



Market Segment Specialization Program



Architects

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INTRODUCTION

In most jurisdictions, there are minimum education and work experience requirements to be eligible to take the examination to become a licensed **architect**. When the examination is passed, every licensed architect receives a certificate of licensure and is permitted to use a seal or rubber stamp bearing their name, certificate number, and the words "LICENSED ARCHITECT." A corporation or partnership may engage in the practice of professional architecture only if the person or persons **directly in charge of professional work** is a duly licensed architect.

Typically most plans or **specifications** relating to the construction or alteration of buildings or structures shall not be accepted or approved without the stamp of a licensed architect or engineer. Often every page of plans and specifications must be stamped by a licensed architect or engineer for a construction permit request to be approved.

Many construction supply companies offer standard designs to their customers. Some building contractors have their own architectural staff to provide designs and plans for the structures that they build. Since only a small percentage of the cost of construction is for the plans, it is usually not necessary to specifically audit this part of their operation. Many other owners will go to an architectural or an engineering firm to obtain the necessary plans to build or remodel their buildings.

An architectural firm may provide a variety of services to their clients. These services generally include **consultation, design, and supervision of design** of commercial, governmental, and residential structures or buildings. The plans, specifications and other related documents that are produced in the design phase are called construction documents. A few firms will act as the general contractor, but the construction documents are normally shown to others. These general contractors make bids on the project. The architect reviews the bids and recommends one or more of the general contractors to do the job. The client selects and contracts with the general contractor of their choice. The architectural firm will then provide **supervision of construction** to ensure that plans and specifications are being followed. As construction progresses, the general contractor will make changes that are requested by their client or deemed necessary by the architect in charge of the project. The percentage completion, which is normally the basis for compensation to the general contractor, is determined by the architectural firm. The specific services

to be provided and the fee to be paid are usually set forth in a contract (small jobs may not have them) between the project owner (client) and the architectural firm. The American Institute of Architects (AIA) has standard contracts which many firms will use.

Architectural firms are the bellwether of the construction industry. The work that they perform today results in construction done months or years in the future. Therefore, when there is a downturn in the economy they are among the first firms in the construction industry to be hurt. On the other hand, they are the first to reap the benefits of an upswing in the economy. Larger firms tend to be hurt the most during downturns because resort and other large projects are often put on hold due to lack of financing. Mid-sized firms, which have diversified the type of work that they do, will usually fair much better since their projects tend to go forward even when the construction industry as a whole does poorly.

People from different backgrounds/disciplines often go into business together. Some firms will provide additional services such as interior design or engineering. The services provided are only limited by the skills and talent of the people involved. The discussion in this MSSP Guide will be primarily focussed on "regular" architects, but much of it will apply to the fuller service firms as well.

State statutes typically provide for the licensing and regulation of **professional engineers, architects, surveyors,** and **landscape architects** and impose penalties for unlicensed/illegal activity. More information about the licensing and penalty procedures for your area should be obtained from your local licensing authority.

MSSP - METHODOLOGY

The following procedures can be used to identify specific returns reflecting income from architectural services and to develop sources of third party information that would be useful in the examination of these returns.

A computer listing of Form 1120 returns posted with PIA Code 8911 - Architectural and Engineering Services can be obtained from your service center (check with your PSP to determine local procedures for getting this type of listing). The architectural firms on this listing can be identified by company name (the word "architect(s)" appears in the name) and by comparison of this listing with the yellow page telephone listing. The firms that are advertising architectural services, but not reflected on the computer listing should be called to determine why no record of filing was found based on

the computer sort. Some of the reasons identified to date are as follows:

1. Taxpayer used the wrong PIA Code
2. Taxpayer did not file a Form 1120
3. Taxpayer was a branch/division of a corporation filing in another district.

A computer audit specialist (CAS) can also use a tape produced by the service center of the Individual Master File (IMF) and sort for PIA Code 7682. The CAS can then provide a printout sorted by location, activity code, and name (in alpha order) of individual filers involved in architectural services.

A systematic selection process should be used to pick sample cases from these two sources (corporate and individual returns), unless all returns are to be examined.

