# THE FISCAL CLIFF IN DEPTH

A cross-sector review of the impact on individuals and businesses, including coverage of the energy, health care and manufacturing industries

BINGHAM GREENEBAUM DOLL LLP

# TABLE OF CONTENTS


**I.** IMPACT ON **INDIVIDUALS** PAGE 2

- Income tax, capital gains and dividend tax rates
- Historically high tax exemption amounts
- Portability
- Balancing estates
- Retirement accounts
- Grantor trusts
- The future looks more certain

**II.** IMPACT ON **BUSINESS OWNERS** PAGE 7

- Bonus first-year depreciation
- Immediate expensing amounts increased and extended
- Straight-line depreciation for qualified leasehold improvements, qualified retail improvements and qualified restaurant property
- Tax-free gains from sales of small-business stock
- Research and experimentation (R&D) tax credits extended
- Permanent extension of exclusion for employer-provided education assistance
- Higher Medicare payroll tax on wages
- Retiree drug plan deduction
- New tax on investment income

**III.** IMPACT ON **THE ENERGY INDUSTRY** PAGE 12

- Tax credits for production or investment in energy–related projects
- Tax credits for biodiesel, renewable diesel and alternative fuels

**IV.** IMPACT ON **THE HEALTH CARE INDUSTRY** PAGE 14

- Medicare and Medicaid changes
- Health care provision extensions
- CLASS program
- Sequestration

**V.** IMPACT ON **THE MANUFACTURING INDUSTRY** PAGE 18

- New excise tax on sales of medical devices
- Energy-efficient appliance credit extended

**VI.** IMPACT ON **HOME BUILDERS** PAGE 20

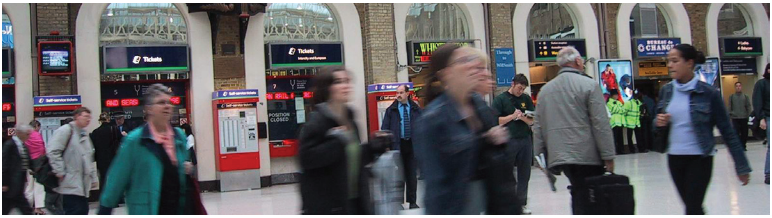
- New energy-efficient home credit retroactively restored and extended

**VII.** UNRESOLVED ISSUES PAGE 22

- The sequester
- The debt ceiling

I

# *SECTION I.* IMPACT ON INDIVIDUALS



After more than a decade of changing rules and uncertainty regarding the future of the federal estate and gift tax laws, Congress finally provided clarity when it enacted the American Taxpayer Relief Act of 2012 on Jan. 2, 2013. The Act is effective for tax years beginning after 2012.

## Income tax, capital gains and dividend tax rates

The Act made several important changes with respect to federal income tax rates on individuals. Individuals earning income over $400,000 ($450,000 for married couples filing jointly) will see their top income tax rate increased from 35 percent to 39.6 percent. The rates on long-term capital gains and qualified dividends for these higher-income taxpayers were also increased from 15 percent to 20 percent. These rate increases are small and will not affect the vast majority of taxpayers, but those who are affected by these rate increases should be aware that they may also be subject to the 3.8 percent Medicare surtax on net investment income that was part of the Patient Protection and Affordable Care Act in 2010.

## Historically high tax exemption amounts

In 2012, the estate tax and gift tax exemption amounts were $5.12 million with a tax rate of 35 percent for any amount in excess of the $5.12 million that is transferred. Under prior law, the estate and gift tax exemption amount was scheduled to "sunset" after Dec. 31, 2012, and was set to return to $1 million, with a top marginal tax rate of 55 percent. This scheduled reduction in estate and gift tax exemption amounts caused many individuals and married couples to make substantial gifts in 2012 to take advantage of a perceived once-in-a-lifetime opportunity.

