

ADVANCED STATE AND LOCAL

INCOME

TAX SCHOOL



**May 6 - 11, 2007**  
**Marriott Kingsgate Conference Center**  
**University of Cincinnati**  
**Cincinnati, Ohio**

INSTITUTE FOR PROFESSIONALS IN TAXATION

# ADVANCED STATE AND LOCAL INCOME TAX SCHOOL

IPT is offering its first annual Advanced State and Local Income Tax School. Like the IPT advanced schools for other tax disciplines, the Income Tax School will be a thorough, five-day program that examines in-depth some of the more complex problems those responsible for state income taxes face, including nexus and entity concerns, separate and consolidated/combined return issues, apportionment complexities, reorganizations and mergers, tax planning nuances and more. Some of the newer state taxes that replace or have income tax features in them will be treated, including the Ohio CAT and the Texas margin tax. The faculty represents a broad-based set of income tax backgrounds and many decades of experience in the field. The school curriculum is designed for professionals with five or more years experience in state income taxes and is a prerequisite to the CMI designation in Income Tax.

The course is open to IPT members, employees of companies who have members, or qualify for membership under the Institute By-Laws.

The Institute, founded in 1976, is a 501(c)(3) non-profit educational association serving over 4000 members representing approximately 1450 corporations, firms, or taxpayers throughout the United States and Canada. It is the only professional organization that educates, certifies and establishes strict codes of conduct for state and local income, property and sales & use tax professionals who represent taxpayers (government officials or organizations do not qualify for membership). The Institute provides outstanding educational opportunities for its members tailored to their professional needs. Professional designation programs in property, sales, and state and local income tax leading to the CMI designation (Certified Member of the Institute) are also available to members who satisfy the educational, experience and examination requirements. The Institute is dedicated to uniform and equitable administration of income, ad valorem and sales & use taxes, to minimizing the cost of tax administration and compliance, and to a high degree of professionalism. Members are expected to adhere to a strict Code of Ethics and Standards of Professional Conduct.

## INSTRUCTORS

**John Allan**  
Jones Day

**John P. Barrie**  
Bryan Cave LLP

**Gregg D. Barton**  
Perkins Coie LLP

**David Cowling**  
Jones Day

**Richard M. Cunningham**  
Marvin F. Poer & Company

**Duane Dobson**  
Grant Thornton LLP

**William F. Fox**  
University of Tennessee

**Frank J. Gallo**  
Reed Smith LLP

**June Summers Haas**  
Honigman Miller Schwartz and Cohn LLP

**Jerrold F. Janata**  
International Appraisal Company Inc.

**Linda A. Klang**  
Time Warner Inc.

**Lawrence Leaman**  
Masco Corporation

**Mark L. Nachbar**  
UHY Advisors – Salt

**Maureen Pechacek**  
PricewaterhouseCoopers LLP

**Kimberly M. Reeder**  
Baker & McKenzie LLP

**David J. Shipley**  
McCarter & English, LLP

**Giles B. Sutton**  
Grant Thornton LLP

**Cass D. Vickers, CMI**  
Vickers Madsen & Goldman, LLP

**Margaret Wilson**  
Verizon Communications

**Jill Wood**  
The Home Depot

**Thomas M. Zaino**  
McDonald Hopkins Co., LPA

**Wayne Zakrzewski**  
J. C. Penney Company, Inc

## SUNDAY - MAY 6, 2007

3:00 - 5:00 pm Registration

5:00 - 5:15 pm Welcome

Daniel Peterson, CMI, IPT President  
Cass D. Vickers, CMI, Chair

5:15 - 6:15 pm General Session

### State CIT as Part of Fiscal Federalism

This session begins by examining the importance of corporate and business taxes in overall state and local government tax structures. The conceptual basis for taxing corporate income is analyzed and the corporate income tax is evaluated as to whether it is a good tax option for state governments. Major design issues are evaluated including adoption of alternative business taxes (such as in Ohio and Texas), shifts in the apportionment formulas, state efforts to limit tax planning, and how nexus rules should be designed.