State and local government agencies should be contacted to ascertain any relevant information available and to determine the format of this information. Sometimes governmental recordkeeping is limited, not computerized, or difficult to access. One example of information currently maintained by a governmental agency, but not practical for use is as follows: The State of Hawaii has a general excise tax on gross income from various activities. It allows a deduction for all amounts paid to subcontractors. These subcontractors have to be licensed by the State in order to qualify as a deduction. The taxpayers provide a list of these subcontractors on the general excise tax return, along with the amount paid to each during their tax year. If the system had been computerized, it would have been an excellent source information to test gross income, for many of the architectural firms involved in the construction industry. Since it was not, the information was not readily accessible for use in audit.

If a similar tax return exists in your state or locality, information may be computerized by that jurisdiction or it may be feasible to create a data base of payments to subcontractors that are reflected on this type of return. For architects, the payments listed would be for work that they performed for other architects or for some other type of firm that was acting as the primary contractor and controlling the job.

Local governments may also require permits for all changes and alterations which would normally require a plan. The permit information is often kept on computer tape, updated monthly and is readable by IRS computers. A CAS can use a copy of the permit file tape to search the plan maker field (plan maker will usually be the architect). A sort of this file can be done using the names of the licensed architects who are the

officers of corporations and the sole proprietors being examined. All permits issued in the prior, current, and subsequent year can be printed out. This list can be used to test gross income by providing a third party check on the projects that the taxpayer worked on.

The usefulness of the permit file is subject to certain limitations. It may cover only the local area and in addition, Federal and State Governments are usually exempted from obtaining building permits. Civil engineering projects for infrastructure (roads, bridges, drainages, etc.) also may not require a building permit. It is most useful for the Schedule C and small corporate cases, since much of their income is from smaller jobs that do require building permits. Often, very few of the jobs of the large and mid-sized corporations will be listed in the permit file.

A roster of all licensed architects in the state can also be obtained from the appropriate licensing authority in your jurisdiction. This roster can serve as a cross check for return filings.

Chapter 1

EXAMINATION TECHNIQUES

INCOME

The Tax Audit Guide for Internal Revenue Examiners on architects is found in **IRM 4231.6(14)(6)**. Item (4) does not appear to be applicable since contractors generally obtain performance bonds from a bonding company rather than depositing funds with the architect.

General Information

Rule of Thumb

The architect will be paid about 10 percent of the project cost for small jobs. For larger jobs, the percentage may drop to 4 percent or 5 percent of the project cost.

Unless the job is small, the taxpayer will generally have progress billings rather than lump sum payments. They often will be tied to the completion of various phases of the service provided by the architect. The phases include: Schematic design, design development, construction documents, bidding or negotiation, and construction. The plans represent the only real leverage the architect has to secure the payment of fees. Therefore, they will normally have billed 80 percent to 90 percent of their fee by the start of the construction phase. Collection for all work done prior to the supervision of construction should be completed early in the construction phase.

The architect may have problems collecting the last amounts billed to clients. The client may be running low on funds, disagreements may arise on the pricing for changes or any number of other problems. Some architects may choose to "walk away" rather than create ill will or litigation by sending a collection agency after their clients. Amounts not collected should only be a small percentage of the contract price. If it is a large amount or percentage, there may be the possibility that the architect is receiving noncash payments for their services. If in doubt, ask the client for verification.

Accounting Method

Internal Revenue Code (IRC) section 448(b)(2) provides that the limitations set forth in subsection (a) shall not apply to "Qualified Personal Service Corporations" and thereby allows Qualified Personal Service Corporations to use the cash method of accounting with no gross receipts test required. A Qualified Personal Service Corporation is treated as an individual partner for purposes of determining whether a partnership may use the cash method of accounting. IRC section 448(d)(2) defines a Qualified Personal Service Corporation. Most architectural corporations will meet the stated requirements. Therefore, they will generally use the **cash method of accounting for tax**. The larger firms will often keep their books on the accrual basis, but they will make yearend adjusting journal entries to bring them back to cash.

