

OnTheTOWN

PAR Trusts & Estates Section meeting

Under the continued guidance of Magdalyn M. Cyganovich, Paralegal Association of Rochester Trust and Estates Section members met Nov. 3rd to hear pointers from attorney R. Thompson Gilman of Woods Oviatt Gilman LLP on fiduciary income tax practice.

The meeting's highlights included discussion on distributing tax-exempt investments out of an estate early in its administration to avoid dilution of administration expense deductions, information on deductions subject to the 2 percent adjusted gross income limitation — such as investment advisory fees and annual account charges — and the fact that expenses must be paid within the fiscal year so that they can be claimed as deductions on the tax return and do not qualify for the 65-day rule. The 65-day rule allows a distribution made after the close of the fiscal year to be treated as though it had been made in that fiscal year, Gilman explained.

The IRS recently announced that all future estate tax return closing letters will be sent to the executor, not to the attorney filing the return. It was sug-

gested that in instances where an estate tax return must be filed, an example of a closing letter can be used — with any client information blacked out — and sent to the current client, explaining what he or she should look for. The closing letter should not be discarded as it is necessary for the settlement of the estate.

Estate and gift tax audits also were discussed. Current IRS and New York State audits on estate tax returns seem to be focusing on those with real property, art work and/or LLCs. Current gift tax return audits are focusing on those that include transfers of real property and/or valuation discounts.

The session was quite informative, and all who attended appreciated Gilman's fiduciary tax tips.

PAR invites you to attend the Dec. 8 Trusts & Estates Section meeting, which will feature attorney David P. Shaffer, also of Woods Oviatt Gilman LLP. Shaffer will discuss preservation of the "Grandfathered Status of GST-Exempt Trusts." Details can be found at PAR's Web site, www.rochesterparalegal.org.

— *Marcelle Yeager*



R. Thompson Gilman of Woods Oviatt Gilman LLP



Magdalyn M. Cyganovich (left) and Lynne A'baugh (seated)



Jane Loderhose (left) and Rose Umiker