What are the menu options?
- [View Your Account Information](#)
If you're an individual taxpayer, you can use this tool to view:
 - Your payoff amount, updated for the current calendar day
 - The balance for each tax year for which you owe
 - Up to 18 months of your payment history
 - Key information from your current tax year return as originally filed.

- [Deceased Persons – Probate, Filing Estate and Individual Returns, Paying Taxes Due](#)
How to get information? How to file? How to get the refund? Form 1310, 56 and 2848.
- [Basic Tools for Tax Professionals](#)
So. Many. Things.
- [IRS Guidance](#)
Code, Regulations, Internal Revenue Manual, Advance Notices, IRS Written Determinations and Electronic Reading Room
- [Tax Scams / Consumer Alerts](#)
We send out emails each time there's a new tax scam. It gets confusing to remember all of them. You don't have to! This page lists ALL scams targeting taxpayers, tax professionals and others
- [Disaster Relief Resource Center for Tax Professionals](#)
- [Small Business and Self-Employed Tax Center](#)
Loads of info here, including:
 - [Employer ID Numbers \(EINs\)](#) and
 - [Publication 1635, Understanding Your EIN](#)
- [Identity Protection: Prevention, Detection and Victim Assistance](#)
 - [IRS Identity Theft Victim Assistance: How It Works](#)
 - [Data Breach: Tax-Related Information for Taxpayers](#)
 - Not every data breach results in identity theft, and not every identity theft is tax-related identity theft.
 - [Identity Protection PIN \(IP PIN\)](#)

Federal Trade Commission:

- **Individuals:** <https://www.identitytheft.gov/>
- **Business:** <https://www.ftc.gov/tips-advice/business-center/privacy-and-security/data-security>

Tax Law Provisions for Disaster Areas

Special tax law provisions may help taxpayers and businesses recover financially from the impact of a disaster, especially when the federal government declares their location to be a major disaster area. Generally speaking, a disaster loss is a loss that occurred in a federally declared disaster area because of or related to a federally declared disaster. Although a disaster loss is a type of casualty loss, special rules apply that generally provide more favorable tax treatment for disaster losses. Depending on the circumstances, the IRS may grant additional time to file returns and pay taxes.

The [Around the Nation](#) page provides IRS news specific to local areas, primarily disaster relief or tax provisions that affect certain states. You can also review the list of [recent tax relief](#) provided by the IRS in disaster situations based on the Federal Emergency Management Agency's declarations.

Avoid Submitting Duplicate Freedom of Information Act Requests

To avoid delays to [Freedom of Information Act](#) (FOIA) requests, identify and send only one request to the IRS office that is most likely to have the records. Do not send the same request to multiple mailing addresses or fax numbers. See [IRS Disclosure Offices and FOIA Service Centers](#) and mail or fax your request to the most appropriate location, based on the information you are requesting.

Sending your request to more than one of those locations, or both mailing and faxing your request can bog down processing and slow response times. All requests are assigned to appropriate IRS FOIA queues for processing. When the IRS receives the same request through multiple channels, staff members need to eliminate duplicates and ensure proper routing of the request before processing it.

Before you submit a FOIA request, determine whether the information you seek can be obtained through [routine agency procedures](#), which can make access quicker and easier.

If you need to request information under FOIA, see the IRS [FOIA Guidelines](#) for information and instructions.

Telephone Numbers for FBAR and Title 31 Help

The IRS FBAR and Title 31 Helpline connects practitioners and filers, both domestic and abroad, with a team of specially trained technicians, examiners and specialists to answer technical Title 31 questions.

To reach the FBAR and Title 31 Helpline, dial:

- 866-270-0733 for callers within the U.S. (toll-free)
- 313-234-6146 for callers outside the U.S. (not toll-free)

Hours of operation for the FBAR and Title 31 Helpline are Monday - Friday, 8 a.m. to 4:30 p.m., Eastern time. An IRS employee will respond to messages left after-hours.

The FBAR and Title 31 Helpline team answers questions related to reports required by the Bank Secrecy Act of 1970, such as the Report of Foreign Bank and Financial Accounts (commonly known as the FBAR) and reports filed by money services businesses. The Helpline team can also assist with other Title 31 technical issues and BSA correspondence. You can also find answers by sending an inquiry to FBARquestions@irs.gov.

