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TaxNews

New Tax Provisions Make Expatriation More Costly

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On June 17, 2008, President Bush signed into law the Heroes Earnings Assistance and Tax Relief Act of 2008 (the HEART Act). The HEART Act includes sweeping legislation covering certain individuals who expatriate after June 17, 2008. These provisions were enacted to discourage U.S. citizens and long-term residents from expatriating for tax purposes – a practice that had become popular among some high-net-worth individuals owning substantially appreciated property. The HEART Act accomplishes this goal by

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U.S. Supreme Court Clarifies and Limits the "Operational Function" Test

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In a unanimous decision, the United States Supreme Court ruled on April 15, 2008 that the "operational functional" test articulated in earlier Supreme Court decisions did not create a separate and distinct ground for apportioning income to a state without a finding that the taxpayer's in-state business activities formed a part of a "unitary business." The ruling vacated an Illinois appellate court decision that permitted the state to tax an apportioned share of a $1 billion capital gain realized by Mead Corporation, an Ohio-based company, on the sale of its business division known as Lexis/Nexis, an Illinois-based division. The Illinois Appellate Court ruled that Illinois could tax an apportioned share of the gain based on the fact that Mead's investment in Lexis/Nexis served an "operational purpose" in Mead's business even though the trial court determined that the two businesses were not unitary.

Over the years, the Supreme Court has adopted and applied a "unitary business" test to determine whether a state can include income from a corporation's out-of-state activities in the corporation's apportionable tax base. Under the "unitary business" con-

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Estate Tax Decision Upholds Full Capital Gains Discount

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An important aspect of estate planning is taking advantage of valuation discounts. One such discount is the so-called "capital gains discount," which provides a reduction in the value of closely-held "C" corporation stock held by an estate. The capital gains discount is based on the fact that taxable gain will inevitably be recognized when the corporation sells its appreciated assets or liquidates. Thus, the stock of the corporation is treated as being less valuable to account for the built-in tax liability of the assets held by the corporation.

Under current law, the courts are split as to whether the capital gains discount should reduce the value of corporate stock held by an estate by the full contingent tax liability of the assets of the corporation (the "full approach"), or rather by a reduced amount computed by a formula that takes into account an estimated time frame for when the corporation will actually recognize the built-in tax liability (the "reduced approach"). Thus, the capital gains discount and the overall value of the estate will vary

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New Tax Provisions Make Expatriation More Costly, *continued*

causing immediate and significant U.S. income tax consequences, as well as estate and gift tax consequences for certain individuals who expatriate.

The new law applies only to "covered expatriates." The HEART Act defines an expatriate as (1) a U.S. citizen who relinquishes his or her citizenship, or (2) a long-term resident of the U.S. who ceases to be a lawful permanent resident of the U.S. A covered expatriate is an expatriate who meets one of these three criteria:

- has an average annual net income for the five previous taxable years of more than $139,000 (adjusted annually for inflation),
- has a net worth of $2,000,000 or more on the date of expatriation, or
- has failed to comply with all U.S. tax obligations for the preceding five years.

Income Tax Consequences under the HEART Act

Under prior law, an individual who expatriated from the U.S. was subject to an alternate U.S. income tax reporting system for a ten year period from the date of expatriation. The HEART Act, however, replaces the ten year reporting requirements with a new set of mark to market rules that are codified in Section 877A of the Internal Revenue Code (the Code). The new mark to market rules treat the covered expatriate as having a deemed sale of his worldwide assets on the day prior to expatriation. Thus, the covered expatriate will have to recognize gain or loss on all his property on the day prior to expatriation for U.S. income tax purposes.

The HEART Act does exempt, however, the first $600,000 of net gain (adjusted annually for inflation) that would be includible in gross income from the mark to market rules. Additionally, the mark to market rules will not apply to certain deferred compensation, deferred compensation retirement accounts, and any interest in a nongrantor trust (exempt property). Exempt property is subject to its own special set of rules. For example, deferred compensation is subject to a withholding tax of 30 percent of any taxable payment and nongrantor trusts are subject to a withholding tax of 30 percent of any taxable distribution.

