TAX NEWSLETTER FOR TRADERS

BUSINESS TRADER TAX STATUS

In-Depth Discussion Regarding IRS Requirements

May 2010

Qualifying for business trader tax status opens the door for significant income tax benefits for active traders. Unfortunately, the IRS has not made it easy for traders or tax practitioners to understand the trader tax rules. Traders and their accountants have had to rely on various Tax Court cases for facts and rulings to provide sufficient guidance, as to what constitutes a person in the business of trading securities. Regrettably, these court decisions have not been consistent over the years, and have left much to be desired in the way of clear, precise guidelines for taxpayers wanting to claim business trader tax status.

The terms investor and professional broker-dealer are clearly defined in the Internal Revenue Code (IRC). Unfortunately, the terms trader, active trader, or trader status are not. One of the first distinctions made by the courts is the difference between an investor and a trader. The activities of both are generally classified as investment activity, but beyond this point, the lines blur, and are open for interpretation. Existing case law defines an individual who holds stocks on a long-term basis, and who collects dividends, interest and capital gains as an investor. In contrast, much more is required of someone to reach the level of trader status. Merely calling oneself a "trader" is not enough.

In reviewing many court decisions over the past several years, a trader might conclude that it is very difficult, if not impossible, to obtain trader status. I am here to tell you that it is possible. As recently as Cameron v. Commissioner (2007), the court confirmed that it is possible for a person, who manages his/her own investments, to be engaged in the "trade or business" of being a trader in securities. Let's look at some of the existing case law to determine what the court requires of someone to qualify for trader status.

Guidance from the Courts

There are numerous court cases, dating back many years, suggesting how trading securities can meet the definition of a "trade or business," as defined under IRC Sec. 162. For example, in Fuld v. Commissioner (1943), the court concluded, "Persons who buy and sell securities for their own account are engaged in a trade or business." Additionally, in Snyder v. Commissioner of Internal Revenue (1935), the court determined that a taxpayer could be "regularly engaged in the business of buying and selling corporate stocks."

The problem is that many of these court decisions are outdated, and do not reflect the current environment we now live in of high-speed Internet, fast and powerful PCs, and low online commission rates. The PC and the Internet have dramatically leveled the playing field between the so-called "professional" and the average person. I am not suggesting that intelligence, skill, proper temperament, discipline and determination do not factor into the potential success of a trader. I am merely pointing out that many people began trading stocks and futures in the 1990s, and the tax code, the IRS, and our tax courts have still failed to respond to the growing online trading phenomenon.

Nearly anyone owning a computer with access to the Internet can trade securities online. However, does this constitute an active trade or business pursuant to IRC Section 162? The Court said no in Cameron v. Commissioner (2007), finding that the taxpayer's online trading activities did not rise to the level of a "trade or business." The Court stated that an

RECENT IRS TRADER CASES

The courts have developed a rather impressive body of law that addresses various aspects of trading securities as a "trade or business" for tax purposes. I have highlighted a few of the more significant cases below.

Kantor v. Commissioner. T.C. Memo 2008-297

When filing his 2000 and 2001 tax returns, securities trader Mark Kantor, claimed stock losses as ordinary losses on Schedule C using the mark-to market (MTM) accounting method. The IRS audited the returns and issued a Notice of Deficiency stating Kantor had not properly elected to use the MTM method under Section 475(f). Therefore, the IRS reclassified the taxpayer's losses as capital losses. The Court was asked to review and rule as to whether Kantor was entitled to use the MTM method of accounting under Section 475(f) in connection with his business as a securities trader.

Kantor argued that the receipt of his brokerage statements, which showed gains and losses at year-end, constituted a timely

individual who manages his/her own investments online, "regardless of the extent and scope" of such activity is just an investor, and not engaged in a "trade or business." This position is consistent with the decision handed down in the Supreme Court case of Higgins v. Commissioner (1943). In this case, the Court held that the taxpayer's activities of collecting interest on his various investment holdings, and keeping detailed records did not meet the definition of a trade or business as outlined in IRC Sec. 162.

One of the earliest cases to deliberate on the term "trade or business" was Snyder v. Commissioner (1935). The Snyder case involved a taxpayer who traded securities in addition to having other business activities. The income he made from trading supplemented his other income. The Court determined, based on the facts of the case, that the taxpayer was not properly characterized as a "trader on an exchange who makes a living buying and selling securities." The Court did however; acknowledge that a taxpayer could be engaged in more than one trade or business and that "one may be regularly engaged in the business of buying and selling corporate stocks."

