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TAX CONFERENCE

MARSHALL-WYTHE SCHOOL OF LAW
COLLEGE OF WILLIAM AND MARY

TWENTY-SEVENTH ANNUAL CONFERENCE

SELECTED TAX SUBJECTS

- TAX AND ACCOUNTING IMPLICATIONS OF
INNOVATIVE REAL ESTATE
FINANCING *Jack Feder*
- THE IMPACT OF SECTION 414 (m) ON
RETIREMENT PLANS *Harry V. Lamon, Jr.*
- PLANNING WITH THE CHANGED COST
RECOVERY RULES *Jere D. McGaffey*
- LUNCHEON TALK *The Honorable U.S. Senator Harry F. Byrd, Jr.*
- PITFALLS IN TRANSACTIONS BETWEEN
RELATED PARTIES OR CORPORATIONS *John Lee and William J. Irvin*
- SIGNIFICANT RECENT DEVELOPMENTS
IN VIRGINIA TAX LAWS..... *William L.S. Rowe*

COLLEGE OF WILLIAM AND MARY IN VIRGINIA
WILLIAMSBURG, VIRGINIA

PREFACE

TAX CONFERENCE

This publication records the papers presented at the Twenty-seventh Annual Tax Conference held in Williamsburg December 5, 1981. These Conferences are conducted by the Marshall-Wythe School of Law of the College of William and Mary as an adjunct to the graduate program in Law and Taxation. A list of prior Tax Conference publications may be noted on page 141.

These Conferences have for their objective the discussion of policy, technical and procedural matters of an advanced nature in the area of Federal, State and local taxation by recognized authorities for the enrichment of the Law School curriculum, and as a service of practical application to Virginia attorneys, accountants and representatives of business and industry.

It may be observed that those serving as speakers and discussion leaders for this and prior Conferences are distinctively representative Federal and State tax officials, tax practicing attorneys and accountants, and members of law school faculties. The College acknowledges with deep appreciation their significant contribution to these Conferences, and commends their participation in this leadership opportunity as a recognized exemplification of public service in the highest tradition.

The College also records its appreciation to the many attorneys, accountants, and representatives of business and industry who have responded so graciously by their participation in and support of these Conferences.

The printing of this publication is made possible by funds from private sources and the College gratefully acknowledges the support for such a worthy endeavor.

THOMAS A. GRAVES, JR., *President*
The College of William and Mary
In Virginia

Williamsburg, Virginia
January, 1982

LAW AND TAXATION AT THE COLLEGE OF WILLIAM AND MARY

THE MARSHALL-WYTHE SCHOOL OF LAW

A chair of law was established at the College of William and Mary by action of the Board of Visitors under the leadership of Thomas Jefferson, an alumnus and then Governor of the Commonwealth of Virginia, on December 4, 1779. The present Law School takes its name from the first occupant of this chair — George Wythe, signer of the Declaration of Independence, leading attorney of the age and later Justice of the Chancery Court in Richmond; and John Marshall, one of Wythe's first students and subsequently the great chief justice of the United States.

The first phase of the law program at the College of William and Mary extended from 1779 to 1861. Following the long years of suffering and devastation after the Civil War, the Law School reopened its doors in 1922. It became a member of the Association of American Law Schools in 1936.

THE PROGRAM IN LAW AND TAXATION

The Marshall-Wythe School of Law of the College of William and Mary established a program leading to the Degree of Master of Law and Taxation in September 1954.

This program is designed to fill a need for competently trained persons to serve the nation in any capacity where a thorough comprehension of all phases of taxation is an essential requirement. In the present complex status of our tax laws it requires joint consideration by a lawyer, an accountant, an economist, and an expert in business management in order to analyze properly all aspects of a tax matter. While the program does not presume to accomplish expertness in each of these fields, it is intended to equip the student with fundamental groundwork in all and as much of advanced study in each as relates directly to the field of taxation. All candidates for admission to this program must have received a baccalaureate degree and a professional degree in law from approved colleges or universities, and have attained grades indicative of their ability to do graduate work in law. Applicants who have completed the following courses as part of their baccalaureate work will be given preferential consideration.:

Business Administration: Financial Management and twenty-four semester hours credit in courses in Accounting.

Economics: Principles of Economics, Money and Banking, Principles and Methods of Statistics, Public Finance, Fiscal Policy, International Trade and Policies, or the equivalent in content.

The graduate program then offers them a broad range of courses in Federal and State tax policy, tax law and procedures. Upon completion of

the program, the successful candidates are awarded the Degree of Master of Law and Taxation. The College follows with great interest the service rendered by all recipients of this advanced professional degree. An outline of the requirements and a description of the courses are shown in the Appendix beginning on page 135.

WILLIAM AND MARY TAX CONFERENCE ADVISORY COUNCIL

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Fairfax, Virginia

The tax advisory council has been most helpful in the selection of subject matter and speakers for the program. We are deeply grateful for the valuable time they have given to the Conference.