Know the Questions to Ask about Refundable Credits of Education and Child-Related Tax Benefits link:

<https://www.etc.irs.gov/other-refundable-credits-toolkit/know-the-questions-to-ask-about-refundable-credits/know-the>

Revocation or Denial of Passport in Case of Certain Unpaid Taxes

Upon receiving certification, the State Department shall deny your passport application and/or may revoke your current passport. If your passport application is denied or your passport revoked and you are overseas, the State Department may issue you a limited validity passport good only for direct return to the United States.

Certification of Individuals with Seriously Delinquent Tax Debt

Seriously delinquent tax debt is an individual's unpaid, legally enforceable federal tax debt totaling more than \$50,000* (including interest and penalties) for which a:

- Notice of federal tax lien has been filed and all administrative remedies under IRC § 6320 have lapsed or been exhausted or
- Levy has been issued

Seriously delinquent tax debt is limited to liabilities incurred under Title 26 of the United States Code and does not include debts collected by the IRS such as the FBAR Penalty and Child Support.

Some tax debt is not included in determining seriously delinquent tax debt even if it meets the above criteria. It includes tax debt:

- Being paid in a timely manner under an installment agreement entered into with the IRS
- Being paid in a timely manner under an offer in compromise accepted by the IRS or a settlement agreement entered into with the Justice Department
- For which a collection due process hearing is timely requested in connection with a levy to collect the debt
- For which collection has been suspended because a request for innocent spouse relief under IRC § 6015 has been made

In addition, certification will be postponed while an individual is serving in an area designated as a combat zone or participating in a contingency operation.

Before denying a passport, the State Department will hold your application for 90 days to allow you to:

- Resolve any erroneous certification issues
- Make full payment of the tax debt
- Enter into a satisfactory payment alternative with the IRS

Annual Adjustment for Inflation

*The \$50,000 threshold is indexed yearly for inflation

IRS Continues to Expand Taxpayer Services; Adds New Features to Taxpayers Online Account

The Internal Revenue Service announced today the addition of several new features to the online account tool first introduced late last year as part of the IRS's commitment to improve and expand taxpayer services.

The [online account](#) allows individual taxpayers to access the latest information available about their federal tax account through a secure and convenient tool on IRS.gov. When it first launched in [December 2016](#), the tool assisted taxpayers with basic account inquiries such as information about their balance due and access to the various IRS payment options. Since then, the IRS has added new features allowing taxpayers to:

- View up to 18 months of tax payment history
- View payoff amounts and tax balance due for each tax year
- Obtain online transcripts of various Form 1040-series through Get Transcript
- Give feedback on their experience with their online account and make suggestions for improvements

Before accessing the tool, taxpayers must authenticate their identities through the rigorous Secure Access process. This is a two-step authentication process, which means returning users must have their credentials (username and password) plus a security code sent as a text to their mobile phones.

Taxpayers who have registered using Secure Access for Get Transcript Online or Get an IP PIN may use their same username and password. To register for the first time, taxpayers must have their personal and financial information including: Social Security number, specific financial information, such as a credit card number or loan numbers, email address and a text-enabled mobile phone in the user's name. Taxpayers may review the [Secure Access](#) process prior to starting registration.

As part of the security process to authenticate taxpayers, the IRS will send verification, activation or security codes via email and text. The IRS warns taxpayers that it will not initiate contact via text or email asking for log-in information or personal data. The IRS texts and emails will only contain one-time codes.

In addition to the online account, the IRS continues to provide several self-service [tools](#) and helpful resources available on IRS.gov for individuals, businesses and tax professionals.

Minnesota Tax Court Pending Cases

Compiled by:

Dale Busacker
Grant Thornton LLP

Emily Tracy
Grant Thornton LLP

Juliana Ayaz v. Comm’r of Revenue, No. 09145-S (MN Tax Ct. filed December 30, 2017).

<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
Pro Se	Michael Goodwin
<u>Issue:</u>	Whether the taxpayer properly adjusted federal taxable income by filing Form 4852, Substitute for Form W-2, modifying taxable wages to non-taxable compensation.
<u>Years:</u>	Individual income tax for year 2016.
<u>Amount:</u>	\$ 1,653.04

Iskender A. Ayaz v. Comm’r of Revenue, No. 09146-S (MN Tax Ct. filed December 30, 2017).