The new law provides that the federal estate, gift and generation-skipping transfer (GST) tax exemption amounts will each remain at $5 million permanently, indexed for inflation. This means there is no sunset of these amounts, and only future legislative action can reduce them. For 2013, these indexed exemption amounts are $5.25 million. While the Act maintains these exemption amounts at historically high levels, the tax rate on estates, gifts and generation-skipping transfers over the exemption amounts increased from 35 percent to 40 percent.

## Portability

The Act also makes "portability" of the estate and gift tax exemption amounts to a surviving spouse permanent (the GST tax exemption is not portable to the surviving spouse). Portability was a part of estate and gift tax legislation passed in 2010 and was also scheduled to sunset at the end of 2012. Portability allows a surviving spouse to receive and utilize any estate or gift tax exemption amount unused by the first spouse to die. Portability protects the exemptions if the first spouse to die is unable to fully use his or her estate or gift tax exemption amount. For example, if a wife dies in 2013 only utilizing $2 million of her estate tax exemption amount, her executor can file a federal estate tax return to elect to “port” her unused exemption amount ($3.25 million) to her husband. This means that the surviving husband has $8.5 million (his own $5.25 million plus the $3.25 million from his wife) of transfer tax exemption to apply against lifetime gifts and/or at his death. In order to transfer this unused tax exemption amount to the surviving spouse, a federal estate tax return must be timely filed after the death of the first spouse.

## Balancing estates

While making portability permanent would seem to eliminate the need to balance the estates of both spouses during their lifetimes, ensuring both spouses have significant assets still has advantages and is often recommended. One reason to continue balancing estates is to shelter assets, as well as the growth and appreciation of those assets, from estate tax at the surviving spouse’s death by using a “credit shelter” trust. Let’s look at another example of a husband and wife. Assume that each has $5.25 million of assets in their names (a total of $10.5 million). The husband dies in 2013 and all of his assets pass to a credit shelter trust for his wife’s lifetime benefit without estate tax. The wife dies later in 2020, and both her assets and the assets in her husband’s credit shelter trust have grown to $8 million apiece (a total of $16 million). Assuming that the inflation adjustment had increased the estate tax exemption to $6.3 million in 2020, the wife’s estate will have only $1.7 million of her estate subject to estate tax. At a 40 percent tax rate, that would result in $680,000 of estate tax. Alternatively, if the husband’s assets had passed outright to the wife at his death and portability had been elected, at the wife’s death she would be able to shelter $11.55 million ($5.25 million of the husband’s exemption and $6.3 million of the wife’s). This would leave $4.45 million subject to estate tax and generate $1.78 million of estate tax. This approach more than doubled the estate tax due!

Balancing estates and maximizing the estate tax exemption amount used at the first spouse’s death protects against both future appreciation of assets being subject to future estate tax and against future decreases in the federal estate tax exemption amount. In addition, if a couple’s estate plan keeps assets in trust for the lifetime of their children (generation-skipping trusts), using a credit shelter trust at the first spouse's death and applying the first spouse's GST exemption will ensure that the GST tax exemption is maximized; this GST exemption is not portable to a surviving spouse. Allocating GST exemption will ensure that the assets passing to the trusts for the children will not be subject to estate tax at their deaths.

It may make sense to give the surviving spouse flexibility to decide whether a credit shelter trust, QTIP Marital Trust or an outright distribution makes the most sense at the time of the first spouse's death. This flexibility can be achieved by proper drafting of the estate plan but usually entails a change from the plan now in place.

## Retirement accounts

The new law also contained provisions that may be helpful to individuals with large individual retirement accounts or other qualified retirement plan accounts. First, the Act extended the ability of certain IRA owners to make qualified charitable distributions, which are tax-free distributions from IRAs for charitable purposes. This allows taxpayers who were over age 70 1/2 in 2012, and who took a required distribution after Nov. 30, 2012, to contribute up to $100,000 to charity by Jan. 31, 2013, and have the distribution excluded from 2012 income.