Books and Records

In general, the smaller Schedule C's tend to use a manual check register. The larger Schedule C's and smaller corporations often use a generic finance and checkbook software program. The larger corporations are computerized using software specifically designed for the industry. This enables them to track the progress and profitability of individual projects. Generally, these software systems can use the project and other financial information to produce various management reports.

All firms should have and maintain job files for every project they work on. These files contain the original contract with any addendums, copies of billing invoices (usually customized to the project, so there were no numerical controls, but the date payment is received is generally marked on them), and correspondence. Receipts/Invoices/Contracts relating to expenses and reimbursable items are normally filed in chronological order. The job file is in essence a complete history of the project. It is important to the firm to properly maintain these job files to support job cost information, to control billing and accounts receivable and to maintain an accurate record of the project in case of possible litigation.

Bank Deposit Analysis

Architects need to have good records due to possible litigation, but more importantly, they need to know the status and profitability of each job that they work on to make good business decisions. Therefore, the job files and other records are normally well kept. Missing or incomplete job files are strong indicators of possible unreported income which would require an expansion of the audit.

As part of the job file(s) you will find the contract between the owner and the architect. It spells out the services that will be provided by the architect, the fee amount, and when payment is due. A review of the contract and any addendums of a sample of projects will alert the agent to the amount and character of the payments to be received from the project. The billing invoices should tie-in to the contract amount. All payments received should be traceable to a bank deposit. Any exceptions should be fully investigated. As a minimum check of gross income, a few projects should be tested to ensure that all funds are being deposited.

The bank deposit analysis can be useful since the taxpayers are generally on the cash basis. This is especially true for smaller firms and those with poor recordkeeping. For larger firms with better internal control and recordkeeping, it will be less useful. For these firms, you can expect project receipts to tie in almost exactly to the income amounts shown on the tax return. The question for the examiner is whether or not all projects are being reported by the taxpayer. To test this, a third party source of project names and/or locations is required.

As previously mentioned, the local construction permit file can also be used to test income. Ask the taxpayer to breakdown the reported sales by project and compare this list with the list obtained from the permit file. Any projects on the permit file list but not on the sales list should be fully investigated.

Other Possible Third Party Sources

1. Information Returns - Federal Government executive agencies should be filing Form 8596 - Information Return for Federal Contracts in excess of \$25,000 and longer than 120 days (with some exceptions). Also, if a noncorporate architect acts as a subcontractor, a Form 1099 should have been filed.

Both of these types of returns will be listed on the information returns processing transcript (IRPTR) or the information returns processing on-line (IRPOL) for more current years.

2. Blueprinting Expenses - Only very large architectural firms can justify the cost of owning and operating their own blueprinting machine. The others rely on outside vendors. Ask the taxpayer how the expense records are kept. If it is by vendor or expense category, sample each vendor's invoices. Look for an address or other information to determine the project name or location. If you can identify the jobs from the invoices, compare it with the sales list and follow up any exceptions. If you can't identify the jobs from the invoices, ask the taxpayer to do it for you.
3. Insurance - Professional liability insurance is normally high due to the frequency of litigation (many firms will have rules specifically stating that their employees are not allowed to "moonlight" thus shielding the firm from another possible source of litigation). The insurance company depends on the insured to expose those jobs being litigated. The insured's incentive is lower premiums. As one would expect, increasing claims translates to increasing premiums. The insurer may require a listing of all (or some) of the projects that the taxpayer is working on to determine the premium level to charge. This list can also be compared with the sales list.
4. Plans - Architects will keep a copy of all plans bearing their stamp either in the office or in storage due to possible litigation and/or as a basis for additional work. If they are stored in some chronological order, a listing of plans completed just prior to, during, and just after the year(s) of audit can be made and compared with the sales list.
5. Subcontractors/Consultants - Contact a few of the subcontractors/consultants used by the taxpayer and ask them to provide a listing of the projects that they were paid for by the taxpayer during the year of audit. This list can be compared with the sales list. Alternatively, ask the taxpayer to substantiate the payments made to a sample of subcontractors/consultants. Request the cancelled checks, invoices, and the name of the projects associated with each invoice. This list of projects

can be compared with the sales list. If there is a question as to the validity of the project list, the examiner should be able to trace the expense back to the job file.