#### Instructor:

**Dr. William F. Fox**  
Professor of Economics  
University of Tennessee

6:30 pm Group Dinner

## MONDAY - MAY 7, 2007

7:45 - 8:00 am Opening

8:00 - 8:45 am General Session

### The Federal Backdrop – Highlights of IRC Concepts and Principles

This session will cover the basic framework of the IRC as it relates to the general provisions that carry over to the calculation of income tax under state tax provisions. Specifically, this session will overview the concepts of Federal Taxable Income and Deductions, Pass-Through Entities, Consolidated Return Rules, Net Operating Losses; and Merger and Acquisition provisions. This session will also cover Federal Principles such as substance over form, business purpose, economic substance and the step transaction doctrine.

#### Instructor:

**Mark L. Nachbar**  
National Managing Director  
UHY Advisors - Salt

8:45 - 10:00 am General Session

### Federal Constitutional Limitations

An overview of the federal limitations on state taxing powers. This session will analyze the Due Process and Commerce Clause limitations on state jurisdiction to tax and identify current areas of controversy. Included is an in depth analysis of the Due Process and Commerce Clause restrictions on state taxing powers with emphasis on the current developments under the four-prong test of *Complete Auto*. The parameters of the prohibition on discrimination against interstate commerce and restrictions on credits and incentives will also be covered.

#### Instructor(s):

**John P. Barrie**  
Partner  
Bryan Cave LLP

#### June Summers Haas

Attorney  
Honigman Miller Schwartz and Cohn LLP

#### Mark L. Nachbar

National Managing Director  
UHY Advisors - Salt

#### Thomas M. Zaino

Chair-Multistate Practice Group  
McDonald Hopkins Co., LPA

10:00 – 10:15 am Break

10:15 – 12:00 noon General Session

### Federal Constitutional Limitations (con't)

#### Instructor(s):

**John P. Barrie**  
Partner  
Bryan Cave LLP

#### June Summers Haas

Attorney  
Honigman Miller Schwartz and Cohn LLP

#### Mark L. Nachbar

National Managing Director  
UHY Advisors - Salt

#### Thomas M. Zaino

Chair-Multistate Practice Group  
McDonald Hopkins Co., LPA

12:00–1:00 pm Lunch

1:00 – 3:00 pm General Session

### Federal Constitutional Limitations (con't)

#### Instructor(s):

**John P. Barrie**  
Partner  
Bryan Cave LLP

**June Summers Haas**  
Attorney  
Honigman Miller Schwartz and Cohn LLP

**Cass D. Vickers, CMI**  
Attorney/Partner  
Vickers Madsen & Goldman, LLP

**Thomas M. Zaino**  
Chair-Multistate Practice Group  
McDonald Hopkins Co., LPA

3:00 – 3:15 pm Break

3:15 – 3:45 pm General Session

**Role of MTC/UDITPA**

A history of the origin and growth of the Multistate Tax Commission with an explanation of its membership and its powers. Students will gain an understanding of the audit, uniformity and lobbying efforts currently being undertaken by the Commission.

**Instructor:**

**June Summers Haas**  
Attorney  
Honigman Miller Schwartz and Cohn LLP

3:45 – 4:45 pm General Session

**Entities Subject to Tax**

**Instructor(s):**

**Richard M. Cunningham**  
Vice President  
Marvin F. Poer & Company

**Linda A. Klang**  
Executive Director - State & Local Taxes  
Time Warner Inc.

**Lawrence Leaman**  
Director-Corporate Taxes  
Masco Corporation

**TUESDAY - MAY 8, 2007**

7:45 – 8:00am Opening

8:00 – 8:30am Quiz One

8:30 – 10:00am General Session

**Entities Subject to Tax (con't)**

**Instructor(s):**

**Richard M. Cunningham**  
Vice President  
Marvin F. Poer & Company

**Linda A. Klang**  
Executive Director - State & Local Taxes  
Time Warner Inc.

**Lawrence Leaman**  
Director-Corporate Taxes  
Masco Corporation

10:00–10:15 am Break

10:15–12:00 noon General Session

**Tax Base Issues**

This session analyzes the major issues involved in calculating the state corporate income tax base. Most states utilize a corporation's federal taxable income to begin computing the state tax base. However, state-specific modifications can significantly change that base. This session will focus on significant modifications such as "add backs," as well as other state deviations from the federal treatment of certain business attributes, such as net operating loss carryovers and limitations.

