

# PLI's Tax Planning for Domestic and Foreign Partnerships, LLCs, Joint Ventures and Other Strategic Alliances 2008

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Having recently moved to San Francisco, it was a new experience to be submerged into the legal think tank known as the Practising Law Institute California Center. My initial test of those intellectual waters occurred June 12, when I had the pleasure of attending an afternoon's worth of presentations at PLI's two-day seminar bearing the descriptive but hardly poetic name, *Tax Planning for Domestic & Foreign Partnerships, LLCs, Joint Ventures and Other Strategic Alliances 2008*.

When I first arrived and viewed some of the

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attendees, I momentarily feared I had entered the wrong venue and stepped into a reunion party for the cast of *REVENGE OF THE NERDS*. I suppose my fears were not unique, given that this was an assemblage of tax professionals. (My fellow attendees probably thought I fit right in.)

I knew I was in the right place when I noticed an abundant array of PLI's various publications adorning a nearby bookshelf. Soon enough, I was greeted by PLI's friendly

and welcoming staff, who presented me with a handy carrying bag filled with what appears to be everything you would ever want to know about the taxation of partnerships, LLCs and joint ventures. Before getting to the substance of the materials and the presentations, I'll note that PLI provides an excellent setting for this type of educational seminar.

Forexample, on a relatively hot San Francisco day, PLI's facilities provided a comfortable, air-conditioned setting. Attendees can view presentations in a spacious lecture room filled with ample seating and desk space to take notes, high quality sound, and several large flat screen monitors. For attendees who sometimes need to be slightly less than attentive, an outside lobby area features several monitors with sound that broadcast the presentations going on inside. The outside lobby also has Wi-Fi service, lounge-type chairs and plenty of tables, where you can work on your laptop computer or maybe just enjoy some of the complimentary drinks, coffee and goodies. Personally, I always find that there's nothing like a good chocolate chip cookie to aid in my understanding of complicated tax issues.

## Guts and Glory

Attendees were treated to two jam-packed days filled with mostly hour-long presentations. According to my count, the Seminar offered opportunities to see approximately 30 speakers from all walks of the tax profession. The speakers comprised a veritable who's who of tax professionals from all fronts: the IRS, inside corporate tax counsel, and outside tax counsel from law firms and Big-Four accounting firms. To my knowledge, the Seminar included no discussion of whether inside tax counsel could make a Code Sec. 754 election to step up or down their salaries to that of outside tax counsel. (If you chuckled at that joke, then this Seminar is probably for you.)

Conveniently, the schedule tracked partnership tax issues in a chronological fashion. The sessions started with partnership formation, then moved onto transactions occurring during the entity's operating life and then concluded with various unwinding and exit strategies. The various lectures I attended concerned partnership transactions such as disguised sales, nonliquidating and liquidating distributions, and a detailed presentation regarding Code Sec. 754 elections with respect to the basis of partnership property.

Although all the presentations I attended were extremely informative, I particularly enjoyed the lecture by Stephen Rose, from Munger, Tolles & Olson's Los Angeles office. He covered some of the basics of partnership distributions, terminations and sales of partnership interests. Beyond that, he also gave detailed explanations and examples of what he calls "stumbling block" provisions.

For example, if a partner directly or indirectly contributes money or property to a partnership and then later receives a distribution of money or *other* property from the partnership, the Code may treat this as a disguised sale. Code Sec. 707(a)(2)(B). Whether the transaction will be deemed a disguised sale is the subject of a facts and circumstances analysis. [Reg. §1.703-3(b)(1).] If the partner's contribution to the partnership and later receipt of a distribution occurs within two years, a rebuttable presumption arises that those transactions constitute a disguised sale. [Reg. §1.703-3(c).] However, if more than two years separate the partner's contribution and the distribution back to him of other property, then the "transfers are presumed not to be a sale of the property to the partnership ... ." [Reg. §1.703-3(d).]

### Plentiful Plethora

For the casual dabbler in partnership tax, much of the information presented here could be an eye-opener. Even issue spotting can be tough. Indeed, the breakneck speed of the presentations, coupled with the sheer volume of supporting materials, could overwhelm you. This is hardly the course

for someone slothfully looking for a way to coast to a few extra CLE credits. The Seminar materials include a 1,373-page conference book—and that only includes the various slides presented by the speakers over the course of two days. Considering that the Seminar featured 18 presentations, that works out to approximately 76 pages worth of available slides (on average) for each presentation.

Still, the 1,373-page conference book is only the tip of the informational iceberg. There's a veritable glacier of information contained in the CD-ROM that comes with the Seminar. The searchable CD-ROM includes a 19-volume course handbook in PDF format with more than 200 chapters of scholarly research, explanations, examples and articles. To give you an idea of the depth of detail within the CD, I spotted four separate chapters, which focused solely on joint ventures in the United Kingdom, Netherlands, Spain and France. Given the depth of information and knowledge available, I was not surprised to hear some Seminar attendees joke that some of the tax rules addressed only make sense to big city specialist tax lawyers. Nobody else can understand them!

For serious tax professionals, this PLI Seminar offers invaluable opportunities to (1) attend presentations by professionals at the top of their field regarding complex tax planning and strategies; (2) shmooze with other tax aficionados; and (3) leave the Seminar with enough study materials to keep you occupied and interested until next year. There's a real cornucopia of continuing education choices out there, enough so that it can be dizzying. Partnership tax rules can also be dizzying. PLI's *Tax Planning for Domestic and Foreign Partnerships, LLCs, Joint Ventures and Other Strategic Alliances* seminar does a good job of introducing a huge range of issues, with plenty of practice tips. Although it is hardly an introductory course, there's something for everyone here. You won't be disappointed.

For more information regarding next PLI's seminars, events, programs, courses or books, you can visit [www.PLI.edu](http://www.PLI.edu) or call (800) 260-4PLI.