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Citation and Resource Guide

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Tax-Wise Portfolio Rebalancing

- The SEC offers "Rebalancing 101" tips at www.sec.gov/investor/pubs/assetallocation.htm.

The Third Best Investment You Can Make

- The IRS explains the tax rules on Roth IRA distributions in Publication 590-B, "Distributions From Individual Arrangements (IRAs)," p. 30, at www.irs.gov/pub/irs-pdf/p590b.pdf.

After-Tax Dollars in Traditional IRAs

- For the income limits on deducting contributions to traditional IRAs for 2016 and 2017, go to www.irs.gov/retirement-plans/ira-deduction-limits.

Dealing With an IRS Audit

- The Taxpayer Bill Of Rights, which sets out what someone can expect when dealing with the IRS, can be found at www.irs.gov/taxpayer-bill-of-rights.

Safe Harbor 401(k) Plans for Small Companies

- The IRS spells out the rules on safe harbor 401(k)s at www.irs.gov/retirement-plans/plan-sponsor/401k-plan-overview.

Practice Development Tip

Warn Clients About Questionable Easement Deals

Conservation easements can provide bountiful tax benefits. However, the IRS has announced it will closely examine certain transactions that seem to overstep what's legitimate.

A conservation easement is typically donated by a landowner to a conservation group. The donor pledges (in perpetuity) that certain forms of development won't be permitted. Such an easement may impact the land's value on a future sale if a \$4 million property is now worth \$2.5 million, after the easement donation the \$1.5 million devaluation might be claimed as an income tax deduction. The landowner may get a break on estate and property tax as well.

Such tax savings could come with risks, however. The IRS has issued Notice 2017-10 on Syndicated Conservation Easement Transactions. As the IRS explains these deals, promoters sell interests in a property to a group of investors. After an easement donation, the investors share a charitable contribution deduction that far exceeds their outlay thanks to inflated appraisals. In this notice, the IRS calls these deals "listed transactions," requiring extensive disclosure, which might lead to disallowed deductions.

As a service to your clients, you might bring Notice 2017-10 to their attention, warning about such too-good-to-be-true opportunities for investors seeking tax deductions. You also could warn property owners who are considering easement donations that working with a syndicator may prove to be risky.

Cautioning against investments that are on the IRS watch list might encourage clients to come to you, if they are thinking about a non-traditional offering. Moreover, clients interested in donating a conservation easement might ask for your assistance in obtaining a realistic appraisal and a defensible tax deduction.



Client Tax Letter

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AICPA PCPS/CPA.com MAP Survey National Summary

■ AICPA's Private Companies Practice Section (PCPS) partnered with CPA.com on the National MAP (Management of an Accounting Practice) Survey, which was fielded from mid-May through July 2016. This summary provides financial and other key benchmarking data from the survey. This product will provide you with comparative benchmarking data relative to firm size and region that can help you create strategic goals and maximize your firm's performance.

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