

November 30, 2018

Sexual Harassment Tax Deductions

The elections have come and gone and, maybe, the political debate, but taxes are certain, like death.

So, let us presume you have been subject to sexual harassment and you had significant business consequences including termination of employment, large legal settlements and, no doubt, large legal fees.

The 2017 Tax Bill was unfolding along with the #MeToo movement and the tax bill was affected by the movement and yielded the following:

A new provision was added to deny tax deductions for settlement payments in sexual harassment or abuse cases, IF there is a non-disclosure agreement. This applies to the attorney fees as well as the settlement payments.

While the tax law has targeted the alleged harasser and the defendant company, the plaintiff will also not be able to deduct their legal fees while having to pay taxes on the full amount of their recovery. There is talk that a Technical Corrections bill could resolve this issue, but even with a divided congress we believe the conundrum might be resolved in the near future considering the amount of new female legislators. *NYS Bar Association Journal 2/18 p. 11.*

Year End Tax Tip

Beware of investing in taxable mutual funds late in the year for your portfolio. If the fund pays a 2018 dividend after you purchase it, you owe tax on the payout this year. However, you are not better off financially because the fund's share price decreases by a corresponding amount. In effect, you are prepaying tax to the IRS. To avoid their trap, think about buying the fund shares after the dividend record date. *The Kiplinger Tax Letter November 2, 2018.*

Michelle Obama Speaks The Truth

I love reading Peggy Noonan's columns in the Wall Street Journal. Here is an excerpt.

The former first lady often seemed to carry with her an air not of gratitude for her good fortune, but of grievance. However, in her autobiography, she comes off as glamorous and elegant, a beautiful woman and a disciplined one. She also conveys that she won the Trifecta. What is that?

She came from a good family, solid and stable, which successfully transmitted love.

Her parents' economic circumstances were modest but stable. It wasn't all foreclosures and moving and divorce and no money.

She was born with a solid, attaining mind, able to excel in academic work.

That is the Trifecta. People with that background these days are, no matter what their color or economic level, almost American aristocracy. Solid family, solid framework, solid mind, love, stability and talent for something will set you firmly into the future. *Wall Street Journal 11/17/18 p. AB, Declarations by Peggy Noonan.*

Theatre Of The Absurd

The national tour of “Hello, Dolly” opened the second leg of its 10 month multicity run at Chicago’s Oriental Theatre. But the frothy, feel-good musical has turned into a whodunit.

When “Dolly” premiered in 1964, its irresistible title song cemented composer-lyricist Jerry Herman as the heir apparent to Irving Berlin and Frank Loesser – king of musical theatre optimism.

Which makes the Oriental mystery compelling. True Broadway junkies know not only every lyric of every song of their favorite musical’s cast recording – they also know where the singers breathe.

So, it came as a shock when barely seven minutes into a matinee performance, in the third verse of Dolly Levi’s first song “I Put My Hand In” Betty Buckley sang, “My aplomb at cosmetic art turned a **frump** to a great lady fair.” Mr. Herman’s original lyric is “My aplomb at cosmetic art turned a frump to a **trump** lady fair.” Someone had rewritten the lyric replacing “trump” with the bland non-rhyming “great.” But why? Merriam-Webster’s third definition of “trump” is a dependable and exemplary person. Nevertheless, someone decided to spare either the actress from uttering or the audience from hearing the surname of our 45th president. What other motivation could lurk behind this idiotic decision?

The Dramatists Guild, the playwright’s police, specifically forbids changing so much as a comma of an author’s work without permission. Interestingly, the new cast recording of this production – available for sampling on YouTube - preserves Mr. Herman’s original lyric.

One wonders whether Mr. Herman, 87, approved the change – or was even consulted. That he would sanction a rewrite that so ham-handedly mauls his elegant internal rhyme stretches credulity. If the master lyricist had put his hand in, he’d have come up with a rewrite that rhymed.

Whatever your politics, this reeks of bowdlerization (a form of censorship which includes purging anything deemed noxious or offensive from an artistic work, or other type of writing of media. Similar to putting underwear on the statue of David by Michelangelo). All the sadder because it mars what is otherwise a glorious revival of this moving musical. *Wall Street Journal 11/6/18 p. A19 A Partisan Folly Trumps “Hello, Dolly!” by Greg Opelka.*

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

Remember, We’re Here For You!