



LESS TAXING MATTERS

By Timothy J. McCormally
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“A True Community” — Returning to Core Principles

When Paul Smith founded Tax Executives Institute in 1944, his goal was at once simple and audacious — to create a “true community” to help tax professionals simplify compliance, enhance opportunities for effective tax planning, and advance the goal of fair, rational, and equitable taxation. True Community — that’s the term that Harvard Business School Professor Peter Wilson used to characterize TEI 15 years ago as the Institute observed its golden anniversary. It’s a term that maintains its currency today. Reflecting on the Institute’s founding, Paul Smith wrote that he wanted to create an environment when a tax professional would not “sit like mummy in fear of revealing corporate secrets.” He said that he “would like to be able to sit around a table and discuss the problems affecting his business and YES, going beyond that, be able to pick up the telephone and discuss them with his fellow members.”

From the outset, Paul Smith envisioned two types of meeting. One would feature speakers from the federal and state tax departments, which would enable members to develop “very cordial relationships” with public officials. The other would take the form of a workshop, with topics chosen by the Institute’s committees (which at the time numbered two — federal and state & local). These workshops would be limited to members, and would permit participants to “exchange forms, ideas, and methods of operating tax departments” and pick up “short cuts for efficient tax administration.”

Sound familiar? From my vantage point, Paul Smith’s 65-year-old vision describes the 21st century TEI to a T. All across the world, TEI members are coming together to learn, to exchange ideas and insights, and to share secrets. To be sure, the Institute has evolved in ways that Paul Smith did not anticipate. For example, he did not favor an active role for the organization in legislative lobbying. But the evolution has come naturally (moving from the bottom up as much as the top down), and as active as TEI has become as an advocacy group (simply scan the table of contents of this issue for confirmation of that), it has never departed from its core mission as an organization devoted to networking and education — to building and sustaining a true community.

Minnesota Chapter’s President’s Seminar

I was able to witness how large and effective a community TEI has become when I visited the Minnesota Chapter in mid-April for its annual President’s Seminar. For 26 years, the chapter has sponsored a two-day event for TEI members and their staffs. While some registrants came from the Iowa and Nebraska Chapters, the bulk of

the audience was local, enabling members and staff to secure top-notch CPE at a very, very affordable cost. Indeed, the registration fee was a mere \$175, including handout materials (in hardcopy and CD formats), continental breakfast, and lunch on both days, as well as a reception on the evening of the first day. The speakers for the program rivaled those at Institute-level programs and those offered by other organizations whose registration fees could make a crow blush. One of our mantras at the Institute level is that our 54 chapters are our best competition, in both price and content. That was certainly the case this year, when attendance at the Minnesota Chapter’s President’s Seminar — at between 450 and 500 — was greater than at the Institute’s Midyear Conference. I commend the chapter leaders who devoted time and attention to planning and running so successful a program. Special thanks go to **Joe Bohlke** of General Mills, who as a past president of the chapter, chaired the conference, and to current Chapter President **Karen Piehler-Shaw** of Ceridian. Aided by chapter officers and committee chairs and a number of other unsung heroes, they did Paul Smith proud.

Two things made attending this year’s Minnesota meeting especially gratifying for me. First, it made it possible for me to present the Meritorious Chapter Service Award to **Herb Day**. I met Herb shortly after I joined the Institute’s staff in 1982. After holding a number of other positions in the chapter, he assumed the helm as the chapter’s 1984-1985 president. He continued a tradition that began with the chapter’s founding in 1953 and he would be the first to say he himself benefitted from members helping and mentoring younger colleagues. I congratulate him on his award, and thank him for his service.

The second thing that made the President’s Seminar memorable was the presentation of the Institute’s donation under the Social Responsibility Initiative. Under the guidelines established by the Board of Directors in 2008, consideration is given to organizations in which TEI members are involved in the charity’s work, those which work to meet special needs created by circumstances such as natural disasters, and those organizations that directly or indirectly advance values underlying the Institute, including education, professionalism, and improvement of the tax system.

The recipient of a \$5,000 grant from the Institute was **Account-Ability Minnesota**, a volunteer tax-preparation organization. As Joe Bohlke explained at the presentation ceremony:

In reviewing these guidelines, the work done by Account-Ability Minnesota makes the group a perfect candidate for the

donation. Not only have a number of past and present chapter members been involved with the group for a number of years, but the mission of the organization is to provide income tax preparation assistance to individuals, families, and small businesses in need of help navigating the system and obtaining the much needed benefits that are available through the complicated tax laws. The Minnesota Chapter of TEI has lent its support to the group for several years and felt that it is deserving of the nomination at the national level as well.