<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
Pro Se	Michael Goodwin
<u>Issue:</u>	Whether the taxpayer properly adjusted federal taxable income by filing Form 4852, Substitute for Form W-2, modifying taxable wages to non-taxable compensation.
<u>Years:</u>	Individual income tax for year 2016.
<u>Amount:</u>	\$ 336.95

James D. Mathison. v. Comm’r of Revenue, No. 09147-S (MN Tax Ct. filed December 26, 2017).

<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
Pro Se	Michael Goodwin
<u>Issue:</u>	Whether the taxpayer was domiciled and spent more than 183 days in Minnesota for the year at issue.
<u>Years:</u>	Individual income tax for year 2014.
<u>Amount:</u>	\$ 2,942.19

Marcos D. Gomez v. Comm’r of Revenue, No. 09148-R (MN Tax Ct. filed January 2, 2018).

<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
Mark A. Pridgeon	Michael Goodwin
<u>Issue:</u>	Whether the taxpayer is personally liable, as a majority shareholder of Stone Water Concrete LLC, for Stone Water Concrete LLC’s assessed withholding tax liability.
<u>Years:</u>	Withholding tax for periods December 31, 2015 through September 30, 2016.
<u>Amount:</u>	\$ 28,432.48

***VF Outdoor, LLC v. Comm’r of Revenue*, No. 09149-R (MN Tax Ct. filed January 16, 2018).**

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Jill Yarsley	Michael Goodwin
<u>Issue:</u>	(1) Whether the solicitation of sales of TPP activities by the taxpayer exceeded the protection of Public Law 86-272. (2) Whether the Commissioner’s assessment violates the Commerce Clause and Due Process Clause of the U. S. Constitution.	
<u>Years:</u>	Corporate franchise tax for tax years 2008 through 2011.	
<u>Amount:</u>	\$ 506,153.77	

***Impact Physical Medicine & Prism Aquatic Center v. Comm’r of Revenue*, No. 09150-R (MN Tax Ct. filed January 17, 2018).**

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Mark A. Pridgeon	Michael Goodwin
<u>Issue:</u>	(1) Whether the taxpayer’s services of reviewing medical records were exempt from MinnesotaCare Tax, e.g. examinations for utilization reviews, insurance claims or eligibility, employment, or litigation. (2) Whether adequate documentation was provided to support exemptions for receipts of payments received from Medicare.	
<u>Years:</u>	MinnesotaCare Provider tax for tax years 2013 through 2015.	
<u>Amount:</u>	\$ 97,505.94	

***Adam O. Lieberman v. Comm’r of Revenue*, No. 09151-R (MN Tax Ct. filed January 24, 2018).**

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Pro Se	Michael Goodwin
<u>Issue:</u>	As a result of an IRS adjustment, whether the taxpayer properly transferred his 401K funds to an IRA.	
<u>Years:</u>	Individual income tax for year 2014.	
<u>Amount:</u>	\$ 1,918.75	

***William A. & Myrna S. Anderson v. Comm’r of Revenue*, No. 09152-S (MN Tax Ct. filed January 29, 2018).**

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Pro Se	Michael Goodwin
<u>Issue:</u>	Whether the taxpayers properly determined their Minnesota taxable income using the federal Qualified Dividends and Capital Gain Tax worksheet.	
<u>Years:</u>	Individual income tax for year 2016.	

Lucas Gharib v. Comm’r of Revenue, No. 09153-S (MN Tax Ct. filed January 30, 2018).

<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
Pro Se	Michael Goodwin

Issue: Whether the taxpayer properly adjusted federal taxable income by filing Form 4852, Substitute for Form W-2, modifying taxable wages to non-taxable compensation.

Years: Individual income tax for year 2016.

Jeremy M. Nelson v. Comm’r of Revenue, No. 09154-S (MN Tax Ct. filed February 1, 2018).

<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
Pro Se	Michael Goodwin

Issue: Whether the taxpayer’s two children were his dependents for the tax year 2016.

Years: Individual income tax for year 2016.

Trustee of NSP – Minnesota Prairie I Retail Qualified Trust v. Comm’r of Revenue, No. 09155-R (MN Tax Ct. filed February 7, 2018).

<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
Walter A. Pickhardt & Michael J. Kaupa	Michael Goodwin

Issue: (1) Whether the taxpayer’s net income was taxable net income for Minnesota purpose since the taxpayer is a Qualified Nuclear Decommissioning Reserve Fund established under IRC § 468A and created and governed by the laws of Pennsylvania. In addition, was the taxpayer’s net income, income from a trade or business assignable to Minnesota pursuant to Minnesota Statute § 290.17, subd. 2(e).