The HEART Act further allows a covered expatriate to elect to defer the tax from the deemed sale until the earlier of (1) the due date of the return for the taxable year in which the property is disposed of, or (2) the due date of the return for the year of the expatriate's death. The deferral election comes with a price: a covered expatriate must provide adequate security, i.e., a bond or letter or credit, and pay interest equal to the interest rate applicable to underpayments (currently 5 percent). Further, once the election is made it is irrevocable and the covered expatriate must make an irrevocable waiver of any right under any U.S. treaty that would preclude assessment or collection of the tax.

U.S. Estate and Gift Tax Consequences under the HEART Act

The HEART Act also imposes a tax on a U.S. citizen or long-term resident for any "covered gift or bequest" from a covered expatriate. The tax also applies to "covered gifts and bequests" to domestic and foreign trusts. These provisions are codified in Section 2801 of the Code.

For estate and gift tax purposes, a covered gift or bequest includes all gifts and bequests above the annual exclusion (currently $12,000) other than (1) gifts shown on a timely filed U.S. gift tax return, (2) any property included in the covered expatriate's gross estate and reported on a timely-filed U.S. estate tax return, and (3) any property that would be eligible for an estate or gift tax charitable or marital deduction if the donor were a U.S. citizen.

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U.S. Supreme Court Clarifies and Limits the "Operational Function" Test, *continued*

cept, a state may not tax out-of-state business activity unless it is part of a single, unitary business with activity conducted within the state. The Supreme Court has described the "hallmarks" of a unitary business as "functional integrity, centralized management, and economies of scale."

The Illinois trial court ruled that Mead and Lexis/Nexis were not a unitary business because they lacked the hallmarks of a unitary business. Despite this finding, the trial court held that the gain was apportionable to Mead because Mead's investment in Lexis/Nexis served an "operational function" in Mead's business. The Illinois Appellate Court affirmed the lower court's application of the "operational function" test and never opined on whether Mead and Lexis/Nexis formed a unitary business.

In vacating the Illinois Appellate Court's decision, the Supreme Court stated that the "operational function" concept was "not intended to modify the unitary business principle by adding a new ground for apportionment," and "simply recognizes that an asset can be a part of the taxpayer's unitary business even if what we may term a 'unitary relationship' does not exist between the payor and payee." Furthermore, the Supreme Court noted that the concept of "operational function" is merely relevant to the conclusion that an asset is a unitary part of the business being conducted in the state rather than a discrete asset to which a state has no claim. Said another way, the operational function test is not applicable to relationships between businesses.

According to the Supreme Court, the fatal flaw of the appellate court decision was the consideration of the operational function of the Lexis/Nexis division absent a finding that Mead and Lexis/Nexis were a unitary business. In order to uphold the tax on Mead, the two businesses had to first be found unitary. The Supreme Court remained silent on the application of the unitary business test to these two businesses and remanded the case back to the Illinois Appellate Court to determine its application.

Finally, the Supreme Court declined to consider the theory that Illinois had the authority to tax the gain based on the fact that Lexis/Nexis did substantial business in Illinois. This argument was first raised in Illinois' brief to the Supreme Court. Interestingly, the Court noted that Ohio and New York have both adopted this alternative rationale, but neither state appeared as an amicus in this case, and neither state was on notice that the constitutionality of its tax scheme was going to be an issue. Therefore, the Supreme Court decided that this question is "best left for another day."

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Estate Tax Decision Upholds Full Capital Gains Discount, *continued*

depending on which approach is adopted by the jurisdiction governing the estate.

