

AMERICAN HORSE COUNCIL'S TAX BULLETIN

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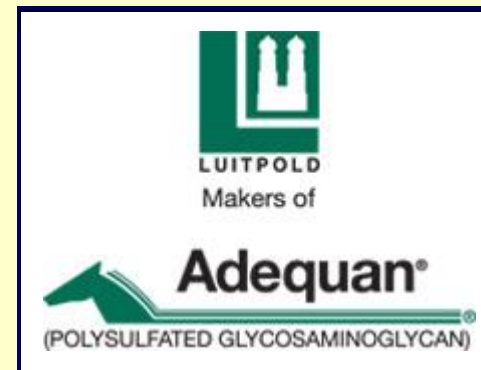
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Congress Continues \$250,000 Expense Allowance Through 2010

By: Thomas A. Davis, Esq., Davis & Harman LLP, Washington, D.C.

Just before leaving for the Easter break, Congress passed and the President signed into law a continuation of the more generous expensing allowance which was in effect in 2009 through 2010. This means that \$250,000 of the total cost of horses and other depreciable property placed in service in 2010 can be deducted this year, subject to a phase-out when total purchases of depreciable property exceed \$800,000. This was the amount allowed in 2009, but the provision had expired at the end of 2009 and the allowance reverted back to \$125,000 with a phase-out threshold of \$500,000. Next year the expense allowance is scheduled to go down to \$25,000 with a phase-out threshold of \$200,000 unless Congress acts to increase the allowance. [READ FULL ARTICLE](#)

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Finally – The Service Capitulates In Its Efforts To Limit The Ability Of LLC Members To Satisfy The Material Participation Rules

By: Douglas P. Romaine

Introduction - In an Action on Decision Memorandum released March 9, 2010 and scheduled to be published in Internal Revenue Bulletin 2010-14, dated April 4, 2010, the Internal Revenue Service (“IRS”) announced its acquiescence to the Federal Court of Claims decision in *Thompson v. U.S.*, 87 Fed. Cl. 728 (Fed. Cl. 2009), concluding that limited liability company (“LLC”) interests are not “limited partnership interests” for purposes of application of the passive activity loss rules of Section 469. This acquiescence, which was in result only, represents the abandonment by the IRS of a litigating position designed to thwart members of a LLC from satisfying the material participation rules of Section 469. Tax practitioners had long questioned the soundness of such a position especially in light of the lack of success which the Service met in the courts. [READ FULL ARTICLE](#)

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2010 Horse Owners And Breeders Tax Handbook

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The AHC Tax Bulletin is a digest of current tax developments affecting the horse industry. The AHC Tax Bulletin is for informational purposes only and not intended to take the place of professional tax counsel.

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