(2) Whether the taxpayer’s net income was nonbusiness income not assignable to Minnesota pursuant to Minnesota Statute § 290.17, subd. 6.

(3) Whether the taxpayer’s net income was apportionable to Minnesota pursuant to Minnesota Statute § 290.191, subd. 2 since it had no Minnesota property, payroll, or sales.

Years: Corporate franchise tax refund for tax years 2009 through 2012.

Amount: \$ 3,815,603

Trustee of NSP – Minnesota Prairie II Retail Qualified Trust v. Comm’r of Revenue, No. 09156-R (MN Tax Ct. filed February 7, 2018).

<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
Walter A. Pickhardt & Michael J. Kaupa	Michael Goodwin

Issue: (1) Whether the taxpayer’s net income was taxable net income for Minnesota purposes since the taxpayer is a Qualified Nuclear Decommissioning Reserve Fund established under IRC § 468A and created and governed by the laws of Pennsylvania. In addition, was the

taxpayer's net income, income from a trade or business assignable to Minnesota pursuant to Minnesota Statute § 290.17, subd. 2(e).

- (2) Whether the taxpayer's net income was nonbusiness income not assignable to Minnesota pursuant to Minnesota Statute § 290.17, subd. 6.
- (3) Whether the taxpayer's net income was apportionable to Minnesota pursuant to Minnesota Statute § 290.191, subd. 2 since it had no Minnesota property, payroll, or sales.

Years: Corporate franchise tax refund for tax years 2009 through 2012.

Amount: \$ 4,130,828

Trustee of NSP – Monticello Minnesota Retail Qualified Trust v. Comm’r of Revenue, No. 09157-R (MN Tax Ct. filed February 7, 2018).

Taxpayer's Counsel

DOR's Counsel

Walter A. Pickhardt & Michael J. Kaupa

Michael Goodwin

Issue: (1) Whether the taxpayer's net income was taxable net income for Minnesota purposes since the taxpayer is a Qualified Nuclear Decommissioning Reserve Fund established under IRC § 468A and created and governed by the laws of Pennsylvania. In addition, was the taxpayer's net income, income from a trade or business assignable to Minnesota pursuant to Minnesota Statute § 290.17, subd. 2(e).

(2) Whether the taxpayer's net income was nonbusiness income not assignable to Minnesota pursuant to Minnesota Statute § 290.17, subd. 6.

(3) Whether the taxpayer's net income was apportionable to Minnesota pursuant to Minnesota Statute § 290.191, subd. 2 since it had no Minnesota property, payroll, or sales.

Years: Corporate franchise tax refund for tax years 2009 through 2012.

Amount: \$ 4,460,125

MCK2, LLC v. Comm’r of Revenue, No. 09158-R (MN Tax Ct. filed February 8, 2018).

Taxpayer's Counsel

DOR's Counsel

John R. Neve & Evan H. Weiner

Michael Goodwin

Issue: Unable to determine from the information filed with the Tax Court.

Years: Sales tax for periods 2008 through 2009, and 2011.

Daniel C. Hammons v. Comm’r of Revenue, No. 09159-R (MN Tax Ct. filed February 12, 2018).

Taxpayer's Counsel

DOR's Counsel

Thomas R. Ward

Michael Goodwin

Issue: (1) Whether the taxpayer properly reported business income and expenses.

(2) Whether the taxpayer's child was his dependent in tax year 2016.

Years: Individual income tax for year 2016.

***International Business Machines Corporation v. Comm’r of Revenue*, No. 09160-R (MN Tax Ct. filed January 5, 2018). Transferred from the Ramsey County District Court.**

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Walter A. Pickardt & Martin S. Chester	Michael Goodwin
<u>Issue:</u>	(1) Whether Minnesota’s research credit law allows a taxpayer to use its federal aggregate gross receipts in the denominator when calculating its fixed-base percentage, a component of the base amount calculation.	
	(2) Whether Minnesota’s research credit law adopts the federal requirement that the base amount be at least 50 percent of current year’s qualified research expense per IRC § 41(c)(2).	
	(3) As a result of these adjustments, was the taxpayer is entitled to carryforward the excess research credit to each of the 15 succeeding taxable years pursuant to Minnesota Statute § 290.068, subd. 3(b).	
	(4) Whether a taxpayer is entitled to make an election to calculated its Minnesota R&D Credit using either the alternative incremental credit method per IRC § 41(c)(4) or the alternative simplified credit method per IRC § 41(c)(5).	
<u>Years:</u>	Corporate franchise tax for tax years 2012 through 2014.	
<u>Amount:</u>	\$ 33,216,909	