Until recently, only the Fifth Circuit (which includes Mississippi, Louisiana and Texas) followed the full approach. The Eleventh Circuit (which encompasses, Alabama, Georgia and Florida) has joined the Fifth Circuit by adopting the full approach for estate tax purposes in *F. Jelke III v. Comm'r (Jelke III)*. *Jelke III* involved a decedent taxpayer who held a 6.44 percent stock interest in a closely-held investment holding company during his lifetime. In computing the value of the decedent's stock for estate tax purposes, his estate reduced the company's net asset value by the amount of tax liability that would have been realized by the company at the corporate level if it had liquidated at the decedent's death. This reduction discounted the corporation's value by $51 million dollars. The IRS alleged that the estate undervalued the decedent's 6.44 percent interest in the company and allowed only a portion of the discount for the built-in tax liability. The IRS's position was that the full deduction should not be allowed because the corporation would not actually recognize the tax liability for a number of years. The United States Tax Court accepted the IRS's contention and allowed only a limited deduction of $21 million dollars.

The Eleventh Circuit, however, was not persuaded by the position taken by the IRS or the United States Tax Court, noting "[i]t is more logical and appropriate to value the shares of [the corporation's] stock on the date of death based on an assumption that a liquidation has occurred, without resort to present values or prophesies." The Court found in favor of the decedent's estate and allowed the full capital gains discount. The Court opined that other approaches were too speculative and required a "crystal ball and coin flip."

The decision of the Eleventh Circuit was not unanimous, and a spirited dissent noted that "To avoid the effort, labor,

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Estate Tax Decision Upholds Full Capital Gains Discount, *continued*

and toil that is required for a more accurate calculation of the estate tax due, the majority simply assumes a result that we all know is wrong." Quoting such sources as Theodore Roosevelt and Henry James, the dissent described the majority's approach as "the doctrine of ignoble ease."

The decision is an important one for the estates of decedents who, at their death, held interests in closely-held C corporations with appreciated assets. The Jelke decision means that estates which fall under the jurisdiction of the Fifth and Eleventh Circuits should be entitled to a full capital gains discount, undiminished by statistical estimation of when the tax will actually be paid by the corporation. But it remains to be seen whether the IRS will acquiesce with the Jelke majority or will side with the dissent in the belief that the full deduction is "a result that we all know is wrong."

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United States Supreme Court Upholds State Tax Exemption for Municipal Bonds in *Kentucky v. Davis*

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In a 7-2 decision, the United States Supreme Court upheld on May 19, 2008 a Kentucky law allowing the state to exempt interest on bonds issued by the state or its political subdivision while taxing the interest earned on bonds from other states. *Kentucky v. Davis*, 553 U.S. __ (2008), is widely believed to have saved the state municipal bond market, which had seen a steep decline in investment after a Kentucky appeals court ruled that such preferential treatment violated constitutional maxims.

The highly anticipated decision overturned the Kentucky appeals court ruling, which held that Kentucky's preferential tax treatment on its bonds violated the "dormant commerce clause" of the U.S. Constitution. The Supreme Court recognized the broad exemption to the application of the dormant commerce clause when a state or local government enacts a law that discriminates in favor of itself rather than private parties. Furthermore, the Supreme Court noted that the dormant commerce clause does not apply when a local government engages in a traditional government function, and issuing bonds to pay for public projects is as traditional as it gets. This "traditional government function" or "public purpose" rationale emerged last year in *United Haulers Assn., Inc. v. Oneida-Herkimer Solid Waste Management Authority*, 550 U.S. __ (2007), in which the Court ruled that states can enact laws that favor government operated businesses over private ones.

This important decision puts an end to the uncertainty surrounding a common state income tax exemption. The exemption is so common that, of the 43 states that impose an income tax on its residents, 37 states including Kentucky tax out-of-state municipal bond income while exempting income on all in-state municipal bonds, and four states tax out-of-state municipal bond income but exempt some in-state municipal bonds. Of the remaining states, Utah exempts interest on its own bond and extends the same treatment to the bonds of States that do not tax Utah bonds, and Indiana exempts all municipal bonds.