EXPENSE

Two of the larger expense items (blueprinting and insurance) have already been mentioned. The method for auditing these expenses is the same as for non-architectural firms.

General Information

Reimbursable expenses are expenses incurred and paid by the architect, but which the client agrees to repay. The existence of these expenses are spelled out in the contract. It will include items like transportation, travel, long distance communication, fees for securing approvals required for projects, blueprint copies, postage, and so on. The architect will either expense these items when paid, reporting income or reducing claimed expenses for any reimbursements, or create an asset (advance) account. Since these reimbursable expenses are in effect loans to their clients, an asset account should have been created. However, since most costs are usually reimbursed within a short period of time, it may not be material enough to warrant adjustment. Even if no adjustment is made, the method used to account for them will impact on the size of expenses shown on the return. If the architect takes the reimbursements into income, the expenses shown will be higher than those that would be shown on a return using one of the other two methods. If the firm also does interior design work, it should be using a client advance account because the size of the reimbursable expenses will be greatly increased. More reimbursable expenses are incurred since the interior designer can get a discount on furnishings that is not available to the general public.

Subcontractors/Consultants

This will probably be the largest nonpayroll deduction on the return. Generally they will be engineering firms, interior design firms, landscape architects, or surveyors. They usually will not be paid for their work until the owner pays the architect.

A simple audit technique is to ask the taxpayer to provide a schedule of their subcontractors/consultants showing the payee name, Federal identification number, dollar amount paid, telephone number, contact person, and a description of the work performed. This schedule can be used as the basis for third party checks of this expense or to pinpoint any "unusual" payees that you may wish to pursue further. See Exhibit 1-1 for additional information to request on the IDR.

Employment Tax

In reviewing the subcontractor expense, be alert to the possibility of employees being treated as independent contractors. This becomes more common when firms seek to cut costs in business downturns.

For architectural firms, the draftsman is one specific category of worker who appears to be particularly vulnerable. To become a draftsman requires no special license, so students right out of college are hired for this job. The increasing use of CAD (computer assisted design) due to the intense time pressures caused by day-to-day changes also negatively impacts on the need for draftsman's skills. In the past they were almost always treated as employees.

The question of whether an individual is an independent contractor or an employee is one of facts to be determined upon consideration of the facts and application of the law and regulations in a particular case. See *Professional & Executive Leasing v. Commissioner*, 89 T.C. 225, 232 (1987), *aff'd*, 862 F.2d 751 (9th Cir. 1988); *Simpson v. Commissioner*, 64 T.C. 974, 984 (1975). Guides for determining the existence of that status are found in three substantially similar sections of the Employment Tax Regulations; namely, sections 31.3121(d)-1, 31.3306(i)-1, and 31.3401(c)-1, relating to the Federal Insurance Contributions Act (FICA), the Federal Unemployment Tax Act (FUTA), and Federal Income Tax Withholding, respectively.

In general, it should be noted that section 3121(d) of the Internal Revenue Code requires the application of the common law rules in determining the employer-employee relationship. In determining whether an individual is an employee under the common law rules, 20 factors have been identified as indicating whether sufficient control is present to establish an employee-employer relationship. The 20 factors have been developed based on an examination of cases and

rulings considering whether an individual is an employee. The degree of importance of each factor varies depending on the occupation and the factual context in which services are performed. See Rev. Rul. 87-41, 1987-1 C.B. 296. The twenty factors are not to be applied blindly. Rather, they are to be used as an aid in applying the common law.

Although a variety of factors may be used to analyze employment status for tax purposes, the regulations provide that employer control over the manner in which the work is performed is probably the most important. The test is either actual control by the employer or the right to control.

For further assistance regarding employment tax issues, contact the employment tax coordinator.