***Furaha Matambura v. Comm’r of Revenue*, No. 09161-S (MN Tax Ct. filed February 20, 2018).**

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Pro Se	Michael Goodwin
<u>Issue:</u>	Unable to determine from the information filed with the Tax Court.	
<u>Years:</u>	Property tax refund for tax year 2016.	

***James E. & Judy A. Marchessault v. Comm’r of Revenue*, No. 09162-R (MN Tax Ct. filed February 22, 2018).**

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Thomas E. Brever	Michael Goodwin
<u>Issue:</u>	Whether the taxpayers were Minnesota residents for the periods at issue.	
<u>Years:</u>	Individual income tax for tax years 2012 through 2013.	
<u>Amount:</u>	\$ 345,137.15	

***Timothy E. & Amy M. Ramaker v. Comm’r of Revenue*, No. 09163-R (MN Tax Ct. filed February 28, 2018).**

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Pro Se	Michael Goodwin
<u>Issue:</u>	Whether the taxpayers properly excluded Social Security income received by a dependent when calculating their Property Tax Refund base income.	
<u>Years:</u>	Property Tax Refund for year 2015.	

Estate of Robert C. Thompson v. Comm’r of Revenue, No. 09164-R (MN Tax Ct. filed March 19, 2018).

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Andrew M. Carlson & Andrew T. Howard	Michael Goodwin
<u>Issue:</u>	(1) Whether the Recapture Tax of Qualified Farm Property applies to the decedent’s entire estate if any qualified property does not remain Class 2a property for three years after the decedent’s death. (2) Whether the amendments that were enacted to the Recapture Tax, which were signed into law May 23, 2013, violates Due Process of the United States and Minnesota Constitutions as applied retroactively for estates of decedents dying after June 30, 2011 since Mr. Thompson died on May 23, 2012.	
<u>Years:</u>	Estate recapture tax for tax years 2012.	
<u>Amount:</u>	\$ 268,769.35	

Dawoud, Inc. v. Comm’r of Revenue, No. 09165-R (MN Tax Ct. filed March 21, 2018).

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Jerry Korba	Michael Goodwin
<u>Issue:</u>	Whether the taxpayer is liable, as successor to the previous business SM Inc. through a bulk transfer of business assets, for SM Inc.’s assessed sales and use tax and withholding tax liability.	
<u>Years:</u>	Sales and use tax and withholding tax for tax years 2017.	
<u>Amount:</u>	\$ 25,214.01	

Kowsar Hassan Hirsi v. Comm’r of Revenue, No. 09166-S (MN Tax Ct. filed March 23, 2018).

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Richard J. Cohen	Michael Goodwin
<u>Issue:</u>	Whether the taxpayer is personally liable, as a former owner of Diversified Home Care, Inc., for Diversified Home Care Inc.’s assessed withholding tax liability.	
<u>Years:</u>	Withholding tax for periods ending June 30, 2016.	
<u>Amount:</u>	\$ 6,655.29	

Leyla S. Imam v. Comm’r of Revenue, No. 09167-S (MN Tax Ct. filed March 29, 2018).

	<u>Taxpayer's Counsel</u>	<u>DOR's Counsel</u>
	Pro Se	Michael Goodwin
<u>Issue:</u>	Whether the taxpayer properly claimed the dependents on her Property tax refund return.	
<u>Years:</u>	Property tax refund for tax years 2014 and 2015.	
<u>Amount:</u>	\$ 4,729.03	

Jeremy B. Tuttle & Abby J. Tuttle v. Comm’r of Revenue, No. 09168-S (MN Tax Ct. filed March 30, 2018).

Taxpayer's Counsel

DOR's Counsel

Pro Se

Michael Goodwin

Issue: Whether the taxpayers properly claimed the working family credit based on a qualifying child that could not be substantiated to live with them for more than 183 days.

Years: Individual income tax for tax year 2016.

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Tax Section News

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