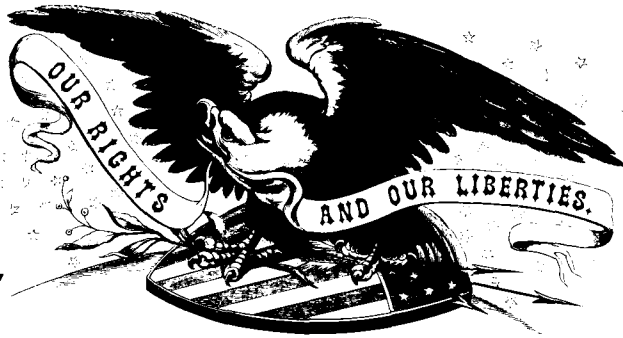


# Leges Avis

"LAW FOR THE BIRDS"  
by Edwin E. Lawrence  
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## THE TRADING GAME

I recently wrote a rather simple Will for a fellow bird enthusiast, and received as compensation for my modest efforts, a somewhat modest bird as payment. All of which is fairly unremarkable, since people have been exchanging services and goods from the time that the barter economy was first created, as early man discovered that he was not self-sufficient and tried to solve the problem by making simple exchanges. Money, as a means of transferring the value of goods and services is still a fairly modern innovation in mankind's search for a way to smooth the economic twists and turns of life.

The transaction at first struck me as being a bit primitive, even tacky, and brought to mind stores of country doctors exchanging medical services for chickens. (Just think how quickly our economy has changed — try checking into a hospital without insurance — let alone, trying to pay for medical services with a few fat hens). But the result was of benefit to both parties; we each got something that we wanted, and all without resorting to cash, checks, or credit cards.

I felt that this transaction was most unusual, until a few days later I read a long article in the financial section of the Los Angeles Times (from which some of the following material is extracted) stating that barter is no longer out of fashion, but is becoming really Big Business.

It seems that there is a nationwide system of operations we shall call barter exchanges which exist as an escrow service for exchanging goods and services among their clients. Just one of these many outfits has over 4,500 members and 27 franchise offices located in 14 states,

trading about \$12 million last year alone. Big business, indeed.

The tax benefits, if any, of such barter arrangements are rather obscure. The IRS states, "When services or products are traded for other services or products, the value of the item received must be included in gross income." Recognizing that there may be a problem, the agency goes on in its training manual to agents, "Gross income from this source is difficult to recover during an audit if the amount is small. — An agent should be alert for personal or business assets acquired during the year being examined for which there is not corresponding cash expenditure."

There is one area at least however, where the IRS becomes even more vague than is normal for its operations, namely, consumer bartering. The IRS claims that it is just not interested in neighborly, non-business types of exchanges, such as two people exchanging gardening for Spanish lessons. Obviously, the question arises as to when is an exchange of goods and services simply a neighborly sort of thing to do, and when does it become a business transaction which should be reflected as gross income. In my own example, I intend to declare the value of the bird received in my gross income, simply because I am by nature overly cautious, and it did result from business services. However, if I did not declare the value of the bird on my gross income, who is to know? Just me and my overly-developed sense of rectitude — and, I certainly would not seek to impose that standard on others.

All of which leads me to my conclu-

sion. Bird people tend to flock together in myriad organizations of kindered spirits. In these local clubs there are people of almost every background and skill, all of whom are hopefully making a living in one or more occupations that are in demand. They also oftentimes have skills outside their employment areas — i.e., the secretary who is just great at hanging wallpaper, the fireman who moonlights doing framing. For most, their individual pursuits are either an avocation or a part-time business that could benefit from an exchange of services or birds with other club members. The only thing it takes to get a barter started between local club members is for someone to let it be known what he has to offer in exchange and his willingness to enter into a non-money transaction. The terms of the exchange should be up to the negotiations of the individuals involved, and there of course may be some nervousness involved — like when you went out on your first date — but, if both parties approach the transaction with a decent regard for the expectations of the other, there is no reason that it can't be advantageous to both individuals.

Why not bring up the subject at your next club meeting and see what develops?

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