Much care and consideration go into the Tax Section’s selection of its Distinguished Service Award recipient. The list of past recipients represents a group of tax lawyers whose distinguished careers and professional acclaim made them naturals for this award. This year’s award goes to another natural—K. Martin Worthy.

Martin’s service to government, the Tax Section, other tax institutions, the ABA, and his community has resulted in many other honors and awards, including the United States Treasury Exceptional Service Award and Medal (1972), the Commissioner’s Award (1972), and the Emory Law School Distinguished Alumnus Award (1992). In May, Martin will receive the highest award the Section can give, the Distinguished Service Award, and will join the following past awardees:

- Randolph W. Thrower (1996)
- Edwin S. Cohen (1997)
- Judge Theodore Tannenwald (1998)
- Boris Kostelanetz (1999)
- Frederick G. Corneel (2000)
- Sherwin P. Simmons (2001)
- James P. Holden (2002)

From 1969 to 1972, Martin served as Chief Counsel for the Internal Revenue Service and Assistant General Counsel of the Treasury. He brought to that role military discipline that he undoubtedly derived from his undergraduate school, The Citadel, or perhaps from his stint in the United States Army, where he rose from Second Lieutenant to Captain.

Arriving at the Chief Counsel’s office, Martin found that regulations that were drafted by his office often were not reviewed at the highest levels. He and Jack Nolan, then the Deputy Assistant Secretary, decided that major issues in all new regulations would be passed on by the top tax people in the Treasury and the Service.

He also stepped in to stop the Service’s practice of continuing litigation of an issue, despite successive losses, in the hopes of creating a conflict so as to go to the Supreme Court. He and the other tax officials agreed that four losses in the Court of Appeals should end the Service’s attempt to defend its regulations refusing to recognize professional corporations for tax purposes.

Martin also served the government as a member of the National Council on Organized Crime, having been appointed to that position by the President. Hopefully, that mission did not add to his understanding of the tax laws.

When he emerged from the Service in 1972, Martin was elected Chair of the Tax Section for the 1973–1974 term. In addition to leading the Section, Martin has held a number of leadership roles within the American Bar Association. He was a member of the ABA House of Delegates, Chair of the ABA’s Audit Committee, and an ABA representative to the National Conference of Lawyers and CPAs. In the latter position, he brought reasoned and well-thought-out views to the conference designed to sort out issues of conflicts between the two professions.

Having served the Tax Section admirably, Martin next turned his talents to the American College of Tax Counsel. From 1980 through 1988, he served on ACTC’s Board of Regents, and he was Chair of ACTC during the 1985 through 1987 period. In 1989, he became one of the founders of the American Tax Policy Institute, an institute spawned by ACTC, and he served as a Trustee of ATPC from 1989 through 1998.

Martin has also served as a member of the Tax Advisory Group of the American Law Institute, serving in that capacity twice, once from 1963 through 1968 and then from 1974 through 1997. He also served tours of duty with the Federal Bar Association’s National Council (1969–74 and 1977–79).

Martin’s leadership talents have not been confined to the tax field. He has served as Chair of the Department of Finance and a member of the Diocesan Council of the Episcopal Diocese of Washington, a member of the DC Area Health and Welfare Council, a Trustee of St. John’s College, a Trustee of the Georgia Wilderness Institute, a Fellow
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that addresses these problems should be added to the final regulations.

With respect to the allocation of gain or loss recognized on a subsequent disposition of the underlying property acquired by exercise of the option, any additional gain over M's $900 section 704(c) gain should be allocated according to the partnership agreement as book gain under section 704(b). If the property has decreased in value this would result in reduced section 704(c) gain to M and a book loss for the partnership, which would create a ceiling limitation for the partnership that would be cured, if at all, depending on the section 704(c) method adopted by the partnership. See Treas. Reg. §§ 1.704–3(b), (c), and (d).

An additional complexity occurs if the property acquired upon exercise of the option is not sold in its entirety but only a portion of the property is sold. Is all or only a portion of the section 704(c) gain on the option recaptured on the sale of less than all of the underlying property? And what if two or more undivided properties acquired upon exercise of the contributed option are sold by the partnership?

How is the section 704(c) gain on the option allocated in such a case?

CONCLUSION

The apparent objective of the proposed regulations is to provide some consistency under section 704(c) with regard to the installment sale rules and contributed contracts, and that is certainly appropriate. Nevertheless, the proposed regulations leave a number of questions unanswered with respect to contributed contracts. Treasury and the Service should address these questions when the regulations are issued in final form.

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of the Aspen Institute, and, interestingly, Chair of the Civil War Round Table of the Golden Isles, to mention just a few of his non-tax activities. He has also lectured in almost any tax institute that you can name and has consistently contributed to the tax literature.

It is, therefore, a pleasure to add Martin Worthy's name to the list of Distinguished Service Awarders and recognize him for his extraordinary leadership and service to the government, the Tax Section, the ABA, and many other institutions.

COUNCIL ACTIONS
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of the membership at the annual meeting. The bylaws will be presented for consideration at the plenary session of the May 2004 meeting of the Section. The revised bylaws would take effect only upon approval by the ABA.

MENTORING PROGRAM

Council Director Jerry August explained that the demand for mentoring identified by the Young Lawyers Forum far exceeds the number of volunteers. Mr. Shaw asked Mr. August to confer with two other Council members, and report back ideas to address the imbalance at the May Council meeting.

NOLAN FELLOW NOMINEES

The Council voted to permit the Nolan Fellowship committee, upon unanimous action, to waive any of the fellowship criteria. In particular, as Chair-Elect Ken Gideon reported, the requirement that the candidate not have been a Section member for over five years presented problems in two areas: (1) the candidate might not have been active for a start-up period, or (2) the candidate might have been in government service during this time.

DISCUSSION WITH GUESTS

The Council had several guest presentations. Harvey Coustan reported on the AICPA meeting that occurred the morning of the Council meeting. Nina Olson, the National Taxpayer Advocate, discussed the priorities report that she recently submitted to Congress. Tax Court Chief Judge Wells reviewed several traditions of the Tax Court.

REPORTS

The Council heard reports from the Vice Chairs, as well as from task forces: Business Activities Nexus, Tax Shelters, Simplification, Pass-Through Entity Integration, and Individual AMT. Mr. Gideon reported that the Judicial Deference Task Force's report will be published in the Spring issue of THE TAX LAWYER, and will be posted on the Section's website.