Second, the Act now permits employees to convert traditional retirement accounts into Roth accounts if Roth accounts are offered by the employer. Previously, an employee could only convert to a Roth account when he or she was no longer employed by that employer, he or she reached age 59 1/2, died or became disabled.

## Grantor trusts

The new law did not make any change to the estate tax treatment of "grantor" trusts. Income generated on a grantor trust's assets is taxed to the grantor (or the person establishing the trust), rather than the trust itself. Grantor trusts can increase the tax benefits of making substantial lifetime gifts, since the income tax is paid by the grantor rather than from the trust income. In addition, grantor trusts provide the opportunity for the grantor to sell appreciated assets to that trust without having to recognize capital gains on the sale. For the foreseeable future, any gift planning should consider the use of grantor trusts where appropriate to maximize the tax savings of the gifts.

## The future looks more certain

The Act has opened the door to many planning opportunities that otherwise would have been unavailable in 2013 and beyond. One significant estate planning aspect of the new law is that it extends the opportunity to individuals who were unable to or did not make large gifts in 2011 or 2012 to make those large lifetime gifts now. Making large lifetime gifts can ensure that future asset growth and appreciation is sheltered from tax at that person's death and at the death of his or her spouse or children.

For married couples, the Act continues the opportunity for spouses to make substantial lifetime gifts to non-reciprocal trusts for the benefit of the other spouse. In order to be "non-reciprocal," the trusts should be created at different times, funded with different assets and have terms which are substantially different from each other to avoid any negative tax and/or asset protection consequences. Such trusts should only be prepared after consultation with an attorney and other trusted advisors.

II

# ***SECTION II.*** IMPACT ON BUSINESS OWNERS

The American Taxpayer Relief Act of 2012 and the Patient Protection and Affordable Care Act both include changes that will have a considerable impact on business owners and their businesses.

## Bonus first-year depreciation

All businesses are allowed a 50 percent depreciation deduction in the year that certain "qualified property" is placed in service. Qualified property generally includes most machinery and equipment, computer software and certain leasehold improvements. The American Taxpayer Relief Act of 2012 has extended the bonus depreciation deduction for such qualifying property that is placed in service in calendar year 2013.

Typically, capital property, including most business machinery and equipment, is depreciated over its useful life, which allows for small tax deductions in each depreciable year. However, with the extension of bonus depreciation, businesses will be able to immediately deduct one-half the cost of qualifying property placed in service in 2013.

Business owners should be aware that Congress has only extended this bonus depreciation deduction through the end of 2013.

## Immediate expensing amounts increased and extended

Subject to certain limitations, businesses can elect to treat the cost of any Section 179 property placed in service during the tax year as an immediately deductible expense in such tax year, rather than depreciating and deducting the property over its useful life. Section 179 property generally includes any type of depreciable business machinery or equipment, computer software and certain qualified real property.

Prior to the 2012 Taxpayer Relief Act being passed, the maximum allowable Section 179 expense for a business for the 2012 tax year was to be $139,000, and such amount was to be reduced (phased out) by the amount by which the cost of Section 179 property placed in service during the year exceeded $560,000. For tax years beginning 2013 and beyond, the dollar limitation was to be $25,000 and the phase-out amount was to be $200,000.

The new law retroactively increases the Section 179 expense limitation to $500,000 and the beginning phase-out amount to $2 million for 2012. It also extends these levels to costs of Section 179 property placed in service during the 2013 tax year.

Since this new law retroactively applies to property purchased in 2012, businesses that have already filed tax returns for 2012 should look into amending such returns to take advantage of the newly increased Section 179 deduction. These changes apply only through the end of the 2013 calendar year.

## Straight-line depreciation for qualified leasehold improvements, qualified retail improvements and qualified restaurant property

The new fiscal cliff legislation extends, through 2013, the 15-year straight line recovery period for qualified leasehold improvements, qualified retail improvements and qualified restaurant property.