**Instructor(s):**

**Frank J. Gallo**  
Attorney  
Reed Smith LLP

**Kimberly M. Reeder**  
Partner  
Baker & McKenzie LLP

**Jill Wood**  
Senior Manager  
The Home Depot

12:00 – 1:00 pm Lunch

1:00 – 1:45 pm General Session

**Tax Base Issues (cont)**

**Instructor(s):**

**Frank J. Gallo**  
Attorney  
Reed Smith LLP

**Kimberly M. Reeder**  
Partner  
Baker & McKenzie LLP

**Jill Wood**  
Senior Manager  
The Home Depot

1:45 – 2:45 pm

General Session

### Unitary Business Income

This presentation will review the United States Supreme Court's decisions that developed the unitary business principle and the various tests used to determine what constitutes a unitary business. Additionally, this presentation will discuss the treatment in separate-company states of income derived from non-unitary business activities as well as income derived from non-unitary affiliates. This presentation also will discuss the implications of being part of a unitary business in unitary combined reporting states and explain the mechanics of unitary combined reporting.

#### Instructor:

**David J. Shipley**  
Special Counsel  
McCarter & English, LLP

2:45 – 3:00 pm Break

3:00 – 3:45 pm General Session

### Allocation Rules for NBI

This presentation will explore the distinction between business and nonbusiness income by reviewing the decisions of various state courts regarding the treatment of specific types of income. This presentation also will focus on the sourcing rules for allocating nonbusiness income. Additionally, this presentation will review various state-specific allocation rules for sourcing certain types of income.

#### Instructor:

**David J. Shipley**  
Special Counsel  
McCarter & English, LLP

3:45 – 4:45 pm General Session

### Apportionment

This session discusses the major issues pertaining to apportionment. The management of a taxpayer's property, payroll and sales factors can give a taxpayer some discretion over their apportionment profile and, to some extent, which state(s) it will pay tax in. In some cases, state law may contain certain unique and beneficial rules for constructing the traditional apportionment formulas or permit favorable alternative apportionment. In other cases, "nowhere" factors can be created by having amounts in the denominator of a factor which are not included in any state numerators. These issues, as well as efforts by states to modify a taxpayer's factors--through throwout and

throwback statutes, for example--will be discussed.

#### Instructor(s):

**Richard M. Cunningham**  
Vice President  
Marvin F. Poer & Company

#### Frank J. Gallo

Attorney  
Reed Smith LLP

#### Giles B. Sutton

Partner  
Grant Thornton LLP

#### Margaret Wilson

Senior Counsel - State & Local Tax  
Verizon Communications

## WEDNESDAY - MAY 9, 2007

7:45 – 8:00 am Opening

8:00 – 10:00 am General Session

### Apportionment (cont)

#### Instructor(s):

**Richard M. Cunningham**  
Vice President  
Marvin F. Poer & Company

#### Frank J. Gallo

Attorney  
Reed Smith LLP

#### Giles B. Sutton

Partner  
Grant Thornton LLP

#### Margaret Wilson

Senior Counsel - State & Local Tax  
Verizon Communications

10:00 – 10:15 am Break

10:15 – 12:15 pm General Session

### Apportionment (cont)

#### Instructor(s):

**Richard M. Cunningham**  
Vice President  
Marvin F. Poer & Company

#### Frank J. Gallo

Attorney  
Reed Smith LLP

**Giles B. Sutton**  
Partner  
Grant Thornton LLP

**Margaret Wilson**  
Senior Counsel - State & Local Tax  
Verizon Communications

12:15 – 1:15 pm Lunch

1:15 – 2:45 pm General Session

**Apportionment Factor Relief**

In certain circumstances, most if not all states' apportionment schemes provide a statutory basis for relief from the general apportionment rules. This session will address statutory apportionment relief provisions, including the requirements for entitlement to such relief, as well as the type of relief that may be available. In addition, this section will address constitutional bases for relief when relief is not available statutorily.

