

## Gavel to Gavel: Nothing is certain but death and ...

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By [Stephanie Chapman](#)

December 2010 was marked with a flurry of legislative activity related to taxes. There was the last-minute extension of several income tax breaks, most of which had been scheduled for 10 years to expire at the end of 2010. Congress also managed to agree on changes to the transfer tax provisions. Not to complain about the circus that was the transfer tax system for the last 10 years, but it's fair to say that Congress dropped the ball, failing to act for nine years and allowing the estate tax to be repealed, then swooping in at the last minute to prevent a reversion back to the system that existed prior to 2001 legislation.



Apparently, though, Congress is not swayed by the argument that uncertain tax laws are bad for business. Members of Congress also don't appear to be affected by the significant criticism and complaining that practitioners and others have leveled at them recently, because most of the provisions in the 2010 legislation are set to expire within the next two years. That all but ensures that the next few Decembers will be busy, as well. Providing for a significant portion of the current laws to expire at the end of 2012 also likely puts taxes – and tax reform – at the center of the 2012 election.

For his part, President Barack Obama has yet to agree that tax reform will be a priority for the administration over the next few years. Most commentators agree that a serious effort toward tax reform will need to come from the White House. The president is expected to provide some guidance as to whether tax reform is at the top of his agenda during the upcoming State of the Union address.

However, based on the rhetoric to date, there seem to be very few people, in any party, who do not agree with the notion that the tax code currently is too complicated. Most of those who are talking about the issue agree that simplifying the tax code, closing loopholes, reducing the number of tax expenditures and easing the administrative burden of complying with the tax code would all be good things. However, most pundits, legislators, and just regular guys on the street are skeptical that support exists for comprehensive tax reform. Instead, many believe the most likely scenario is much more targeted reform.

One proposal that seems to have significant support is repeal of the new requirement that businesses report on Form 1099 payments of more than \$600 per year to a single vendor. Similarly, the extension of credits tied to business activity, such as the domestic activities production credit under Section 199 or the Section 48C credit for manufacturers of renewable-energy equipment, are likely to garner support from both sides of the aisle. The critical issue appears to be how to pay for such provisions: through effective tax increases in other places, cuts in spending, or some combination of the two. Here's hoping that Congress will add some certainty, instead of perpetuating uncertainty, sometime soon.

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