## Tax-free gains from sales of small-business stock

In the case of a taxpayer or business, other than a corporation, any gain from the sale of qualified small-business stock held for more than five years is 100 percent excluded from income if it was acquired after Sept. 27, 2010, and before Jan. 1, 2012. The new law extends this 100 percent exclusion of gain to any stock acquired before Jan. 1, 2014. Qualified small-business stock is newly issued stock acquired from a qualified small business which has aggregate gross assets of less than $50 million and uses such assets in the active conduct of a qualified trade or business.

## Research and experimentation (R&D) tax credits extended

The new law retroactively applies and extends the research and experimentation tax credit (better known as the R&D tax credit). Businesses can now claim a tax credit for qualified research expenditures paid or incurred during both the 2012 and 2013 calendar years.

Since this new law retroactively applies to R&D expenses paid or incurred in 2012, businesses that have already filed tax returns for 2012 should look into amending such returns to take advantage of this tax credit.

## Permanent extension of exclusion for employer-provided education assistance

The Act permanently extends the tax break for employer-provided education assistance provided by Section 127 of the code. This provision allows employees to exclude from their taxable income up to $5,250 per year in employer-provided payments for tuition, books, supplies and other educational assistance to (or on behalf of) employees under the employer's educational assistance program. An educational assistance program is a separate written plan of the employer for the exclusive benefit of its employees, having the purpose of providing the employees with educational assistance. The exclusion applies to payments for both undergraduate- and graduate-level courses and for any form of instruction or training that improves or develops an individual's capabilities, whether or not job-related or part of a degree program, but does not include payments for courses involving sports, games or hobbies.

## Higher Medicare payroll tax on wages

The Medicare payroll tax is the primary source of financing for Medicare's hospital insurance trust fund, which pays hospital bills for beneficiaries who are 65 and older or disabled. In general, wages are subject to a 2.9 percent Medicare payroll tax. Workers and employers pay 1.45 percent each. Self-employed people pay both halves of the tax (but are allowed to deduct half of this amount for income tax purposes). Under the provisions of health care reform beginning this year, single individuals earning more than $200,000 and married couples earning more than $250,000 will be taxed at an additional 0.9 percent (2.35 percent in total) on their earnings in excess of those base amounts. Self-employed persons will now pay 3.8 percent on the excess.

An employer's obligation to withhold the extra 0.9 percent does not kick in until an employee's wages exceed $200,000. Joint filers with combined incomes over $250,000 may find themselves in a situation where they owe additional Medicare tax on their tax return. Because the withholding rules do not account for the difference in treatment between individual and joint filers, employers do not have to account for spousal earnings when withholding the additional Medicare tax. This under-withholding can be remedied by filing a new Form W-4 with an employer requesting additional withholding or through quarterly estimated tax payments. Otherwise, joint filers may owe penalties to the Internal Revenue Service for underpayment of estimated tax.

## Retiree drug plan deduction

Under current law, companies that maintain a qualified retiree prescription drug plan qualify to receive subsidies with respect to certain qualified expenses of the plan, and those subsidies may be ignored when calculating the tax deduction with respect to those expenses. The result is a double benefit for the company: a refund and expense deduction at the same time. Effective for 2013, this double benefit has been eliminated and companies will no longer be able to take a deduction for expenses that are reimbursed through the subsidy program.

## New tax on investment income

Under current law, the Medicare payroll tax only applies to wages. As of Jan. 1, 2013, a Medicare tax has, for the first time, been applied to investment income. Although termed a Medicare tax, the revenue from it will not actually go into the Medicare Trust Fund. A new 3.8 percent tax is imposed on the net investment income of single taxpayers with an adjusted gross income (AGI) above $200,000 and joint filers with an AGI over $250,000. Net investment income consists of interest, dividends, royalties, rents, gross income from a trade or business involving passive activities, and net gain from disposition of property (other than property held in a trade or business). The new tax won't apply to income in tax-deferred retirement accounts, such as 401(k) plans, and it will not apply to municipal bond interest. Also, the new tax will apply only to the lesser of a taxpayer's net investment income or the amount by which the taxpayer's AGI exceeds the applicable $200,000/$250,000 threshold.