There have been several other tax cases in the past involving taxpayers trying to claim trader status with varying success (see Chapter 6). In these cases the courts have established the principle that traders may be engaged in a "trade or business" while investors may not. The Tax Court has developed a two-part test for determining business trader status:

1. Taxpayers must conduct their trading with reasonable frequency and it must be continuous and substantial in nature.
2. Taxpayers must seek to profit from short-term swings in the daily market movements rather than from capital appreciation and income, namely dividends and interest, from long-term holdings.

For a trader to qualify for business trader status, both tests must be passed. These trader tests were first implemented in the landmark case of Purvis v. Commissioner (1976), after first being introduced in Liang v. Commissioner (1955). In other words, this two-part test dates back for many years and provides the basis of our current understanding of the definition of trader status for tax purposes.

The problem with this two-part test is that the courts have often proven contradictory and shortsighted in applying these tests. For example, in Moller v. United States (1983), the court based their decision on the duration of time that the taxpayers owned the securities, instead of the time spent monitoring their securities, or the quantity of trades made. The taxpayers claimed that they worked in their trading business more than 40 hours per week studying the markets, making trades, plotting their positions, and managing their trades, that is, applying stop loss orders. The court decided that the taxpayers were investors and not engaged in a "trade or business" because the duration of their holding periods was considered long-term, and they were trying to receive income from long-term positions rather than catching short-term swings in the market.[1]

In the Cameron case, the court ruled that the taxpayer was not a trader because he only executed 75 sales during the course of the year, of which 31 were held for more than six months. I agree, 75 sales do not sound like much of a trading business, but I have to say, there are many very successful swing traders out there that trade less than the average 1.5 numbers of trades per week that Cameron made. I think the number of trades per year should not have as great a bearing on trader status as the tax courts and IRS seem to think it does. Nevertheless, beyond that, the problem is the inconsistency in which the courts have defined the number of trades to equate to "substantial."

Table 1.1 depicts the number of trades in various trader cases, and how they were interpreted by the courts. There is somewhat of a conclusion that can be drawn in reviewing this data. Annual trades of 300 or more generally were viewed as substantial activity, except for the anomaly that occurred in the Holsinger and Mickler v. Commissioner (2008) case. In the Holsinger case, the taxpayers made 289 trades in 2001 and 372 trades in 2002. The Court ruled that the taxpayers trading did not reach the level of "substantial trading activity." This ruling is contrary to the determination made in Fuld (1941), where 318 trades were deemed substantial. Granted, Fuld was nearly 70 years ago, but the inconsistency in the classification of the trading activity, and the lack of real guidance from the IRC, IRS

election under Section 475(f). Kantor also tried in 2006 after being audited to convince the IRS that he and his wife had indeed formed a partnership in connection with his securities business in 2000 and that the partnership had elected MTM status. For proof, he submitted a Form 1065 (Return of Partnership Income), which was never signed by Kantor, or filed with the IRS. Furthermore, Kantor never filed a Form 3115 (Application for Change in Accounting Method) with the IRS.

The Court ruled that Kantor failed to make an election under Section 475, and that Kantor did not follow the election requirements.

Takeaway: If filing for the MTM election, religiously follow Revenue Procedure 99-17, which states, "The statement must be filed no later than the due date of the trader's original Federal income tax return (without regard to extension) for the taxable year immediately preceding the election year, and if the election entails a change in accounting method, the trader must also attach a Form 3115 to the trader's timely filed original Federal Income tax return for the election year."

Holsinger & Mickler v. Commissioner. T.C. Memo 2008-191

The Court needed to determine whether losses from purchases of sales of securities were deductible by the petitioners as ordinary losses, or instead

publications, and regulations highlights the fact that traders and tax professionals are shooting somewhat blindly when it comes determining tax status.

Table: 1.1: How Many Trades Does It Take to Qualify as a Trader in Business?

