



January 2005

**Dennis M.  
Sandoval,**  
A PROFESSIONAL  
LAW CORPORATION

*Protecting and  
Preserving Wealth for  
Future Generations*

3233 Arlington Avenue  
Suite 105  
Riverside, California 92506  
Phone: (951) 734-9728  
(until 3/1/2005)  
Phone: (951) 787-7711  
(after 3/1/2005)  
Fax: (951) 786-9813

*Mr. Sandoval is the  
only attorney in  
California certified as a  
Taxation Law  
Specialist and an  
Estate Planning, Trust  
& Probate Law  
Specialist by the  
California Bar Board  
of Legal Specialization  
as well as a Certified  
Elder Law Attorney by  
the National Elder Law  
Foundation*

# *Protecting and Preserving Wealth for Future Generations:*

## **Sage Advice and Information from Dennis M. Sandoval**

### **Dennis M. Sandoval, A Professional Law Corporation Opens Office in Riverside**

Effective March 1, 2005, my office will be located at 3233 Arlington Avenue, Suite 105, Riverside, California 92506. I will be sharing a suite with two other prominent Riverside attorneys. My new phone number will be (951) 787-7711 and my new fax number will be (951) 786-9813. Look for an announcement regarding the addition of new staff to my firm in upcoming client newsletters.

While I will be maintaining my relationship with the American Academy of Estate Planning Attorneys and will continue to speak across the United States to its members and other attorney groups regarding estate planning, elder law and tax issues, I will be devoting substantially more time to developing my law practice. If you know of friends, neighbors, relatives, fellow employees, etc... that need assistance with estate planning, probate, elder law or tax issues, I would appreciate your referral. If you are in this area of Riverside, please do not hesitate to stop by to see my new office.

### **California Offers Amnesty for Pre-2003 Income Tax and Sales / Use Taxes**

The California Legislature has approved a tax amnesty program, which will begin February 1, 2005 and run through March 31, 2005. An applicant for amnesty will have all civil and criminal penalties for income, franchise, sales and use taxes for periods prior to January 1, 2003. The amnesty program does not apply to payroll or employment axes, property taxes and other miscellaneous taxes.

Amnesty is available to individuals, businesses, fiduciaries, estates and trusts that fall into one of the following categories: (1) did not file pre-2003 California tax returns; (2) underreported taxes for one or more periods prior to 2003; or (3) did not pay income, franchise, sales or use taxes on time. Taxpayers that are not eligible for amnesty include: (1) those involved in a criminal court proceeding;

(2) those under criminal investigation or prosecution for tax related matters; and (3) those involved in certain abusive tax shelter transactions. Taxpayers that are in active bankruptcy need approval from the bankruptcy court to participate in the amnesty program.

To participate in the Franchise Tax Board (“FTB”) and Board of Equalization (“BOE”) programs, a taxpayer must complete and return a signed amnesty application before April 1, 2005. Amnesty applicants must also file any required tax returns, including amended returns and pay any taxes or interest on or before May 31, 2005. In the alternative, applicants can enter into an amnesty installment agreement which would require the entire liability to be paid by June 30, 2006.

Tax amnesty will provide relief from penalties and fees, but the FTB and the BOE are prohibited from refunding or crediting any penalties and fees the taxpayer paid before applying for amnesty. As such, a taxpayer that has an existing balance due that includes penalties and/ or fees should apply any payments made prior to applying for amnesty to taxes and interest only.

A taxpayer under audit, or with an existing protest, appeal, amended return, etc... that has penalties associated with it may want to apply for amnesty to get penalty and fee relief.

**New Penalties to be Applied.** Beginning April 1, 2005, the FTB and BOE can impose substantial new penalties on taxpayers who were qualified to apply for amnesty and chose not to participate. The agencies will impose these penalties on all amnesty-eligible years and reporting periods, including those closed by the statute of limitations. The new penalties include: (1) a 40% (instead of 20%) accuracy related penalty; (2) for amounts that are “due and payable” on March 31, 2005, a penalty of 50% of interest due; and (3) for amounts that “become due and payable” after March 31, 2005, a penalty equal to 50% of the interest computed from the original due date of the return up to March 31, 2005. The BOE will also impose double the amount of existing penalties when issuing a deficiency determination for tax due from periods before 2003.