III

# ***SECTION III.*** IMPACT ON THE ENERGY INDUSTRY

## Tax credits for production or investment in energy-related projects

The new law extended and expanded the tax credits available for the production or investment in energy-related projects, such as those utilizing wind, biomass, geothermal, landfill gas, trash, hydropower, and marine and hydrokinetic energy. The deadline for claiming production and investment credits now requires that the business must have begun construction of the project by the end of 2013, with a completion date of Dec. 31, 2014, relaxing the previous requirement that the project must have been placed in service by the taxpayer by the end of 2013 (2012 for wind projects). Note that rule-making has not yet defined "beginning of construction."

## Tax credits for biodiesel, renewable diesel and alternative fuels

The new law retroactively applies and extends the income and excise tax credit and refunds available for production and use of biodiesel, renewable diesel and other alternative fuels. These "green" fuel incentives are now available through Dec. 31, 2013, and are retroactively applied to such fuels produced or used during the 2012 calendar year.

IV

# *SECTION IV.* IMPACT ON THE HEALTH CARE INDUSTRY

# Medicare and Medicaid changes

The American Taxpayer Relief Act of 2012 averted application of the Sustainable Growth Rate formula and a 26.5 percent payment reduction for doctors. This would be the second year in a row with no inflation increase to physician payments. Thus, except for other noninflationary adjustments, Medicare payments to physicians in 2013 will remain the same as they were in 2011.

The Act addresses more than 40 Medicare and Medicaid changes and offsets the costs associated with the "doc fix" through a series of Medicare offsets and other provisions that are expected to reduce spending by approximately $25.7 billion over this 10-year timeframe. It appears that hospitals will be required to pick up nearly 50 percent of the cost of the "doc fix" through a $10.5 billion recoupment of past overpayments to hospitals that were made as part of the transition from Diagnosis Related Groups (DRGs) to Medicare Severity DRGs (MS-DRGs). Another Act provision calls for a reduction in Medicare disproportionate share hospital (DSH) payments by an additional $4.2 billion over the next 10 years, consistent with the provisions of the Patient Protection and Affordable Care Act.

Highlights of the Medicare and other health law extensions, along with their budgetary effects as estimated by the Congressional Budget Office of these additional changes over a 10-year period, include:

### Inpatient prospective payment system documentation and coding adjustment

This provision will phase in the recoupment of past overpayments to hospitals made as a result of the transition to MS-DRGs. Savings: $10.5 billion

### Rebase end stage renal disease (ESRD) payments

This provision incorporates recommendations from the General Accountability Office by re-pricing the bundled payment to take into account changes in behavior and utilization of drugs for dialysis. Savings: $4.9 billion

### Therapy multiple procedure payment reduction

The multiple procedure payment reduction for therapy services is increased from 25 percent to 50 percent for services provided after April 1, 2013. Savings: $1.8 billion

## Payment for certain radiology services

This provision would equalize payments for stereotactic radiosurgery services provided under the Medicare hospital outpatient payment system. Savings: $0.3 billion.

## Adjustment of equipment utilization rate for advance imaging services

The utilization factor used in the setting of payment for expensive imaging equipment is increased from 75 percent to 90 percent beginning in 2014. Savings: $0.8 billion

## Competitive prices for diabetic supplies

This applies a competitive bidding program to diabetic supplies, including test strips, purchased at retail locations. Savings: $0.6 billion

## Adjust payment adjustment for nonemergency ambulance transports for ESRD beneficiaries

This reduces the payment rates for ambulance services by 10 percent for individuals with ESRD obtaining nonemergency basic life support services involving transport. Savings: $0.3 billion

## Increase statute of limitations for recovering overpayments

This provision increases the statute of limitations to recover overpayments from three to five years. Savings: $0.5 billion

## Medicare Improvement Fund

All funding for the Medicare Improvement Fund is eliminated. Savings: $1.7 billion