Tax Court Case	Year	Annual Transactions	Determined Trading Level*	Tax Court Determination	Reason for Denied Business Trader Status
Ball	2000	7 - 8	Insubstantial	No Trader Status	Activities not substantial
Hart	1997	75, 53, 30	Insubstantial	No Trader Status	Activities not substantial
Moller	1983	124	Insubstantial	No Trader Status	Activities not substantial
Cameron	2007	212	Insubstantial	No Trader Status	Activities not substantial
Holsinger	2008	289, 372	Insubstantial	No Trader Status	Activities not substantial
Fuld	1941	318	Substantial	Trader Status	N/A
Chen	2004	323	Substantial	No Trader Status	Activities not continuous
Paoli	1991	326	Substantial	No Trader Status	Activities not continuous
Levin	1979	332	Substantial	Trader Status	N/A
Mayer	1994	1,136	Substantial	No Trader Status	Long-term holdings

**This chart illustrates how the Court categorized taxpayers' trading activity level for various trader/investor tax court cases.*

Some tax professionals have suggested that 500 trades per year will be sufficient in meeting the definition of "substantial trading activity." That is a lot of trades, especially for a swing trader with a $50,000 account. It equates to more than two trades per day. I believe a more appropriate test would be to determine whether traders, based on their methodology of trading, could generate enough profit to support themselves during the year, and to look at the time spent monitoring the markets, following indicators, making trades, and managing trades.

If someone only spent an hour per day trading and lost $100,000 during the year, I can understand the courts logic and reasoning. That person needs to spend more time mastering their craft. Fortunately or unfortunately, my opinion does not matter. What matters are the courts' interpretations and decisions, as they relate to defining what an active business trader is for tax purposes.

Guidance from the IRS

Besides the court decisions, there is also IRS Publication 550 (Pub 550) and the instructions to Form 1040, Schedule D, along with other information posted on the IRS website to help traders and tax professionals. Pub 550 and the instructions to Form 1040 state that to qualify for trader tax status, you must meet all the following conditions:

- You must seek to profit from daily market movements in the prices of securities and not from dividends, interest, or capital appreciation;
- Your activity must be substantial, and
- You must carry on the activity with continuity and regularity.

Again, because the language is somewhat ambiguous, questions often arise. For instance, what qualifies as substantial? Is it measured in trade volume or sales proceeds? What qualifies as continual and regular activity -- trading eight hours daily or a few hours a week? Definitive answers from IRS regulations are lacking, and explain why additional guidance has been sought from the courts over the years.

Pub 550, Form 1040 instructions and Tax Topic 429 from the IRS website

subject to the limitations applicable to capital losses. Furthermore, the Court was asked to rule on whether expenses attributable to those purchases and sales were deductible by the petitioner as business expenses, or subject to the limitations applicable to itemized deductions.

Key in the Courts ruling was the determination as to whether Holsinger's activities as a securities trader rose to the definition of "trade or business" for purpose of Section 162. The Court evaluated the petitioners' trading activity and determined that the 289 trades executed in 2001, and the approximately 372 trades in 2002 did not qualify as "substantial trading activity." To further support its position that trades were not conducted with frequency, continuity and regularity indicative of a trading business, the Court pointed out that Holsinger only traded 63 days in 2001, which represented less than 40 percent of all available trading days, and 110 days in 2001 (45% of all trading days).

Takeaway: Because Holsinger's activities did not rise to the level of a business trading securities, MTM election was not allowed, and expenses attributed to Holsinger's trading activities, were not deductible as business expenses.

Stanley Cameron v. Commissioner, T.C. Memo 2007-260

Cameron petitioned the Court to re-determine deficiencies in federal

state that the IRS will also review certain facts and circumstances when determining what activity qualifies as a securities trading business. Those facts include the:

- Typical ***holding periods*** for securities bought and sold,
- ***Frequency*** and ***dollar amount*** of trades made during the year,
- Extent to which the activity was pursued to produce ***income for a livelihood***, and
- Amount of ***time*** devoted to the activity.

While these guidelines do offer some insight in terms of determining who qualifies as a trader, it is by no means definitive. Instead, it has remained an area of contention, further complicated by the advent of online trading. A trading phenomenon, the law has yet to effectively catch up with, or address two decades later.

A Closer Look at Pub 550

Pub 550 deals with Investment Income and Expense. It also includes the section on Special Rules for Traders in Securities, which lays out the existing conditions a trader must meet to qualify as a business trading in securities for tax purposes. Over the years, various court cases have provided additional clarification, which may prove helpful for those trying to determine whether their activity qualifies for trader tax status. We have extensively reviewed those cases and the potential affect they have on the criteria for achieving trader tax status used by the IRS (see Chapter 6). My observations are provided for each condition. If you are, a taxpayer engaged in the business of trading:

You must seek to profit from daily market movements in the prices of securities and not from dividends, interest, or capital appreciation.