If the Supreme Court had upheld the Kentucky appeals court decision, states would have been forced to decide whether to tax the interest on in-state bonds or exempt interest on all bonds, like Indiana. Neither choice is very appealing to the states. Taxing interest on all municipal bonds would increase the borrowing cost for states and their subdivisions, and exempting interest on all municipal bonds regardless of origin would result in the reduction of the states' revenues. Such a modification would have severely disrupted the $2.5 trillion municipal bond market. States and municipal bond investors can breathe a bit easier now that the status quo has been upheld.

Interestingly, the Supreme Court refrained from addressing the constitutionality of state laws that exempt income from in-state issued private activity bonds. Private activity bonds are government bonds that are issued to finance private projects and are usually associated with local economic development and charitable projects. Given that the Supreme Court dodged the issue, the validity of the tax exemption provided for private activity bonds still remains unsettled and will remain unsettled until another taxpayer challenges the validity of such tax exemption.

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Sales and Use Tax Developments for Georgia Manufacturers

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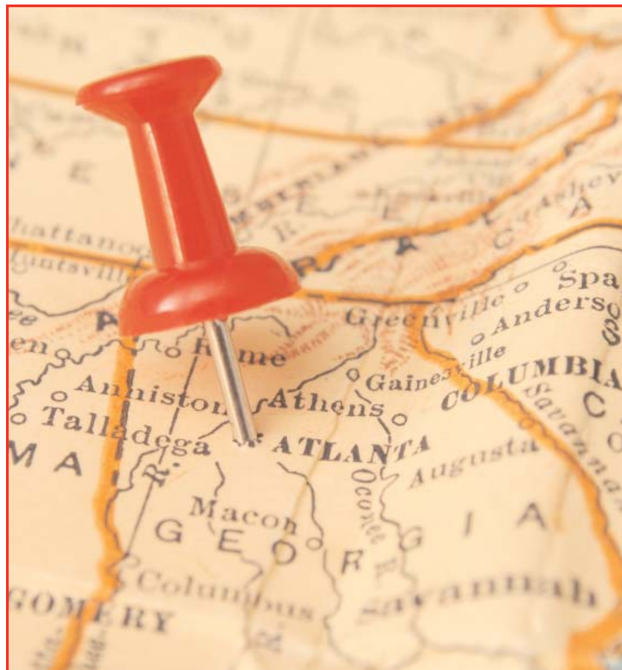
In its 2008 legislative session, the Georgia General Assembly expanded the sales and use tax exemption for manufacturing machinery and enacted a sales and use tax cap on energy used in manufacturing. These Acts, House Bill 237 and House Bill 272 respectively, were both signed by the Governor on May 14, 2008.

Expanded Sales Tax Exemption for Manufacturing Machinery. House Bill 237 broadens the exemption for manufacturing machinery — O.C.G.A. § 48-8-3(34) — by replacing the phrase "machinery which is *used directly* in the manufacture of tangible personal property" with the phrase "machinery or *equipment* which is *necessary and integral* to the manufacture of tangible personal property." O.C.G.A. § 48-8-3(34.3) was also amended to broaden the exemption for repair and replacement parts for machinery which is necessary and integral to the manufacture of tangible personal property.



In other jurisdictions, the phrase "necessary and integral to manufacturing," has been interpreted to include activities that are essential or indispensable functions of the manufacturing operations, such as storage equipment, intra-plant transport machinery, and safety and protective equipment. Since House Bill 237 does not define the term "equipment," it is unclear how broadly the exemption for equipment will be construed. We expect the Georgia Department of Revenue to provide its interpretation by regulation or otherwise.

Sales and Use Tax Cap on Fuels Used in Manufacturing. House Bill 272 provides a partial exemption from sales and use taxes for certain fuels used directly or indirectly in the manufacture or processing of tangible personal property in Georgia. The partial exemption, as adopted, went into effect on July 1, 2008 and will expire on December 31, 2010.

This cap exempts from sales and use tax the excess amount over a specified purchase price per a specified volume of fuel; for example, the tax will apply to the first $2.48 *per gallon* of the sales price of No. 2 fuel oil. The purpose behind this partial exemption, according to State Representative Charles Martin, is to insulate the manufacturing community from rising energy costs and to maintain and increase Georgia's competitive advantages for new and expanded industry.

