

SPEAKER'S CORNER

UPCOMING EVENTS

JULY

July 22-26, 2002

Harvard School of International Tax Program

Location: University of Pretoria, South Africa

Faculty: **H. David Rosenbloom**

Mr. Rosenbloom will be teaching a course on transfer pricing and tax treaties at the Southern African Tax Institute.

SEPTEMBER

September 19-20, 2002

Mealey's National Asbestos Litigation Conference

Location: The Westin Hotel, Philadelphia, PA

Speaker: **Peter Van N. Lockwood**

Mr. Lockwood will give an asbestos bankruptcy update.

For more information, see:

http://www.mealeys.com/sem_agen.html#NatAsb

AUGUST

August 28-29, 2002

1er Foro Internacional Tributario por Mexico

Location: Convention Centre of the Americas

Racetrack, Mexico City, Mexico

Speaker: **H. David Rosenbloom**

On August 29th, Mr. Rosenbloom will participate in the Tax Policy panel as a keynote speaker. This International Taxation Conference is sponsored by Desarrollo Tributario Mexicano and will focus on taxation issues such as tax policy and tax administration. It will include discussion of related aspects such as fiscal federalism, public expenditures (federal budget), and budgetary accountability.

For more information, please contact the Marketing Department at (202) 862-5000 or e-mail bcg@capdale.com.

NOTES AND NOTABLES

June 18, 2002

New Appointment

H. David Rosenbloom has been appointed Director of the International Tax Program at New York University beginning in August 2002.

June 7, 2002

Attorney Chairs Taxation Conference

As a Planning Committee Member, **Mortimer Caplin** chaired and spoke at the June 7th session of the 54th Annual Virginia Conference on Federal Taxation held at UVA Law School. He also introduced **Catherine Livingston's** presentation, which covered current developments for exempt organizations.

RECENT PUBLICATIONS

June 17, 2002

"Of Merchandise, Accruals, and Administrative Grace"

Tax Notes

By: **James Salles**

The article describes the background of Revenue Procedure 2002-28, which allows small businesses to use the cash method despite having inventories, details its terms and discusses possible future related changes.

(The article also appeared in the June 6, 2002 issue of Tax Notes Today.)

For more information, see:

http://www.caplindrysdale.com/db30/cgi-bin/pubs/Merchandise_Accruals.pdf

Second Quarter 2002

"The Importance of Transparency: A Review of the Public Disclosure Rules"

Focus on Accountability

By: **Lloyd Mayer**

June 18, 2002

"Round Income, Square Tax Code"

Tax Notes Today

By: **Lloyd Mayer**

(The article also appeared in the November 2001 issue of the Exempt Organization Tax Review.)

For more information, see:

<http://www.caplindrysdale.com/db30/cgi-bin/pubs/lhm11-01.pdf>

June 2002

"Tax Accounting Monthly Column"

Corporate Business Taxation Monthly

By: **James Salles**

IN THE NEWS

July 1, 2002

“Summer Homes”

Legal Times

Caplin & Drysdale was listed for its participation in a recent Habitat for Humanity project. The firm made a contribution to the Habitat for Humanity and had its summer associates and other firm employees spend a day working on a Habitat house in the District of Columbia. The project was organized by Buildable Hours, Inc.

June 27, 2002

“BCRA Sponsors Announce Court Challenge, Legislative Move to Overturn FEC Regulation”
Money & Politics Report

Trevor Potter discusses the discovery phase now pending before a three-judge court regarding the constitutional litigation of the campaign finance reform law. The article also mentions his recent speech at a forum sponsored by the New America Foundation in which he discusses the court's landmark 1976 campaign finance decision in *Buckley v. Valeo*.

June 26, 2002

“RNC Targets Liberal Interest Groups”

The Washington Post

Trevor Potter confirmed that proponents of the campaign finance law recently issued subpoenas to political party committees and that they might issue additional subpoenas to interest groups for fund-raising information.

June 25, 2002

“Federal Tax Credits Needed to Fuel Political Engine, Says Policy Group”

Tax Notes Today

The article discusses Trevor Potter's recent speech about the advantages of a plan that would provide federal tax credits for political contributions during a conference sponsored by the American Enterprise Institute for Public Policy Research.

June 24, 2002

“AICPA EO Conference Addresses Web Issues, Private Foundations”

Tax Notes Today

The article discusses Catherine Livingston's recent speech on internet activities of exempt organizations during the American Institute of Certified Public Accountants annual Not-for-Profit Industry Conference on June 14th.

June 24, 2002

“Official's Remarks on Lobbying and Exempt Bonds Spark Discussion”

Tax Notes

Marcus Owens responds to the comments made by an IRS official about how the IRS may be taking a tough new approach regarding lobbying by exempt organizations that have facilities financed by tax-exempt bonds. (This article also appeared in the June 17, 2002 issue of *Tax Notes Today*.)

June 24, 2002

“Soft Money Law Awaits Day in High Court”

The Wall Street Journal

Trevor Potter is mentioned in the article about how he will be part of the legal team who will defend the McCain-Feingold legislation. The legal debate is scheduled to begin on December 4th when a three-judge federal appellate panel will hear arguments. A final decision is expected from the Supreme Court by summer 2003.

