

codification of the economic substance doctrine are used as the primary revenue raisers in the version of the Extenders bill the Senate passed on March 10, thus jeopardizing a quick resolution of that bill between House and Senate negotiators.

ECONOMIC SUBSTANCE DOCTRINE

The health care reform package codifies the economic substance doctrine. A transaction would have economic substance only if the taxpayer's economic position (other than its federal tax position) changed in a meaningful way and the taxpayer had a substantial purpose (other than a federal tax purpose) for engaging in the transaction. The provi-

sion applies to transactions entered into after date of enactment.

COMMENT. *Violations are subject to stiff, automatically-applied penalties of 20 or 40 percent, depending on the underlying transaction and level of disclosure. This no-fault penalty regime concerns many advisors, especially in connection with corporate and partnership tax planning strategies in which tax reduction has been an acceptable principal reason for structuring certain deals.*

CORPORATE ESTIMATED TAX PAYMENTS

The health care reform package increases the required corporate estimated tax pay-

ments factor for corporations with assets of at least \$1 billion for payments due in July, August, and September 2014 by 15.75 percentage points.

INFORMATION REPORTING

The health care reform package imposes new information reporting requirements. Generally, businesses that pay any amount greater than \$600 during the year to corporate and noncorporate providers of property and services will be required to file an information report with each provider and with the IRS.

Special Report



CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

Health Care Reform Act