In this first test, the IRS is concerned with the holding period for securities bought and sold, and the frequency of transactions. Traders in an active trading situation easily fulfill this condition as dividends are generally far less than total sales proceeds earned. Swing traders who hold positions from a couple of days to several weeks to catch short-term price swings in prices based on technical analysis, namely momentum, pass this test as well.

Remember, to gain trader tax status, you should be:

- trading in taxable accounts,
- maintaining a material account that is sizeable and conveys you are serious about your business,
- upholding trading periods that are appropriate for day trading (a few days or weeks) and not a long-term investment strategy.

Your activity must be substantial.

For this litmus test, the IRS is once more focused on the frequency of trades and the financial commitment made by the individual to his/her trading business. Most full-time traders usually meet this condition; however, one's definition of "substantial" is definitely subjective.

Time spent setting up brokerage accounts and monitoring trades, following investment news, researching stock picks, establishing a home office, and purchasing computer hardware and trading software to generate sales proceeds are all examples of substantial activity related to trading.

The IRS also looks at the level of trading activity when defining substantial. For example, the IRS would likely classify someone who executes several millions of dollars of trades a year as a trader. An individual trading with an account of only $25,000 may still qualify, but would likely have a harder time "proving" substantial activity to the IRS.

Most active traders have (1) between $50,000 and $100,000 in a trading account, and (2) invest significantly on trading books, charting software,

income tax of $2,071 for 2002, and $1,545 for 2003. In January 2002, Cameron suffered severe injuries from a car accident, which left him unable to work for four months. After receiving a settlement for the accident, he ceased his employment with a software company and began trading in the market. He purchased software and opened online brokerage accounts.

In 2002, Cameron made 46 purchases totaling $26,108 and 14 sales totaling $17,004. In 2003, Cameron made 109 purchases totaling $79,409 and 103 sales totaling $89,204. The Court noted in its ruling that during the years at issue, Cameron did not conduct trades 5 days a week, and that there were only 2 months he conducted trading activity more than 10 days. When he was not trading, Cameron was maintaining a cash position.

The Court held that Cameron's trading activity was not substantial and that Cameron was merely managing his own investments. It found that a taxpayer's online trading activities did not rise to the level of a "trade or business," and that as a threshold matter, someone who manages their own investment securities was just an investor, "regardless of the extent and scope of such activity." As a result, Cameron was not engaged in a trade or business, and thus his expenses related to his trading activities were not deductible under Section 162.

Takeaway: The Cameron cases is important as it reaffirms what a Court is looking for when determining whether a

seminars, and computer equipment. Traders, who have not, may encounter resistance from the IRS, if they attempt to declare trader tax status.

You must carry on the activity with continuity and regularity.
For individuals that are trading full-time, and have no other major source of income, the question about whether or not you would be classified as a trader by the IRS is less complicated. You probably would qualify. However, for those holding down a job, or operating their own business, and trading on a part-time basis, the ability to prove they trade on a continual and regular basis can be a far more complicated an endeavor.

The reality is that part-time traders are heavily scrutinized by the IRS, especially if they elect mark-to-market (MTM) accounting and carry-back a significant net operating loss (NOL). The IRS has remained skeptical – for the lack of a better word – when it comes to accepting the idea that an individual can be a 'legitimate' part-time trader. Individuals that hold a full-time job, or run their own business in addition to their trading activities are often placed under the IRS microscope. It seems that the IRS has a hard time comprehending how someone can effectively do both.

Many part-time traders would beg to disagree, especially those traders on the West coast who trade early in the morning before heading off to their full-time jobs, or those on the East coast, who after working an eight-hour day, spend many evening hours Forex trading. With the advances in modern technology and the growing popularity of online trading, it is relatively easy to carry out several activities simultaneously, but you will likely have to convince the IRS of that.

To summarize, an individual must demonstrate that their trading activity is substantial (frequent, regular, and continuous), **and** that the individual seeks to "catch the swings in the daily market movements, and to profit from these short-term changes rather than to profit from the long-term holding of investments," to achieve trader tax status with the IRS.[2]

The IRS has based their language used in Pub 550 and Form 1040 instructions on previous case law, particularly the Purvis and Moller decisions. However, the rules outlined in Pub 550 and the Form 1040 instructions seem more restrictive than previous case law. The section in the instructions that states, "you must seek to profit from daily market movements in the prices of securities," suggests that to qualify, as a "trader in securities" a person must be a day trader.

