

DATE, TIME, & LOCATION

- DATE:** Thursday, June 14, 2007
- TIME:** 8:00 a.m. – 2:00 p.m.
- LOCATION:** JW Marriott Desert Ridge Resort & Spa
5350 East Marriott Drive
Phoenix, AZ 85054
480.293.5000
- COST:** \$80.00 for registered participants
on or before May 31, 2007
- \$100.00 for registered participants
after May 31, 2007

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Since seating is limited, registration is open only to
friends and clients of Steptoe & Johnson LLP*

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Jane Lundberg
Steptoe & Johnson LLP
201 E. Washington Street, Suite 1600
Phoenix, AZ 85004

-or-

jlundberg@steptoe.com
Phone: 602.257.7719
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Register online at steptoe.com

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Phoenix, AZ 85004

STEPTOE & JOHNSON LLP



FOURTH ANNUAL Construction Industry Tax Issues Seminar

JW Marriott Desert Ridge Resort & Spa
Thursday, June 14, 2007
8:00 a.m. – 2:00 p.m.

AGENDA

- 8:00 a.m. Registration and Continental Breakfast
- 8:30 a.m. Overview of Arizona's Construction Sales Tax Structure
- 8:55 a.m. City Sales Taxation of Contracting: Major Differences from the State Structure
- 9:05 a.m. Rental vs. Contracting – The *Temp Power* Case
- 9:20 a.m. Update on The Marketing Arm-Contracting Arm Structure for Homebuilders – What's the Impact of Private Letter Ruling LR 05-007?
- 9:40 a.m. Homebuilders' Land Deduction
- 9:50 a.m. Taxation of Off-Site Contractors in the Marketing Arm-Contracting Arm Context: Private Letter Ruling LR 06-003
- 10:00 a.m. *Ormond Builders: A Case Study of a Construction Manager - Taxable or Not?*
- 10:20 a.m. City Speculative Builder Tax: Arizona's Hidden Land Transfer Tax
- 10:40 a.m. Managing State & City Exemption Certificates
- 10:50 a.m. Break
- 11:05 a.m. Recent Developments in Taxation of Design & Engineering Fees – The Department's Final Ruling, Transaction Privilege Ruling TPR 06-2
- 11:15 a.m. When a General Contractor Can Be Held Liable for its Subs' Employment Taxes
- 11:25 a.m. Hot Property Tax Issues for Homebuilders & Developers
- 11:45 a.m. The Pitfalls in Claiming the Deduction or Filing a Refund Claim for Water Pipes 4" in Diameter and Larger
- 12:00 p.m. Contracting for the Federal Government & On Indian Land
- 12:15 p.m. When Does the Sale of Land Qualify for Capital Gains Treatment Versus Ordinary Income: The Difference Between an Investor and a Dealer
- 12:25 p.m. The Department of Revenue's Implementation of the New Managed Audit Program
- 12:35 p.m. Administrative Protests & Judicial Appeals
- 12:50 p.m. Luncheon/Question & Answer Session

PRESENTERS

PAT DERDINGER is a partner in the Phoenix office of Steptoe & Johnson LLP. He has extensive knowledge and more than 30 years of experience in federal and state taxation. In his multi-state tax practice, he advises and represents his business clients on corporate income, sales and use, and property tax matters. His federal tax practice focuses on income tax, tax controversy employment and excise tax matters. Mr. Derdenger has been listed in The Best Lawyers in America® since 1995 (published by Woodward/White, Aiken, SC).

DAWN GABEL is a partner at Steptoe & Johnson LLP in the Phoenix office. She has a broad background in state and local tax law, with considerable experience related to property tax matters, including advice and litigation on valuation, exemption and classification issues. She also represents clients in sales and use tax matters, encompassing audit and refund disputes, multi-state compliance, multi-state voluntary disclosure programs, and luxury and excise tax issues. She represents clients before the Department of Revenue, the various County Assessors, the State Board of Equalization, The State Board of Tax Appeals, the Office of Administrative Hearings, and the Arizona Tax Court and Court of Appeals.

BENNETT EVAN COOPER handles a wide variety of appeals in state and local tax disputes, including property, transaction privilege, sales and use, and corporate and partnership income tax. He has represented clients in such diverse industries as electric utility distribution, newspaper publishing, commercial lending, construction, storage, hospitality, and low-income housing development.

RANDAL EVANS is an associate in the Phoenix office of Steptoe & Johnson LLP. His practice focuses primarily on state and local tax, exempt organizations, federal tax, general corporate advice, and American Indian law.

MARK VILABOY is an associate in Steptoe's Phoenix office. His practice concentrates on federal, state and local tax controversies and advice involving sales, use, income, employment, excise and property taxes. He also provides advice to businesses on collection and multi-state taxation issues. Prior to practicing law, Mr. Vilaboy spent thirteen years in the Examination Division of the IRS as an income tax auditor, district coordinator of audit selection, and computer support technician.

FRANK CROCIATA is an associate in the Business Solutions group in the Phoenix office of Steptoe & Johnson LLP. His practice focuses on state and local taxation. Mr. Crociata has experience in advising retail vendors on nexus establishing activities, assisting in corporate income tax apportionment litigation, and assisting in representing clients in both sales and use and property tax matters.

WHAT YOU WILL LEARN

For Contractors, Homebuilders and Developers, Attend Steptoe's Fourth Annual Construction Industry Tax Issues Seminar and get up-to-date information on the latest developments in Arizona's sales taxation of contracting as well as Arizona's property tax treatment of land owned by developers and homebuilders. On the federal income tax side, you will learn how a general contractor can be held liable for its subcontractor's employment tax obligations (a scary scenario) and when the sale of land will give rise to capital gains and when it will not (the difference between being an investor and a dealer).

While most states make it easy and impose the sales tax on the sale of building materials to contractors, Arizona makes it difficult and exempts the sale of building materials but taxes the prime contractor's gross receipts for the construction activity, while exempting subcontractors. And to complicate matters further, the cities' contracting regime is not uniform with the state's.

This presentation will start with an informative overview of Arizona's contracting sales tax structure and will then focus on many cutting edge issues, such as the difference between renting equipment and acting as a contractor, an update on the tax treatment of construction managers, the city speculative builder tax (Arizona's hidden real property transfer tax), the tax treatment of off-site contractors in the context of the marketing arm, contracting arm homebuilder structure, current audit issues with the marketing arm, contracting arm dual structure, and many more.

Then join us for a dynamic and informative question and answer period during the lunch hour. Our speakers will be available to respond to your specific construction industry tax questions in an open forum discussion. Attendees will leave this seminar with a better understanding of the sales tax issues facing the construction industry.

Steptoe's State and Local Tax Practice

Our attorneys in the Phoenix, Los Angeles, Century City, Chicago and DC offices represent an array of business clients in state and local tax matters. Our state and local tax group advises clients of many types and sizes, including high-technology businesses, electric utilities, telecommunications companies, mining and railroad companies, manufacturers, retailers, banks, printers, mail order businesses, tax-exempt organizations, and resorts. Our attorneys represent these clients on complex and varied income, sales and use, and property tax matters, including litigation both at the administrative and judicial levels, both in state and federal courts. They also counsel the firm's clients on the multi-state tax implications of their business transactions. In addition, Steptoe advises its e-commerce industry clients on their complex multi-state income tax responsibilities and their sales and use tax collection obligations.