## Rebase Medicaid disproportionate share hospital (DSH) payments to extend the changes from the Patient Protection and Affordable Care Act for an additional year

This provision extends, by one year through 2022, the formula established in the Patient Protection and Affordable Care Act to calculate DSH payments. Savings: $4.2 billion

### Coding intensity adjustment

The coding intensity adjustment for Medicare Advantage plans that receive risk-adjustment payments is further adjusted to reflect differences in coding practices between Medicare fee-for-service and Medicare Advantage. Savings: $2 billion

### Rescission of consumer operated and oriented plan (CO-OP)

This provision will rescind all unobligated CO-OP funds under Section 1332(g) of the Patient Protection and Affordable Care Act. This provision also creates a contingency fund of 10 percent of the current unobligated funds to be used to further assist currently approved co-ops that have already been created. The provision does not take away any obligated CO-OP funds. Savings: $2.3 billion

## Health care provision extensions

A number of health care provisions were set to expire at the end of 2012. The legislation extended most provisions through 2013. These extensions include: Medicare inpatient hospital payment adjustment for low-volume hospitals; Medicare Advantage plans for special needs individuals (SNPS); Medicare reasonable cost contracts; Medicare-dependent hospital (MDH) program; out-patient therapy cap; funding outreach and assistance for low income programs; qualifying individual program (Q1) program; Medicaid and CHIP Express Lane option; Transitional Medicaid Assistance (TMA); family-to-family health information centers; and the special diabetes program for Type I Diabetes and for Native Americans.

## CLASS program

The Patient Protection and Affordable Care Act established the Community Living Assistance Services and Supports (CLASS) program to provide voluntary long-term care insurance options for U.S. workers. In October 2011, the secretary of the Department of Health and Human Services halted implementation of the CLASS program, saying there was not a viable "path forward" for the program. The Act now formally eliminates the CLASS program.

## Sequestration

If the sequestration budget reductions are not modified by March 1, Medicare providers and suppliers will face an immediate 2 percent reduction in Medicare payments.

# *SECTION V.* IMPACT ON THE MANUFACTURING INDUSTRY

## New excise tax on sales of medical devices

For sales occurring after Dec. 31, 2012, a tax equal to 2.3 percent of the sale price is imposed on the sale of any taxable medical device by the manufacturer, producer or importer of such device. A taxable medical device is any device defined in Section 201(h) of the Federal Food, Drug and Cosmetic Act, which is intended for humans. This new excise tax will not apply to eyeglasses, contact lenses, hearing aids or any other medical device determined by the Internal Revenue System to be of a type that is usually purchased by the general public at retail for individual use. Recently, the IRS finalized regulations to assist businesses in determining whether their devices qualify for this "retail exemption."

## Energy-efficient appliance credit extended

The new law has extended the energy-efficient appliance credit that is available to manufacturers of "qualified energy efficient appliances," which includes dishwashers, clothes washers and refrigerators. The energy-efficient appliance credit has been extended for appliances manufactured in 2012 and 2013. The amount of tax credit received by a manufacturer for each appliance produced has also been increased.

VI

# ***SECTION VI.*** IMPACT ON HOME BUILDERS

## New energy-efficient home credit retroactively restored and extended

Home builders can now claim a tax credit for each qualified new energy-efficient home (including manufactured homes constructed in accordance with the Federal Manufactured Homes Construction and Safety Standards) acquired by a person for use as a residence during the 2012 and 2013 calendar years. This credit was originally not available to new energy-efficient homes constructed in 2012, so home builders who have already filed tax returns for 2012 should look into amending such returns to take advantage of this tax credit.

VII

# *SECTION VII.* UNRESOLVED ISSUES

The American Taxpayer Relief Act of 2012 failed to address a number of important issues including spending cuts, the debt ceiling, entitlement reform and tax code reform, among others. Below is a brief summary of the sequester and the debt ceiling – two issues that will be at the center of negotiations between Republicans and Democrats over the next few months.