After it is determined that an examination of the employee/independent contractor issue will be undertaken, IRC section 530 should be addressed as early as practicable. IRC section 530(a)(1) of the Revenue Act of 1978 terminates an employer's liability for employment taxes under subtitle C, which includes FICA, FUTA, and income tax withholding, and any interest or penalties attributable to the liability for employment taxes. IRC section 530 provides that, for employment tax purposes, an individual will be deemed not to be an employee unless the employer has no reasonable basis for not treating the individual as an employee. The purpose of IRC section 530 is to shield employers who had a reasonable basis for treating workers as independent contractors from employment tax consequences arising from the employment status reclassification by the Service.

For an employer to be eligible for relief under IRC section 530:

1. All required information returns must have been filed on a timely basis (for example, Form 1099);
2. The employer must not have treated any other workers holding a substantially similar position as employees after 1978;
3. The employer must have had a reasonable basis for not treating the workers as employees.

The employer may establish a reasonable basis for not treating the workers as employees by relying on any of the three safe havens under IRC section 530(a)(2):

1. Judicial precedent, published rulings, a technical advice memorandum or private letter ruling with respect to the taxpayer; or
2. Prior Service audit of the taxpayer; or
3. Long-standing recognized practice of a significant segment of the industry ("industry practice") in which the work is engaged.

As early as possible during the examination, it is important to discuss with the taxpayer the reasons the workers were treated as independent contractors. During the discussion, the examiner should keep notes of the taxpayer's responses. A taxpayer cannot have relied on recently decided cases for years prior to the taxpayer's decision. An opinion letter from an attorney written after the examination began is less persuasive than one that was written when the employer first began using the workers and treating them as independent contractors. The taxpayer has the burden of establishing industry practice based on objective criteria substantiated by the taxpayer. See Exhibit 1-2 for a list of sample interview questions.

For example, in *General Investment Corporation v. United States*, 823 F. 2d 337 (9th Cir. 1987), the court held that a mining company had a reasonable basis for treating miners as independent contractors because the taxpayer had substantiated that the practice of treating miners as independent contractors was both long standing and well recognized within a significant segment of the mining industry.

For further assistance regarding IRC section 530 issues, contact the Office of Associate Chief Counsel (Employee Benefits and Exempt Organizations) at (202) 622-6040.

Legal Fees

Due to the nature of this business, there can be a lot of litigation. This means that in some years legal fees might be extremely large. If selected for audit, make sure that the payments are for current services and not for possible future litigation (an asset rather than an expense). Check also for personal expenses.

INFORMATION DOCUMENT REQUEST

In addition to the usual documents requested from taxpayers on the initial Information Document Request (Form 4564), the examiner should request the following items from architects:

1. Sales - \$xxxxxxxxxxxxxxx - Prepare a schedule showing the breakdown, by project, of reported sales. Have all project/job files, billing invoices, cash and sales journals/logs and any other documents used to record sales available for inspection.
2. Subcontractors/Consultants - \$xxxxxxxxxxxxx - Prepare a schedule with the following information on each consultant paid:
 - a. Name
 - b. Telephone number and contact person
 - c. State contractor's or other license number
 - d. The \$ amount paid during the year
 - e. Form of business (corporation, sole proprietorship, etc.)
 - f. Federal identification number (for sole proprietors list the social security number)
 - g. Description of the work/service provided.
3. Copies of all information returns filed (including, but not limited to Forms 1099 and W-2).

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SAMPLE INTERVIEW QUESTIONS

Listed below are questions that the examiner should consider asking the architect during the initial interview. These will be in addition to the ones that are normally asked in audit. This list is not intended to be all inclusive, but should help the examiner plan the audit.

1. Which personnel in your office are licensed architects?
2. Who stamps the work in the office?
3. For information and liability purposes, how do you keep track of all the jobs/plans which bear your stamp or that of your employees?
4. How and where do you file/store your job files?
5. How and where do you file/store your plans?
6. Do you have a formal policy on moonlighting by your employees?
7. What type of jobs/projects do you do (residential, commercial, government) and where are they located (local, state, National, international)?
8. Can you describe the chronology of events/processes in your operation for each type of job?
9. Do you use a standard contract in your business? If yes, obtain copy. If no, explain what is used in the business.
10. Do you have contracts for all jobs? If no, how do you keep track of these jobs.
11. Do the licensed architects ever review and stamp any plans not prepared by themselves or an employee for a fee? If yes, where is the compensation recorded.
12. Does your professional liability insurance company require a listing of all or some of your jobs on a regular basis? If yes, obtain copy.
13. What types of expenses are reimbursed by the client? How is the reimbursement accounted for?