The definition of a day trader is someone who buys and sells financial instruments (stocks, options, futures, derivatives, currencies) within the same trading day such that all positions will usually be closed before the market close of the trading day.[3] It is a common belief by many experts in the industry that it is far more difficult to be successful trading on an intra-day basis. The IRS instructions seem to imply that in order to rise to the level of active business trader; a person has to be trading intra-day.

Between the combination of transaction costs, consisting of commissions and the spread between the bid and ask prices (traders generally have to buy the offer and sell the bid), along with the inevitable trading losses, traders must generate enough profits from small movements in pricing each day to survive. This is a tough way to make a living. The IRS seems to imply that this type of trading, known as scalping, is the only way to qualify for trader status. The tax laws have been written in such a way as to force traders to over-trade the markets, which usually results in losing money, and ultimate failure.

Swing trading or position trading, on the other hand, is a potentially more profitable and less risky way to trade per many industry experts. The definition of swing trading is a trading practice whereby traders buy and sell securities at or near the end of an up or down price swing caused by daily or weekly price volatility. A swing trade position is typically open longer than a day, but shorter than trend following trades, or buy and hold investment strategies. Swing traders engage in prospecting changes in an instrument's price caused by oscillations between its price being bid up by optimism and alternatively being sold down by pessimism over a period of a few days, weeks, or months. Profits can be sought by engaging in either long or short trading.[4] It is my opinion that this type of trading should qualify a person for trader status, as long as it's regular, frequent and substantial. Unfortunately, none of the decisions from prior tax court cases, involving facts that required a court to address the trader's activity level, were in a close call situation.

taxpayer is a trader or simply an investor, which is the number of executed trades in a year, and the amount of money involved in those trades.

Frank Chen v. Commissioner, T.C. Memo 2004-132

During 1999, Chen incurred a net loss of $84,794 in connection with 323 transactions involving the purchase or sale of securities, most of which he held for less than one month. Approximately 94 percent (or 303) of those transactions occurred during February, March, and April 1999, with no transactions occurring in six of the remaining nine months. Attached to Chen's petition was a purported retroactive election under IRC Sec. 475(f)(1) of mark-to-market accounting to be effective as of Jan. 1, 1999. Chen claimed that, pursuant to this election, he was entitled to treat the losses arising out of his 1999 trading activities as a fully deductible, ordinary loss incurred in a trade or business under IRC Sec. 165(c)(1).

The Court upheld the ruling that Chen was not a "trader in securities" eligible to make a MTM election, under Section 475(f)(1). Furthermore, that he was entitled to deduct his 1999 net loss from purchases and sales of securities only to the extent of $3,000.

Takeaway: The Chen case is significant, especially for part-time traders, because it illustrates the importance of proving to the IRS that you are more than just a

"sporadic trader," entitled to claim trader tax status. The Court found that the 323 trades executed by Chen during a six-month period in 1999 was nothing more than "frequent but sporadic securities trading", which did not qualify for trader tax treatment. As a result, the Court did not even have to consider his late MTM election, which by the way, had not been filed in a proper and timely manner.

The other more restrictive language in the IRS instructions deals with the frequency of trades. The IRS has omitted the language "reasonable frequency" from the Form 1040 instructions that was used in the Purvis case, and the lower benchmarks of "active trader" and trading with "continuity and regularity" from the Snyder case. By omitting this language, the IRS is implying that a person's trading has to be at a furious pace in order to qualify for business trader tax status. I hope that we will get some better guidance from the Courts or Congress someday soon.

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What Activity Qualifies?

As we mentioned, the IRS guidelines are fuzzy on what exactly qualifies as regular, substantial and frequent activity. Fortunately, existing case law has provided traders with a yardstick of sorts by which to gauge trading activity. Proceed cautiously though, as this is by no means a definitive, guaranteed pathway to having your trading activity classified as a trading business; although, it can provide some guidance in terms of what the IRS, and the courts look for, when qualifying someone for trader tax status.

- ***Frequency.*** An individual executing trades on more than 70-80 percent of all available trading days in a "consistent, frequent, and continuous manner," with no sporadic lapses stands a good chance

of being considered a trader for tax purposes.