Many taxpayers don’t realize they owe money to California on old returns or returns they may have forgotten to file. The state has records going back many years. Our office knows of a case in which the FTB is investigated unpaid taxes going back to 1977. While you may believe you have always filed your tax returns, we suggest that it may be wise to check with the FTB (for income and franchise taxes), and the BOE (for sales and use taxes) to see if these agencies believe you have unpaid taxes or are missing a tax return. If these agencies show that you owe money or have unfilled tax returns, we should contact us for advice on applying for amnesty.

If you are undergoing a federal or state audit, there are extremely important decisions that must be made right now. Contact our office immediately to discuss your options.

## **Estate Planning Numbers for 2005**

2005 Applicable Exclusion Amount for Estate Tax:	\$1.5 million
2005 Lifetime Gift Tax Exemption Amount:	\$1 million (frozen through 2010)
2005 GST Tax Exemption Amount:	\$1.5 million
2005 Estate, Gift and GST Tax Highest Tax Bracket:	47%
2005 Annual Gift Tax Exclusion Amount:	\$11,000
2005 Annual Non-Citizen Spouse Annual Gift Amount:	\$117,000

## *Can We Be of Assistance to You?*

Dennis M. Sandoval, A Professional Law Corporation, specializes in estate planning (including probate administration and trust / will contests), asset protection planning, elder law (including qualifying for Medi-Cal coverage, conservatorships, and creation of Special Needs Trusts for disabled beneficiaries) and tax controversy work (including federal and state tax audits, appeals and litigation). All of your referrals will be handled promptly and professionally.

*Mr. Sandoval is available to speak to your group or organization. Call (951) 734-9728 to schedule him to speak on any topic relating to estate planning, elder law, asset protection or taxes.*

<b>Upcoming Seminar for the General Public</b>			
<b>Subject Matter</b>	<b>Dates</b>	<b>Time</b>	<b>Location</b>
Long Term Care Planning for the Middle Class	March 29, April 2, April 5	Call	Janet Goeske Senior Center 5257 Sierra Street Riverside
Planning for a Lifetime Partnership Under the California Domestic Partner Rights and Responsibilities Act	April TBD	Call	Riverside TBD
Estate Planning for Unmarried Couples	Summer 2005	TBD	Riverside City College Community / Adult Education
Providing for a Special Needs Child	Summer 2005	TBD	Riverside City College Community / Adult Education
Estate Planning for the Business Owner	Summer 2005	TBD	Riverside City College Community / Adult Education
Asset Protection Planning for Business Owners and Professionals	Summer 2005	TBD	Riverside City College Community / Adult Education

### Upcoming Seminars / Classes for Professionals

Planning Traps for Same Sex Partners Under the California Domestic Partner Rights and Responsibilities Act of 2003	2/9/2005	5 – 7 p.m..	San Bernardino Estate Planning Council University Club University of Redlands
Planning Traps for Gays and the Elderly Under the California Domestic Partner Rights and Responsibilities Act of 2003	4/9/2005	9 am – noon	University of California at Riverside Extension (UNEX) 3 hrs. Attorney CLE
The Basics of Medi-Cal Planning for Long Term Care	4/30/2005	8 am – 5 pm	UNEX 7.5 hrs. Attorney CLE
Naming a Trust as Beneficiary of a Retirement Plan: A Magical Mystery Tour; Federal Estate Tax Repeal Update and Recent Developments; Using a (d)(4)(A) Trust to Protect Benefits of Disabled Beneficiaries	5/12 – 5/15/2005	TBD	American Academy of Estate Planning Attorneys Eden Roc Resort & Spa Miami
Retirement Plan Distribution Rules: A Magical Mystery Tour; Federal Estate Tax Repeal Update and recent Tax Developments	5/19 - 5/22/2005	TBD	National Academy of Elder Law Attorneys Fairmont Hotel San Francisco
The Mechanics of Drafting First Party and Third Party Special Needs Trusts in California	6/18/2005	9 am - noon	UNEX 3 hrs. Attorney CLE
Maintaining and Maximizing Government Benefits for Special Needs Beneficiaries: The Basics of Administering a Special Needs Trust	6/18/2005	1 pm – 4 pm	UNEX 3 hrs. Attorney CLE
Retirement Plan Distribution Rules: A Magical Mystery Tour; Federal Estate Tax Repeal Update and recent Tax Developments	9/29 - 10/2/2005	TBD	National Academy of Elder Law Attorneys Sheraton New Orleans New Orleans
Topics to be Determined	10/6 – 10/10/2005	TBD	American Academy of Estate Planning Attorneys Catamaran Hotel San Diego