I was honored to present TEI's check to Bonnie Esposito, Executive Director of AccountAbility Minnesota, and Beth Albrecht, Volunteer Coordinator. They — like all the members of the Minnesota Chapter who volunteer for the group each year — have dared to make a difference.

A Little to the East, in Chicago ...

The spirit of volunteerism that was celebrated in Minnesota, of course, is alive and well throughout the organization. The Chicago Chapter, for example, has "contributed" many members to our committees and Institute-level leadership, including past president **Judy Zelisko** and current Executive Committee member **Janice Luchessi**. Both Judy and Janice have chaired the Institute's International Tax Committee, and by their example, they inspired another member of the chapter — **Dorothy Chao** — to become involved in the committee's work. Most recently, Dorothy took a lead in developing TEI's comments on the IRS's cost sharing regulations, and she agreed to represent the Institute at an IRS public hearing on the regulations. (Her testimony has been posted on our website.)

Before the IRS hearing, Dorothy wrote about her experience on the committee in a recent Chicago Chapter newsletter:

I recently participated in a TEI working group providing comments on the proposed and final cost sharing regulations. We communicated through emails and regularly scheduled conference calls. Each member had the opportunity to share experiences, questions, and ideas with peers. Unlike seminars sponsored by accounting and law firms, the participants on these calls viewed the regulations from the practical perspective of in-house tax professionals who actually have to comply with the new rules. We identified and discussed areas of the regulations that we wanted the government to change or amplify with additional examples.

Volunteers then undertook to draft comments in each area. Mary Lou Fahey, TEI's general counsel, moderated the calls and assembled everyone's contributions into a coherent draft document, which we then reviewed during the next call. She was also the source of much useful and interesting information on the Washington, D.C. tax scene. During the Midyear Conference in March, a group of members met with the IRS and Treasury to discuss a possible extension of the deadlines for amending existing cost sharing arrangements. Later in April, I will have the privilege of representing TEI during a hearing on the regulations.

This was a great opportunity to obtain technical tax expertise, as well as meet fellow tax professionals. I highly recommend it to anyone looking for a professional development opportunity that's interesting and even fun. TEI has built up a lot of credibility with officials in Treasury and the IRS National Office, who look to us for input on the practical implications of new guidance. If your company is looking for a way to make its voice heard on specific issues of importance to it, I can't think of a better way than to become involved with a TEI working group.

I thank Dorothy for her involvement. She has helped TEI make a difference. The Institute's credibility — which she refers to above — is directly owing to efforts by her and other members of the committee to share their experiences and their insights.

And in the New York Chapter

Finally, I want to acknowledge the impending retirement of a longtime member of the Institute's New York Chapter and Federal Tax Committee, David Nitschke of Amerada Hess Corporation. Dave chaired the Federal committee for two years in the early 1990s, and his depth of knowledge greatly benefitted the committee's work, especially on Subchapter C matters. I am grateful for his patience and contributions to my own professional development. Recently, Dave wrote to tell me of his retirement and to reminisce a bit:

I want to say how much I have enjoyed my membership in TEI. I believe that TEI's educational programs are the best available. I have noticed that since the 1986 Reform Act private practitioners in most programs are hesitant to provide more than an overview of the law. However, in its programs, TEI is able to elicit much more. Often, it is just what a member needs to carry out his/her responsibilities.

I have been impressed by the breadth and quality of the organization's technical submissions as well as its intervention in court cases of interest to the membership. There is no other tax organization that is consistently willing to bring to the attention of the IRS, Treasury and Congress, areas in the tax law, its regulation, and administration that need improvement.

I also want to say how much I have gotten out of participating in the development of TEI's technical submissions to the government. This involved work both as a member and chair of the Federal Tax Committee and as a member of the International Committee. I believe that my co-partnering with other members and the staff in the development of these comments has not only contributed to better regulations and legislation but also increased my technical and interpretative skills. It gave me insight into how the IRS and Treasury works that was invaluable in my work. There is no question in my mind that my work in TEI brought me and my company much good.