The partial exemption includes the following fuels: natural and artificial gas, No. 2 fuel oil, No. 6 fuel oil, propane, petroleum coke and coal. The exemption does not apply to the local portion of the sales and use tax.

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New Penalty Rules Apply to Tax Advisors

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Section 6694 of the Internal Revenue Code sets the standards that tax return preparers must follow to avoid preparer penalties. The Small Business and Work Opportunity Tax Act of 2007 (the Act), which became effective May 25, 2007, included major changes to the applicable standards, and substantially increased the penalty for failure to comply with those standards. This summer the Internal Revenue Service (IRS) issued new proposed regulations providing further guidance on these standards.

The Act expanded the preparer penalty in three significant ways:

- It extended application of the penalty to all types of federal tax returns, not just income tax returns.
- It raised the standard of certainty that practitioners must reach to avoid preparer penalties.
- It increased the monetary penalties on practitioners who fail to meet the standard.

Extension of the Penalty Provision

The penalty now applies to the preparation of all returns or refund claims with respect to which a taxpayer could understate a liability, including estate and gift tax returns, employment tax returns, and excise tax returns.

Higher Standard to Avoid Penalties

The preparer penalty under section 6694 will apply if the return position causing the tax liability is an "unreasonable position." A position is unreasonable if three factors exist:

1. The preparer knew or reasonably should have known of the position;
2. There was not a reasonable belief that the position would more likely than not be sustained on the merits; and
3. The preparer either failed to adequately disclose the position or had no reasonable basis for the position.

Prior to the Act, the penalty would not apply if the position had a "reasonable possibility of success on the merits," which was generally interpreted to mean at least a 33.3 percent chance of success, or if the preparer acted in good faith with reasonable cause. The new standard means that a preparer must reasonably conclude in good faith that a position has a greater than 50 percent likelihood of being sustained. Facts and circumstances, including the advisor's diligence and the complexity of the matter, will determine whether an advisor has satisfied this standard. Regulations require that the preparer have a reasonable belief that the position meets the standard. At a minimum, advisors must be able to support the position with a well-reasoned construction of the governing statute. Preparers may rely on information or advice provided by the taxpayer, advisor, or another return preparer in meeting this standard, but may not make unreasonable assumptions in this reliance.

If the preparer cannot meet the more likely than not standard, the preparer must properly and adequately disclose the position on the return itself or in an attachment to the return to avoid penalty exposure, and the preparer must have a reasonable basis for such disclosed position. The proposed regulations identify several ways to make proper disclosure of a return position in order to avoid preparer penalties.

Increased Monetary Penalties

Prior to the Act, the preparer penalty was only $250, and would not apply at all if the practitioner met a certain standard in preparation of the return. Because of the small penalty amount, most practitioners were unconcerned about the risk of the penalty's application. The Act increased the penalty to 50 percent of the income derived or to be derived by the preparer from preparation of the return or claim. The minimum penalty is now $1,000 ($5,000 in the case of reckless or willful conduct). The 50 percent calculation applies only to the part of the preparation allocable to the position that gave rise to the understatement of liability.

Who is a Preparer?

The proposed regulations provide rules for two types of preparers who could be subject to the preparer penalty:

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New Penalty Rules Apply to Tax Advisors, *continued*

signing and nonsigning preparers. A signing preparer is the preparer who signs or is required to sign the return. A non-signing preparer is any preparer who prepares all or a substantial portion of a claim or return with respect to events that have already occurred at the time the advice is rendered. An advisor can be a nonsigning preparer by providing written or oral advice to a taxpayer or another preparer if the advice is a substantial portion of a return. A single entry on the return can constitute a substantial portion of a return, but for nonsigning preparers only, there is a safe harbor. The item is not a substantial portion of the return if the relevant income or deduction item is (1) less than $10,000 or (2) less than $400,000 and less than 20 percent of gross income shown on the return. The advice must be directly relevant to the determination of the existence, characterization, or amount of an entry on a return or claim for refund. There also must be some explicit or implicit agreement for compensation for a preparer to be subject to the penalty.