## The sequester

The sequester is a series of budget cuts that was scheduled to go into effect Jan. 1, 2013, in accordance with the Budget Control Act of 2011. However, these cuts were ultimately delayed until March 2013 by the Act. The sequester is intended to make cuts to discretionary appropriations and mandatory spending that add up to roughly $1.2 trillion over a nine-year period. In general, these cuts are split between defense and discretionary spending (e.g., social security, Medicare, Medicaid and other benefits). The Office of Management and Budget was given the authority to carry out the sequester, but it is uncertain exactly how the spending cuts will be implemented. The spending cuts are to be evenly divided among each of the nine sequester years, which totals roughly $109 billion per year.

## The debt ceiling

The fiscal deal also failed to increase the debt ceiling, which could complicate negotiations on spending cuts (many believe Republicans will be unwilling to increase the debt ceiling without certain cuts to government spending, but White House officials have stated that they will not negotiate raising the debt ceiling since it represents an obligation to pay bills that Congress incurred). The Constitution gives Congress the power to control spending and borrowing, and the debt ceiling allows the Department of the Treasury to borrow money without needing Congress to approve every new issuance of debt.

Although the U.S. reached its debt limit of $16.4 trillion on Dec. 31, 2012, the Department of the Treasury is currently using what are called “extraordinary measures” to temporarily postpone the date on which the U.S would otherwise default on its debt obligations. For more information on the extraordinary measures, click here. Most believe that the federal government will be able to use these extraordinary measures until March 1, 2013, at which time Congress must either choose to increase the debt ceiling or risk default by the U.S. government.

# Contributors


Keith A. Bice
*Partner*
(317) 686-5233
kbice@bgdlegal.com

Carolyn M. Brown
*Partner*
(859) 288-4614
cbrown@bgdlegal.com

Ross D. Cohen
*Partner*
(502) 587-3579
rcohen@bgdlegal.com

John R. Cummins
*Partner*
(502) 587-3602
jcummins@bgdlegal.com

Alan J. Dansker
*Partner*
(317) 968-5369
adansker@bgdlegal.com

Greg J. Duncan
*Partner*
(317) 968-5372
gduncan@bgdlegal.com

William J. Kaiser Jr.
*Partner*
(812) 482-5500
bkaiser@bgdlegal.com

Brett J. Miller
*Partner*
(317) 968-5398
bmiller@bgdlegal.com

Mary Solada
*Partner*
(317) 968-5412
msolada@bgdlegal.com

Brad Wilt
*Partner*
(317) 968-5530
bwilt@bgdlegal.com

Jeremy P. Gerch
*Attorney*
(502) 587-3533
jgerch@bgdlegal.com

Jordan S. Green
*Attorney*
(502) 587-3709
jgreen@bgdlegal.com

Robert M. Rominger
*Attorney*
(502) 587-3547
rrominger@bgdlegal.com

Bingham Greenebaum Doll LLP is a full-service law firm providing progressive business, litigation and government services to clients ranging from Fortune 500 businesses and Global 1000 companies to small, regionally based organizations across a variety of industries and sectors. Bingham Greenebaum Doll LLP has nearly 225 attorneys and locations in Indiana, Kentucky and Ohio. If you have questions about how the American Taxpayer Relief Act of 2012 will affect you or your business, please **contact us.**

DISCLOSURE REQUIRED BY CIRCULAR 230. This Disclosure may be required by Circular 230 issued by the Department of Treasury and the Internal Revenue Service. If this article, including any attachments, contains any federal tax advice, such advice is not intended or written by the practitioner to be used, and it may not be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer. Furthermore, any federal tax advice herein (including any attachment hereto) may not be used or referred to in promoting, marketing or recommending a transaction or arrangement to another party. Further information concerning this disclosure, and the reasons for such disclosure, may be obtained upon request from the author of this article. Thank you.

---

BINGHAM GREENEBAUM DOLL LLP BGD

(800) 436-3644

www.bgdlegal.com