June 24, 2002

“FEC BCRA Sponsors Charge FEC Rewrote Law But Options to Change Rule May Be Limited”

Money & Politics Report

Although Trevor Potter acknowledges that the proposed FEC rule on soft money would end party-sponsored issue ads, he argues that the rule undermines Congressional intent by creating a loophole that would allow parties to continue raising and spending soft money in order to elect federal candidates.

IN THE NEWS

June 21, 2002

“MedStar Health Accepts IRS Offer, Will Pay \$500,000 Settlement”

The Bond Buyer

Daniel Rosenbaum is quoted in the article about MedStar’s recent agreement to pay the IRS \$500,000 to settle the tax agency’s audit of its 1998 \$583.5 million acquisition financing bond issues.

June 19, 2002

“Election Panel Rebuffs an Effort to Weaken Curb on Issue Ads”

The New York Times

Trevor Potter is quoted in the article about how federal election regulators rejected an effort by its critics to weaken one of the provisions of the new campaign finance legislation aimed at eliminating “issue ads.”

June 19, 2002

“Parties Gobbling the Last of Soft Money; President Bush Headlines Lavish D.C. Dinner Tonight for Donors of \$28 Million”

The Baltimore Sun

In the article, **Trevor Potter** reacts critically to the FEC’s latest draft of its soft-money rules that would largely defer action on the use of soft money by state parties for TV advertising.

June 19, 2002

“Last Hurrah for Big ‘Soft’ Spenders? Finance: Fund-raiser for GOP with President Coincides with FEC Meeting on New Rules”

Los Angeles Times

Trevor Potter notes that the FEC has placed in limbo the biggest issue of the campaign finance reform: what rules should be applied to the use of soft money by state parties for issue ads that effectively target or promote political candidates.

June 18, 2002

“Under Fire”

National Journal

Trevor Potter is quoted in this article about how campaign finance reformers are calling for the FEC to be abolished and replaced by a new and more powerful enforcement agency that is run by a single administrator.

June 17, 2002

“EO Practitioners Share Insights on Web Activities”

Tax Notes Today

The article discusses **Catherine Livingston’s** recent speech on internet activities of exempt organizations during the American Institute of Certified Public Accountants annual Not-for-Profit Industry Conference on June 14th.

June 17, 2002

“Sponsors, FEC Seek Fund-Raising Documents from Political Parties in Lawsuits Over New Law”

Associated Press Newswires

Trevor Potter comments on the FEC’s new draft rules.

June 14, 2002

“Profile: Behind-the-Scenes Wrangling Over Potential Loopholes in the Campaign Finance Reform Laws Recently Passed By Congress”

NPR Radio: All Things Considered

Trevor Potter discusses the campaign finance reform laws during this radio program.

To listen to the program, go to:

<http://www.npr.org/ramfiles/atc/20020614.atc.16.ram>

June 5, 2002

“FEC Reform Supporters, FEC Commissioners Headed on Collision Course in Rulemaking”

Money & Politics Report

In the article, **Trevor Potter** comments on the new campaign finance law and more specifically about limits to soft money contributions.

June 4, 2002

“Hill Grapples with New Finance Law”

www.washingtonpost.com

Trevor Potter is quoted in the article about the debate over how much money lawmakers can raise through their leadership political action committees.

IN THE NEWS

June 4, 2002

“IRS Exempt Organizations Division Issues Checksheets for Market Segment Studies”

Daily Tax Report

Catherine Livingston comments on the release of market segment checksheets by the Exempt Organizations Division of the IRS and how practitioners will use them to advise their clients of IRS concerns.

June 3, 2002

“Critics Attack Reform Draft Rules”

Roll Call

Trevor Potter responds to the FEC’s proposed rules for banning soft money and how it could threaten the ability of political parties from participating in the political process.

June 3, 2002

“On the Move”

The Legal Times

Richard Skillman’s return to the firm is mentioned.

June 3, 2002

“Skillman Rejoins Caplin & Drysdale”

Tax Notes

Richard Skillman’s return to the firm is mentioned.

June 2002

“Final Corporate Sponsorship Regs Retain Exclusive Provider Language”

The Exempt Organization Tax Review

Catherine Livingston is quoted in the article about the final regulations on the tax treatment of payments from corporate sponsors to tax-exempt organizations on exclusive provider arrangements. The regulations also make changes to the disregarded benefit standard and clarifies that an exempt organization’s web site can link to a corporate sponsor’s web page provided the sponsor’s product is not endorsed by the exempt organization.

(This article also appeared in the May 10, 2002 issue of Tax Practice & Controversies, the April 29, 2002 issue of Tax Notes, and the April 25, 2002 issue of Tax Notes Today.)

June 2002

“Georgetown EO Conference Focuses on Corporate Sponsorship Regs and UBI”

The Exempt Organization Tax Review

Catherine Livingston’s comments on disaster relief at Georgetown University Law Center’s 19th Annual Conference on Tax-Exempt Organizations on April 25th is mentioned in the article.

(The article also appeared in the May 6, 2002 issue of Tax Notes.)

June 2002

“ABA’s Follow-Up Letter to IRS About Treatment of Grants”

The Exempt Organization Tax Review

Comments prepared by **Catherine Livingston** along with other members of the American Bar Association Section of Taxation 9/11 Tax Task Force are published. The comments supplement the task force’s prior request to the IRS about providing charitable grants to businesses affected by September 11th. It also provides examples of small and medium-sized businesses that have negatively been affected and would benefit from these charitable grants.

(These comments also appeared in the January 11, 2002 issue of Tax Notes Today.)