Chapter 2

COMMON AND UNIQUE INDUSTRY ISSUES

SOLE PROPRIETORS

Verification of gross income will always be an important audit issue. See the Examination Techniques chapter for further discussion.

The largest expense on the return will probably be for subcontractors or consultants. Unless the architect is acting in the capacity of a general contractor, this expense primarily consists of amounts paid for the services of engineers and other architects. There may be employment tax and information return issues related to this expense. See the employment tax portion of the Examination Techniques chapter for further discussion.

Blueprinting expenses are for the reproduction of architectural plans. These copies are required to obtain permits and for use in construction. The architect will pay for the copying and be reimbursed through client billings.

The Keogh/SEP deduction causes some taxpayers problems. Either they fail to timely pay in the amount claimed or they incorrectly compute the maximum allowable contribution.

CORPORATIONS

The comments made above, on sole proprietors, are generally applicable to corporations as well. The issues that are described below are specific to the audit of corporations.

Tax Rate

Virtually all architectural firms will meet the definitional requirements of a personal service corporation, as stated in IRC section 448(d)(2). Qualified personal service corporations are taxed at a flat rate of 34 percent of taxable income rather than using the corporate graduated rates. This is per IRC section 11(b)(2). For tax years beginning on or after January 1, 1993, the flat rate is 35 percent.

Tax Year

Personal service corporations, partnerships, and S-Corporations generally are required to be on the calendar year. Exceptions are made if the taxpayer can establish a business purpose for a different accounting period to the satisfaction of the Secretary. See IRC sections 441(i), 706(b), and 1378(a), respectively, for the specific allowable years.

Under IRC section 444, the taxpayer may elect to have a tax year other than the required tax year. This election is made on Form 8716. The effect of this election for partnerships and S-Corporations is that they become subject to IRC section 7519 and must file Form 8752. Personal service corporations become subject to the deduction limitations of IRC section 280H.

Of particular interest is that IRC section 280H(e) states, "***no net operating loss carryback shall be allowed to (or from) any taxable year of a personal service corporation to which an election under IRC section 444 applies."

Shareholder Schedule C

It is possible, but not usual for a taxpayer to own and work for an architectural corporation and to run a totally separate architectural Schedule C business. The facts and circumstances surrounding the two businesses must be fully developed to determine if a possible dividend issue exists. If the Schedule C shows a loss or minimal gain, check for personal expenses and expenses paid for by the related corporation being deducted.

Passive Activity Losses

If the taxpayer has a trade or business activity in which it does not materially participate or has rental property which is generating a loss, check to be sure IRC section 469 has been properly applied by the taxpayer. Please refer to the MSSP Guide for Passive Activity Losses for more information.

Personal Holding Company Tax

A personal holding company (IRC section 542; Treasury Regulation section 1.542-1 - 1.542-3) is any corporation (other than those mentioned in IRC section 542(c)) if (1) at least 60 percent of adjusted ordinary gross income for the tax year is personal holding company income and (2) at any time during the last half of the year more than 50 percent in value of its outstanding stock is owned, directly, indirectly, by or for not more than five individuals.

The term "personal holding company income" (IRC section 543) means the portion of the adjusted ordinary gross income which consists, among other items, of amounts received pursuant to a contract under which the corporation is to furnish personal services if some person other than the corporation has a right to designate (by name or description) the individual who is to perform the services, or if the individual who is to perform the services is designated in the contract, as well as from sale or disposition of the contract. Additionally, at some time during the year, 25 percent or more in value of the outstanding stock of the corporation must be owned directly or indirectly by, or for, the individual who has performed, is to perform, or may be designated (by name or description) as the one to perform such services.