Advisors can remember the important elements for determining if one is a nonsigning preparer with the mnemonic "CARS":

- **C**ompensation
- **A**fter the events have occurred
- **R**elevant directly to the position on the return
- **S**ubstantial portion of the return

For instance, an attorney who provides advice to a corporate client concerning the tax consequences of a completed corporate transaction may be a nonsigning preparer if her advice is directly relevant to an item on the return, even if she was not otherwise involved in the preparation or signing of the return. Importantly, these rules apply only to advice provided after the relevant events have occurred. If, in the example above, the attorney had advised the client only before the corporate transaction occurred and gave the client no additional advice after the transaction, the attorney will not be treated as a nonsigning preparer.

Exceptions to the preparer penalty apply for certain classes of preparers. As noted above, returns prepared pro bono will not expose an advisor to a preparer penalty. In-house tax counsel are generally exempt from the preparer penalty, as are individual officers, general partners, members, shareholders and employees who prepare a return on behalf of an entity if the individual is regularly and continuously employed or compensated.

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Information Security Management and Business Valuation

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Information security is a concern for almost all aspects of business, and tax compliance and planning functions within a business organization are certainly not immune from these concerns. For instance, when performing a valuation of a business, determining potential liabilities on a balance sheet or conducting due diligence in transactions, significant consideration should be given to direct and indirect costs involved in complying with or failing to fully comply with: federal, state and international privacy laws and regulations; contractual privacy requirements; customer and shareholder dictates involving information security management[1]; identity theft prevention[2]; and IT governance.[3] The failure to properly consider such costs could have significant and/or catastrophic results to organizations. Conversely, for those organizations that do understand their responsibilities and implement plans to integrate legal, contractual and marketplace requirements into a framework that leverages these requirements, a valuation premium could be in order.

Senior management, particularly of those organizations that collect sensitive consumer information, who do not appreciate their significant oversight responsibilities and the need to address information security management and identity theft prevention first at the governance level and next at the operations level, may find themselves in the unenviable position of having to report security breaches to customers, regulators and shareholders. Thousands of organizations, from large financial institutions and government entities to mid and

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Information Security Management and Business Valuation, *continued*

small size retailers and service providers have reported breaches. A few of the well publicized incidents include those of:

- TJX Companies, Inc., parent company of retailer T.J. Maxx, which has written off or borne expenses in excess of $100 million because of security breaches resulting in the compromise of, by many estimates, over 100 million payment card numbers;

- ChoicePoint, Inc., one of the largest data brokers in the U.S., as a result of selling credit data of over 145,000 consumers to identity thieves, lost major customers, was involved in costly litigation and enforcement actions (including $10 million in civil penalties and $5 million in consumer redress) and has had its name attached to resulting state security breach notification laws that have now been enacted in most states; and

- The former CardSystems Solutions, Inc., a company that provided merchants with authorization services for credit and debit card purchases, which was acquired by another company after a breach to its IT systems and exposure of 40 million credit card numbers to hackers, resulting in millions of dollars of fraudulent purchases.

While the costs of compliance with the requisite laws and regulations, when viewed strictly as compliance, may be significant, the failure to do so can be significant and/or catastrophic. On the other hand, compliance expenditures can be turned into a distinct competitive advantage when aligned with business processes and IT optimization.

So what steps should be taken by organizations?

1. Involve legal advisors in the process. Lawyers are in a position to credibly translate legal, contractual and even marketplace requirements into actionable and legally compliant policies and procedures that set the tone and provide the umbrella for the next level of policies and procedures involving the legal, human resources, IT, marketing, public relations, internal audit and other departments. (Pre-planning for security incidents, litigation preparedness incorporating electronic discovery requirements and incorporation of IT and information security management standards, frameworks and controls can greatly reduce exposure to the direct and indirect costs surrounding security breaches).