TWENTY-SEVENTH ANNUAL TAX CONFERENCE

PROGRAM PARTICIPANTS

JACK M. FEDER — Member D.C. Bar, A.B.A. Section on Taxation and Committee on Real Estate Tax Problems; B.A. University of Pennsylvania 1971, cum laude, Phi Beta Kappa, J.D. University of Pennsylvania 1974, cum laude, Order of the Coif, Associate Editor of Law Review; several tax articles in Journal of Real Estate Tax and Taxes Magazine; Tax Attorney with Hogan & Hartston 1976-1977; Attorney Advisor to Judge C. Moxley Featherston, U.S. Tax Court 1974-1976; Associate Lane and Edson, P.C., Washington, D.C. 1977 to present.

WILLIAM J. IRVIN — Member Virginia Bar, A.B.A. Section on Taxation; B.S. University of Virginia 1973, J.D. University of Richmond 1976, M.L.&T College of William and Mary 1980; Contributor to University of Richmond Law Review and Probate and Property (A.B.A. Section of Real Property, Probate and Trust Law); participant in University of Richmond Estate Planning Seminar; Associate Hirschler, Fleischer, Weinberg, Cox & Allen, Richmond, 1976 to present.

HARRY V. LAMON, JR. — Member Ga. and D.C. Bars, A.B.A. and Federal Bar Association, Board of Visitors Davidson College, American Pension Conference, American College of Probate Counsel and International Academy of Estate and Trust Law; Listed in *Who's Who in America* and *Who's Who in Finance and Industry*; Founder and Past President of both the Southern Federal Tax Institute and the Southern Pension Conference; Director of the Association of Private Pension and Welfare Plans; General counsel of the National Association of Pension Consultants and Administrators, Inc.; Member of the Advisory Council on Employee Welfare and Pension Benefit Plans appointed by the Secretary of Labor to advise him under ERISA; Member of the Advisory Panel on Contingent Employer Liability Insurance (CELI) to the Pension Benefit Guaranty Corporation; B.S. Davidson college, George F. Baker Scholar; J.D. Emory University; Co-author of Lamon and Ray, *Fiduciary Responsibility under the New Pension Reform Law*; several Tax Management Portfolios; numerous articles in professional journals on employee benefits and estate planning; lectured extensively for ALI-ABA, PLI, New York Law Journal, CLU, Bar Associations and estate planning councils throughout the country. Adjunct Professor at Emory University School of Law. Senior Member of Henkel & Lamon, P.C., Atlanta and Washington.

JOHN W. LEE — Member Va., N.C., Tax Court bars, A.B.A.; B.A., University of North Carolina, LL.B., University of Virginia, LL.M. in Taxation, Georgetown; Author of two Tax Management Portfolios on ERISA; Collaborator with Bittker on Federal Taxation of Income, Estate, and Gifts (chapters on Business Expenses and Qualified Plans); contributor to Tax Law Review, Tax Lawyer, Journal of Taxation, Journal of Corporate Taxation, Tax Advisor, University of Virginia Law Review, William and Mary Law Review,

University of Richmond Law Review, Washington and Lee Law Review and others, Lecturer at Southern Federal Tax Institute, University of Virginia Tax Conferences, William and Mary Tax Conference; Clerk on U.S. Tax Court 1968-70; Associate and Partner with Hirschler, Fleischer, Weinberg, Cox & Allen, Richmond, 1970-81; Adjunct Professor of Law William and Mary Law School 1978-1981; Professor of Law William and Mary Law School 1981.

JERE D. MCGAFFEY — Member Wisconsin Bar, A.B.A., former chairman of the Committee on Closely Held Corporations, Section of Taxation; B.S., B.A. University of Nebraska 1957, high distinction, Phi Beta Kappa; J.D. Harvard Law School, magna cum laude, 1961; Harvard Law Review; Member American Law Institute; Advisory Board of the Miami Estate Planning Institute; Author of *Tax Analysis and Forms — Business Transactions and Estate Planning* (4 volume set) (Callaghan) and *Buying, Selling, and Merging Businesses* (ALI-ABA); Lecturer; New York University Institute on Federal Taxation, Miami Estate Planning Institute, Southern Federal Tax Institute, Tulane Tax Institute, University of Chicago Tax Institute, Great Plains Tax Institute, University of Texas Tax Institute, University of Montana Tax Institute, Colorado Springs Tax Institute, Southwest Legal Foundation, ALI-ABA Courses, Practicing Law Institute Courses, and other tax institutes; Contributor: *The Tax Lawyer*, *Trusts and Estates*, *TAXES*, *Tax Law Review*, *The Journal of Taxation*, *Marquette Law Review*, *Taxation for Lawyers*; Partner in *Foley & Lardner*, Milwaukee.

WILLIAM L.S. ROWE — Member Virginia Bar, A.B.A., Section of Taxation, Section of Real Property, Probate and Trust Law; Citizen Member, Practices and Procedures in the Collection and Administration of State Taxes Study Committee of the Virginia General Assembly; B.A. Washington and Lee University 1970, cum laude, J.D. University of Virginia 1973; Partner *Hunton & Williams*, Richmond.

CONFERENCE ADMINISTRATORS

WILLIAM B. SPONG, JR., *Dean, Marshall-Wythe School of Law*

EMERIC FISCHER, *Professor of Law, Conference Director*

JOHN E. DONALDSON, *Professor of Law*

JOHN W. LEE, *Professor of Law*

ARTHUR WHITE, *Professor of Law*

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