

June 15, 2021

Next Generation Occupation - Appraisers

Recently, the Estate of Michael Jackson prevailed in US Tax Court over the Internal Revenue Service on several key issues in a closely watched court case, an outcome that will push the estate's tax burden below the government's initial assessment. In the ruling, the Court found the singer's name and likeness were worth \$4,000,000 when he died in 2009 and not the \$161,000,000 the government claimed.

What is important that was not mentioned in the article was that the litigation took 11 years and was extremely expensive in order to overturn the governments arbitrary and capricious assertion.

This is important to you in that the Biden Administration is contemplating a tax on your wealth at death. What makes this problematic is that there are several European countries which have or have had wealth taxes and, in all cases, there were two problems: the first, that assets were being hidden from the authorities or planned to reduce its apparent value; and, the second that the valuation of the asset was subjective, like in the Jackson Estate case. In most cases, the value of a small family business or farm will be in dispute.

This means that for the IRS to enforce the law, should it pass Congress, that many more appraisers will be needed by both the government and the industry, in general, in order to provide rebuttal values. You may want your children to consider such a career.

This also means that the amount of an estate that goes toward legal fees will skyrocket.

The experience in Europe can be summed up that even France disregarded this tax because the cost to collect the tax outweighed the resulting taxes collected.

The Tyranny of Big Tech

Recently, I read the book that Josh Hawley wrote and was refused to be published by Simon and Shuster because their employees disagreed politically with Senator Hawley. Because of the attempt to prevent the release of the book, it caught my attention. I wanted to find out what I was not supposed to read. What was the forbidden knowledge contained within?

I expected a politically partisan book and, instead, I found a detailed historical discussion of the rise of Big Tech starting in the Gilded Age up to the present. From JP Morgan, Teddy Roosevelt and Woodrow Wilson to Google, Facebook and Twitter.

Most of the book reveals the internal workings of Google, Facebook and Twitter as to the tools that they use to spy on a customer's speech and activity and the censorship activities that the three companies engage in in order to modify their customer's activity and knowledge. Only in the last few pages of the book are the Senator's thoughts and musings as to what kind of antitrust legislation might be suggested after Congressional hearings.

In short, the book was an eye opener on activities I was not aware of and more importantly, the abilities the companies have and out-right lies and propaganda perpetrated by the companies. What I found most enlightening was the documentation in the book of statements by the companies to the public and to regulatory agencies in the U.S. and the European Union that subscribers are not tracked and the resulting history of admission under duress that they lied to both.

Coincidentally, there are 5 bipartisan bills pending in the House of Representatives that are dealing with this issue.

While I am not on Facebook and do not use Twitter, I do use Google. As a result of this book, I changed much of my search activity to a search engine that does not continue to track called DuckDuckGo.

Long Term Investing Redux

With the recent Reddit activity in the stock market and the speculative mania, we thought it important to reiterate the benefits of long term passive investing, otherwise known as buy and hold. The following are the 10 year periods for the Dow Jones Industrial Average (which has added and subtracted companies) during this period.

1920s	-	+131.7%	1970s	-	+ 4.8%
1930s	-	- 39.5%	1980s	-	+228.6%
1940s	-	+ 33.2%	1990s	-	+317.6%
1950s	-	+239.5%	2000s	-	- 9.3%
1960s	-	+ 17.8%	2010s	-	+173.7%

Barron's 5/10/21 p. S12.

Cattle Farm Without Cattle

was denied farming losses by the Tax Court. The Tax Court held that a taxpayer with a cattle and tree farm but no cattle or previous or imminent tree harvest could not use the farm's losses to offset other income. According to the court, the farming activity did not qualify as being conducted for profit. *Whatley T.C. Memo 2021-11.*

Who Knew?

According to an article in the Wall Street Journal on May 10, 2011 under the Biggest Mistakes People Make With Social Security the two most common mistakes are:

1. Worrying about dying too young
2. Waiting too long to claim

Now, if we only had a crystal ball! This article shows the foolishness of listening to a journalist for financial advice instead of a financial professional.

As always, if you have any questions about these or any other matters, do not hesitate to call us.