**Instructor(s):**  
**Gregg D. Barton**  
Partner  
Perkins Cole LLP

**Linda A. Klang**  
Executive Director - State & Local Taxes  
Time Warner Inc.

2:45 – 3:00 pm Break

3:00 – 4:30 pm General Session

**State Powers to Change Reported Income**

This session analyzes states' power to change the income or loss reported by taxpayers. Several states have statutes that provide broad discretion to the commissioner to determine whether income has been improperly or inaccurately reflected and/or provide the state the ability to combine certain related entities. It is a growing trend for states to use these provisions to allocate income and deductions between related corporations in order to clearly reflect income or force a combination of related entities. This section will discuss the potential challenges that exist for taxpayers, as well as common taxpayer responses which generally include discussions of economic substance, arm's length pricing and business purpose.

**Instructor(s):**

**Duane Dobson**  
State & Local Tax Director  
Grant Thornton LLP

**Jill Wood**  
Senior Manager  
The Home Depot

4:30 – 5:15 pm General Session

**Federal Audit Adjustments**

Amending state returns pursuant to federal changes can be a daunting task, and one in which taxpayers frequently seek advice. In particular, issues such as when a final federal determination has been made for state reporting purposes and what items are open for adjustment of state returns can involve state-specific research. This section of the course highlights several issues that practitioners should be aware of when companies report federal income tax adjustments for state purposes.

**Instructor(s):**  
**Giles B. Sutton**  
Partner  
Grant Thornton LLP

**THURSDAY - MAY 10, 2007**

7:45 – 8:00 am Opening

8:00 – 8:30 am Quiz Two

8:30 – 10:30 am General Session

**Gross Receipts Taxes**

What are they and how do they differ from net income taxes? This presentation will discuss the growing trend of states' use of gross receipts taxes and use, by way of examples, the states of Ohio, Texas and Washington to discuss issues such as nexus, the meaning of gross receipts, different methods of sourcing and apportionment, and combination versus separate reporting.

**Instructor(s):**  
**Gregg D. Barton**  
Partner  
Perkins Cole LLP

**Thomas M. Zaino**  
Chair-Multistate Practice Group  
McDonald Hopkins Co., LPA

**Duane Dobson**  
State & Local Tax Director  
Grant Thornton LLP

10:30 – 10:45 am Break

10:45 – 12:00 noon General Session

**Tax Planning, including Reorganizations, Mergers, Acquisitions, Divestitures, Stock Sales**

This session will put to the test all the principles you've learned in the prior sessions. No matter what your position, it is critical that you be equipped to evaluate the state and local tax concerns in any proposed tax planning (whether being done for federal or for state purposes) or any proposed major business acquisition, sale or reorganization. This session will also explore the growing importance of having business purpose and economic substance from a state and local tax perspective.

**Instructor(s):**

**Lawrence Leaman**

Director-corporate Taxes  
Masco Corporation

**Maureen Pechacek**

Partner  
PricewaterhouseCoopers LLP

**Margaret Wilson**

Senior Counsel - State & Local Tax  
Verizon Communications

12:00 – 1:00 pm          Lunch

1:00 – 2:45 pm          General Session

**Tax Planning, including Reorganizations, Mergers, Acquisitions, Divestitures, Stock Sales (con't)**

**Instructor(s):**

**Lawrence Leaman**

Director-Corporate Taxes  
Masco Corporation

**Maureen Pechacek**

Partner  
PricewaterhouseCoopers LLP

**Margaret Wilson**

Senior Counsel - State & Local Tax  
Verizon Communications

2:45 – 3:00 pm          Break

3:00 – 4:30 pm          General Session

**Audits, Appeals, Litigation, and Legislative Fixes**

This session will focus on the process of appealing and resolving state income tax audits, provide an overview of the remedies available to a taxpayer and cover in detail things that should

be considered at critical decision points in the audit appeal process.