Volume. Someone making approximately 400 - 500 or more verifiable round-turn trades per year on an annualized basis is in a good position to claim trader status.

- ***Hours.*** The IRS views someone who trades more than four hours per day, every day more favorably, if claiming trader status.

- ***Intent.*** The IRS wants to know if the trader intends to make a living and financially support themselves with their trading activities. The IRS is more likely to believe someone is operating a trading business, if formal records are kept and a long-term business plan is in place.

Clearly, additional guidance needs to be issued for traders. It is difficult using current case law and IRS regulations to make determinations regarding one's tax status. Whether new or amended Tax Code is written, or additional guidance published by the IRS, something definitely needs to be done.

The concept of using industry standards to create a more precise definition of what constitutes an active business trader is being lobbied by leaders in the industry. In reviewing the various industry definitions of a trader, it becomes apparent the industry is best suited to handle this important task. Until now, the focus has been on defining a day trader, and there are several definitions of what constitutes a day trader within the securities industry. These definitions share similarities, but are different.

Chairman Levitt of the Securities Exchange Commission (SEC) defined a day trader as, "an individual, not registered as a broker-dealer or as a registered representative, who trades stock at a firm that allow[s] the individual real time' access to the major stock exchanges and the NASDAQ market."[5] The National Association of Securities Dealers (NASD) defines a day trader as, "an individual who conducts intra-day trading in a focused and consistent manner, with the primary goal of earning a living through the profits derived from this trading strategy."[6]

Both the NASDAQ and NYSE define a pattern day trader, as a customer who makes four or more day trades within five business days.[7] This definition was established to identify risky traders for margin purposes, and doesn't really have anything to do with defining an active business trader for tax purposes. Nevertheless, the point is that this definition and the other various industry definitions are starting points that the industry could build upon to work with Congress in defining an active business trader. Neither the courts, nor the IRS, have the expertise of the financial markets or industry leadership necessary to understand and define what involvement and activity is required to be considered a "trade or business." There would be tremendous advantages to having the industry's leadership involved in defining trader status for tax purposes, and in clarifying what would benefit the trading community.

Summary

The IRS scrutinizes the activities of traders, especially those who want to claim trader tax status. While tax regulations and case law offer guidance in terms of the criteria used by the IRS for determining tax status, much has been left to interpretation. Therefore, traders with questions about qualifying for the more tax advantageous and coveted trader status should contact a trading tax specialist.

It is my opinion that taxpayers who have at least $50,000 - $100,000 in a trading account, spend at least 4 to 6 hours a day in their trading business, make at least 400 - 500 trades per year, and use a separate business entity to operate their trading business, should have no problem qualifying as an active business trader for tax purposes. Traders falling below these standards will have a tougher time.

1. Robert J. Wille, The Amount of Trading that Makes a “Trade or Business” in Cameron v. Commissioner, The Tax Lawyer, Vol. 62, No. 1 – Fall 2008. Mayer v. Commissioner, T.C. Memo. 1994-2009

2. Mayer v. Commissioner, T.C. Memo. 1994-2009

3. Retrieved 1/23/2010 from the Wikipedia website:
http://en.wikipedia.org/wiki/Day_trader

4. Retrieved 1/23/2010 from the Wikipedia website:
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5. Chairman Arthur Levitt, *Speech by SEC Chairman: Plain Talk About On-line Investing* (May 4, 1999)
http://www.sec.gov/news/speeches/spch274.htm

6. Mary L. Schapiro, *Testimony on the Securities Day-Trading Industry, Testimony Before the Permanent Subcommittee on Investigations, Senate Committee on Governmental Affairs* (Sept. 16, 1999)
http://www.nasdr.com/1420/schapiro_14.htm.

7. Robert J. Wille, The Amount of Trading that Makes a “Trade or Business” in Cameron v. Commissioner, The Tax Lawyer, Vol. 62, No. 1 – Fall 2008.

Disclaimer
Because the tax laws and IRS rules are constantly changing and shifting, and each taxpayer's situation is unique and different, this newsletter is not intended to be an exhaustive work on the tax consequences of trader and investor tax law. Taxpayers should seek competent professional advice regarding investment, trading, and financial transactions on an on-going basis. This newsletter should not be a replacement for legal and/or tax advice. However, we hope that it provides some insight into tax issues and complications involved in the investment and trading industry.

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