

EVOS Tax Planning Vital

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Erik Wander/KMXT

In September, Senators Lisa Murkowski and Ted Stevens of Alaska won Senate approval of legislation that gave plaintiffs in the Exxon Valdez oil spill case the ability to increase retirement contributions and provide them tax relief. Kodiak Island Borough Mayor Jerome Selby, who is also an enrolled tax agent to practice before the IRS, offered tax advice during Monday's Chamber Luncheon for people who may have received money from the settlement.

KMXT's Erik Wander has more.

Selby said those who received Exxon settlement money can put up to 100-thousand dollars into their retirement fund in addition to what they would normally contribute to it, even if the amount they received from the settlement was relatively small.

-- (Selby 1 47 sec. "Obviously, a number ... normal retirement contribution.")

Selby said the uncertain nature of tax rates can also figure into how people decide to declare the settlement funds on their tax returns.

-- (Selby 2 45 sec. "The other question ... what's going to happen with tax rates.")

Selby said it's important to report any settlement funds you may have received from the Exxon Valdez oil spill to your accounting firm or to the IRS in order to avoid unnecessary scrutiny.

-- (Selby 3 52 sec. "The key there is you've got to tell ... the retirement fund.")

In September, the Supreme Court ruled that Exxon Mobil Corporation had to pay out \$2.5 billion in punitive damages stemming from the March 1989 spill of 11 million gallons of crude oil in Prince William Sound, cutting in half the \$5 billion originally awarded by a federal jury in 1994. The Murkowski-Stevens legislation allows individual plaintiffs, including fishermen, to income average settlement payouts over a three year period. It also exempts plaintiffs from having to pay self-employment or payroll taxes on any payouts from the case. I'm Erik Wander.

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