**Instructor(s):**

**David Cowling**

Jones Day

**Richard M. Cunningham**

Vice President  
Marvin F. Poer & Company

**Wayne Zakrzewski**

Vice President & Associate General Counsel-Tax  
J. C. Penney Company, Inc.

**FRIDAY - MAY 11, 2007**

7:45 – 8:00 am          Opening

8:00 – 10:00 am          General Session

**FAS 5, FAS 109 and FIN 48**

A review of the requirements of newly issued FIN 48, relating to accounting for uncertainty in income taxes, with examples of how the new rules will apply in practice with respect to uncertain state tax positions, including nexus and related party transaction reporting (or non-reporting) positions.

**Instructor(s):**

**John Allan**

Partner  
Jones Day

**Linda A. Klang**

Executive Director - State & Local Taxes  
Time Warner Inc.

10:00 – 10:15 am          Break

10:15 – 11:15 am          General Session

**Ethics**

Departures from ethical conduct continue to make headlines almost every day. How does IPT and its membership work together to confront this problem? How does IPT emphasize the dire consequences that befall the offending member and his or her family? How does IPT heighten the consciousness of its members to say NO to departures from our ethical rules and say YES to accuracy, truth and sincerity? These and other issues will be the subject matter of this session.

**Instructor:**

**Jerrold F. Janata**

Chief Executive Officer  
International Appraisal Company Inc.

11:15 – 12 noon          Quiz Three

# COMMITTEE

**Cass D. Vickers, CMI, Chair**  
Vickers Madsen & Goldman, LLP

**John Allan**  
Jones Day

**John P. Barrie**  
Bryan Cave LLP

**Gregg D. Barton**  
Perkins Coie LLP

**David Cowling**  
Jones Day

**Richard M. Cunningham**  
Marvin F. Poer & Company

**Duane Dobson**  
Grant Thornton LLP

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The Home Depot

**Thomas M. Zaino**  
McDonald Hopkins Co., LPA

**Wayne Zakrzewski**  
J. C. Penney Company, Inc.

Overall Chair – Income Tax  
**Janette M. Lohman, CMI**  
Thompson Coburn LLP

## Registration Information

Registrations must be submitted in advance through the IPT office and are accepted on a first-received basis. There will be a limited number of registrants accepted per company. Enrollment is limited to IPT members or employees of companies who have members in IPT. **PLEASE NOTE:** If a faxed application received by IPT is accepted (acceptance letters will be sent by March 1, 2007), and the person declines the acceptance, there will be a \$100 cancellation penalty imposed. There will also be a substitution fee if someone other than the original applicant attends.

**In order to encourage early registration, a discount of \$25.00 is available to those who register on or before March 30, 2007. The fees (U.S. funds) are:**

### **Payments received on or before March 30, 2007\*:**

\$775 (Individual personally holding membership in IPT)

\$975 (Individual does not hold membership, but company/firm has members in IPT)

### **Payments received after March 30, 2007\*:**

\$800 (Individual personally holds membership in IPT)

\$1,000 (Individual does not hold membership, but company/firm has members in IPT)

\*For any payment received after March 30, 2007, the \$25.00 discount does not apply. This includes faxed registration forms received without payment prior to this date.

If the registrant so elects, he/she may join as an Associate Member (company already has members) for annual dues payment of \$150 (nonrefundable), and will be eligible for the reduced school fee of \$775. Please see registration form. There is also a \$400.00 supplemental registration fee for registrants not staying at the Marriott Kingsgate Conference Center under IPT's group package. (See hotel reservation form.)

The following credit cards can be used: American Express, VISA and Master Card. In order for credit card to be processed, it is important that the information requested on the registration form be filled out completely. Make check payable to: Institute for Professionals in Taxation and remit to: 1200 Abernathy Road, N.E., Building 600, Suite L-2, Atlanta, GA 30328.