2. Understand the inter-relationship of legal, contractual and marketplace requirements and how they may be integrated into a variety of different IT and information security management frameworks and best practices.

3. Align these frameworks and best practices with business best practices and quality improvement criteria such as the Malcolm Baldrige National Quality Award, Six Sigma, Lean Manufacturing, and Balanced Score Card and in compliance with industry standards (e.g., QS 9000, ISO 9001/2000, ISO 14000, ISO 17799/2005 (27002), ISO 20000).

4. Give the information security management program time to work and understand resource capacity. Much of the value of these programs and their success centers on people – employees understanding their roles and responsibilities. It is neither easy nor necessarily quickly accomplished, because management's commitment to information security management must be translated into actionable steps, and all stakeholders, most importantly employees, must understand their information security management roles and responsibilities.

5. Consider having a new "department" or C-suite executive who has oversight responsibility for integrating and aligning legal, business and IT requirements into requisite frameworks.

6. Simplicity is the watchword and complexity is the bane of information security management. Since software, for the most part, has been written principally for functionality rather than security, this is easier said than done. However, for those organizations that put time into refining and simplifying their IT systems, the ultimate result should be more secure systems, going forward cost reductions and, ultimately, optimized IT systems.

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1. These laws and regulations include the Health Insurance Portability and Accountability Act (for medical information), the Gramm Leach Bliley Act (for financial information), and Section 5 of the Federal Trade Commission Act (for consumer sensitive information).

2. These laws and regulations include the Fair Credit Reporting Act (creditors, employers and others use of consumer credit information), the Fair and Accurate Credit Transactions Act "Red Flags Rules" (financial institutions and creditors mandated identity theft prevention programs), and state security breach notification laws (required notice to consumers whose sensitive financial, medical or other information has been inappropriately accessed).

3. The Sarbanes Oxley Act, among other things, mandates internal controls, including IT controls, for financial statements.

Meet Two of Our Nashville Attorneys

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Carolyn W. Schott is a shareholder in the Firm's Nashville office where she focuses on matters relating to state and local tax planning and litigation, nonprofit and tax exempt organizations, federal tax matters and estate planning. Carolyn's experience includes advocating for commercial and industrial property owners in local challenges to assessments and classifications, representing public utility clients in contesting state and local property tax valuation, advising companies regarding various Tennessee tax issues, and counseling nonprofit entities in tax exempt compliance and corporate governance.

Carolyn earned her law degree from the University of Kansas, and her M.S. in Taxation from Grand Valley State University. She is AV® peer review rated by Martindale-Hubbell and she has presented at numerous conferences on a variety of tax-related topics, including ad valorem taxation and issues related to centrally assessed taxpayers. Additionally, Carolyn has published numerous articles addressing tax issues faced by non-profit and tax exempt entities.

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John B. Burns is also a shareholder in the Nashville office of Baker Donelson. He regularly handles tax controversies for clients at local, state and federal levels. John has helped numerous clients obtain property tax incentives (PILOTs), and has successfully litigated and resolved tax incentive compliance disputes. He has represented several airlines in obtaining property tax abatements and reductions, and litigated cases involving the taxability of aircraft leasing methods. Most recently John litigated and resolved a property tax dispute which resulted in a refund for the client. John regularly represents clients before the Tennessee Department of Revenue, the Tennessee Attorney General's Office and the IRS.

John also handles a wide variety of estate planning issues, including estate and trust administration, guardianships and conservatorships, and business succession planning.

Prior to joining Baker Donelson, John served as a Staff Attorney to the Tennessee Court of Appeals in Jackson, Tennessee from 1993 to 2000. In this role, he managed all appeals to the Court. He earned his law degree from the University of Mississippi, *cum laude*, and his LL.M. in taxation from the University of Florida. John has presented at numerous conferences regarding various tax matters and he was recently published in the American Bar Association publication *The Tax Lawyer*.

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