The architectural corporations generally avoid becoming personal holding companies by using the corporate name on its contracts rather than naming specific individuals. They also do not give the client the right to designate who is to perform the services outlined in the contract. A review of a few contracts will verify that this is being done. If it is not, a possible issue exists. The personal holding company tax is imposed by IRC section 541.

Chapter 3

COMPLIANCE 2000

If you determine that there is a compliance problem in your area, make use of the local professional organizations for architects (for example, American Institute of Architects (AIA)). Taxpayer education can be done through articles in their newsletters and/or talks at their meetings.

Direct mailings can be also be used. The architects in your area normally will be listed in the yellow pages of your local telephone directory. Mailing addresses can then be obtained directly from the taxpayers or through the use of other types of directories.

Since most of the architectural service businesses in your area will be listed in the yellow pages of the local telephone book, it can also be used to check for nonfilers. Either they can be checked individually or a CAS can be utilized to obtain listings of filed returns by PIA code for comparison.

GLOSSARY

1. **Architect** - A person who holds oneself out as able to perform, or who does perform, any professional service such as consultation, investigation, evaluation, planning, design, including aesthetic and structural design, or observation of construction, in connection with any private or public buildings, structures, or projects or the equipment or utilities thereof, or the accessories thereto, wherein the safeguarding of life, health, or property is concerned or involved, when the professional service requires the application of the art and science of construction based on the principles of mathematics, aesthetics, and the physical sciences.
2. **Consultation** - Meetings, discussions, written or verbal messages, reports, etc., involving scientific, aesthetic or technical information, facts, or advice for the purpose of planning, designing, deciding, or locating construction or alterations of structures, buildings, works, machines, processes, land areas, or projects.
3. **Design** - Any sketch, plan, drawing, outline, statement, scheme, model, contrivance, or procedure which conveys the plan, location, arrangement, intent, purpose, appearance, and nature of construction or alteration of existing or proposed buildings, structures, works, machines, processes, and area, or projects.
4. **Directly in charge of professional work** - Personal preparation or direct supervision of the preparation and personal review of all instruments of professional service.
5. **Landscape Architect** - A person who holds oneself out as able to perform professional services such as consultation, investigation, reconnaissance, research, design, preparation of drawings and specifications, and observation of construction where the dominant purpose of the services is:
 - a. The preservation and enhancement of land uses and natural land features;
 - b. The location and construction of aesthetically pleasing and functional approaches for structures, roadways, and walkways; and

- c. The design for equestrian trails, plantings, landscape irrigation, landscape lighting, and landscape grading.

This practice shall include the location, arrangement, and design of tangible objects and features.

- 6. **Professional Engineer** - A person who holds oneself out as able to perform, or who does perform, any professional service such as consultation, investigation, evaluation, planning, design, or observation of construction or operation, in connection with any public or private utilities, structures, buildings, machines, equipment, processes, works, or projects, wherein the safeguarding of life, health, or property is concerned or involved, when such professions service requires the application of engineering principles and data. There are many specialties in this field including the following: (a) agricultural; (b) chemical; (c) civil; (d) electrical; (e) hydrolic; (f) industrial; (g) mechanical; (h) structural; and (i) sanitary.
- 7. **Specifications** - The specifying of material, equipment, projects, or methods to be used in the construction or alteration of buildings, structures, works, machines, processes, land areas, or projects.
- 8. **Supervision of Construction** - Making visits to the site by a registered engineer, architect, or landscape architect, as the case may require, to observe the progress and quality of the executive work and to determine, in general, if the work is proceeding substantially in accordance with the contract documents.
- 9. **Supervision of Design** - A registered engineer, architect, or landscape architect, as the case may be, shall exercise direct control and oversee the subject activity and be responsible for all work performed on plans, specifications, and other related documents.
- 10. **Surveyor or Land Surveyor** - A person who holds oneself out as able to make, or who does make cadastral surveys of areas for their correct determination and description, either for conveyancing or for the establishment or re-establishment of land boundaries or the plotting of lands and subdivisions thereof.