## **Cancellation/Substitution Policy**

Refunds, subject to a cancellation charge of \$100, will be made upon written notification of cancellations received on or before April 13, 2007. There is also a substitution charge of \$40 on or before March 30, 2007, \$50 after that date. For more information regarding administrative policies such as complaint and refund, please contact our office at 404.240.2300.

## **Accommodations**

There are separate costs for the hotel package. All registrants and instructors are expected to reside at the Kingsgate Marriott Conference Center and Hotel on the campus of the University of Cincinnati in Cincinnati, Ohio. The only permissible exceptions are those individuals who reside in the Cincinnati area (see concluding paragraph). The hotel is located above the Conference Center. The single package rate is \$1,177.22 for the five night stay Sunday through Friday Noon (includes 17% tax). This rate includes dinner on Sunday and breakfast, lunch and dinner each day thereafter, except Friday where there is no lunch or dinner (the rate also includes restaurant gratuities). The hotel accepts all major credit cards. For those who wish to stay Saturday night prior to the school, the rate is \$140.04 inclusive. This Saturday rate does not include any meals. (Note the following package rate applies for a shared double room -- \$830.06 per person (includes 17% tax)

Reservation instructions for the hotel will be sent out with the acceptance letters no later than March 1, 2007. At that time, you should make your reservations; the hotel will not accept reservations prior to this date.

Cincinnati area registrants are encouraged to stay at the hotel given the peer interaction that takes place which is an essential part of the program. Should election be made, however, to stay at home, there is a supplemental registration fee of \$400.00 to cover some of the overhead costs that are a part of the hotel registration fee.

## General Information

The IPT registration desk will be open from 3:00 - 5:00 p.m. on Sunday, May 6, 2007. Registrants should pick up their materials at that time.

Quizzes will be given during the week, with a final quiz on Friday. A cumulative passing score must be realized on the quizzes for successful completion of the school. The final quiz must be taken Friday at the scheduled time, so travel arrangements should be made accordingly. **No exceptions can be made to taking the quiz at the stated time on Friday.**

Fluency in English is required for successful completion of this course. Foreign language dictionaries may not be used during examinations.

Attire during the day is business casual.

Photos will be taken at this event to use in publications on the IPT website and in organizational and individual photo albums.

### Continuing Education Credit

Approximately 40 continuing education credits (including 1 IPT Ethics credit) are available for full attendance. In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour. CMIs will obtain credit on an hour for hour basis for attendance.

Registrants who wish to obtain credit from other organizations for the school must submit their own forms to the IPT office or utilize the standardized form provided by the Institute.

The Institute for Professionals in Taxation is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State Boards of Accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Suite 700, Nashville, TN, 37219-2417. Web site [www.nasba.org](http://www.nasba.org).

### CMI Designation—Income Tax

The Institute for Professionals in Taxation's designation, Certified Member of the Institute (CMI), is available to anyone who meets specific educational requirements, has five years of income tax experience, and is currently an income tax member in good standing of the Institute. The educational requirements to achieve the CMI Income Tax professional designation include successful completion of IPT's Advanced Income Tax School, IPT's Income Tax Symposium and either the IPT/ABA Income Tax Seminar or the Income Tax track at IPT's Annual Conference. Other educational credits, which may be obtained by attending additional programs such as IPT's Income Tax Symposia as well as other income/franchise tax courses, are required. A description of acceptable courses can be found in the brochure and application.

Successful completion of both the written and oral CMI examinations is required. The CMI requirements and the CMI Candidacy Application can be downloaded from the IPT website at: [www.ipt.org](http://www.ipt.org), or you may contact the IPT office at 404.240.2300.

**Prerequisites:** Five or more years experience in state income taxes

**Field of Study:** Taxation (Income Tax)  
Regulatory Ethics

**Program Level:** Advanced

**Instructional Method:** Group Live

**Advance Preparation Required:** None