

Table of Contents

Volume 1

CHAPTER 1. ORGANIZATION OF THE INTERNAL REVENUE SERVICE

§ 1:01	Introductory
§ 1:02	1950 and 1952 Reorganizations
§ 1:03	—1978 Reorganization
§ 1:04	—1982 Reorganization
§ 1:05	—Reorganizations from 1983-1991
§ 1:06	—1995 Field Office Reorganization
§ 1:06.50	—1998 Reorganization Act
§ 1:06.55	Addresses; where to file
§ 1:06.60	Oversight Board
§ 1:06.70	Personnel
§ 1:07	Outline of Operations
§ 1:08	National Office
§ 1:08.50	—Commissioner
§ 1:09	—Assistant Commissioner (Taxpayer Services)
§ 1:10	—Taxpayer Advocate; Ombudsman
§ 1:11	Tax Exempt and Government Entities Division (TE/GE)
§ 1:12	Large Business and International (LB&I) Division
§ 1:12.10	—Office of Tax Shelter Analysis
§ 1:12.20	—Industry Issue Resolution Program
§ 1:12.30	—Rules of Engagement
§ 1:12.50	Small Business and Self-Employed Division
§ 1:12.60	Individual Wage and Investment Income Division
§ 1:13	Regional Commissioners
§ 1:14	—Service Centers
§ 1:15	—District Directors
§ 1:16	Appeals Division
§ 1:17	—Regional Director of Appeals
§ 1:18	—Settlement Authority
§ 1:18.50	Investigation Functions
§ 1:18.60	Inspector General
§ 1:19	Office of Chief Counsel
§ 1:20	—Deputy Chief Counsel
§ 1:21	—Associate Chief Counsel (Litigation)
§ 1:22	—Tax Litigation Division
§ 1:23	—General Litigation Division
§ 1:24	—Criminal Tax Division
§ 1:25	—Disclosure Litigation Division
§ 1:25.10	—Associate Chief Counsel (Procedure and Administration)
§ 1:26	—Associate Chief Counsel (Technical)
§ 1:27	—Corporate Tax Division
§ 1:28	—Individual Tax Division
§ 1:29	—Interpretative Division
§ 1:30	—Legislation and Regulations Division
§ 1:31	—Employee Plans and Exempt Organizations Division

- § 1:32 Regional Counsel
- § 1:33 Requests for Guidance from Internal Revenue Service
- § 1:33.50 Requests for IRS Records and Documents; FOIA
- § 1:33.55 —Statistical Studies and Compilations
- § 1:33.57 Requests for IRS records and documents; FOIA—Missing persons locator
- § 1:33.60 Requests for IRS Records and Documents; FOIA—Employee Testimony
- § 1:34 Classification of Business Entities
- § 1:34.50 —S Corporations
- § 1:35 Field Service Advice
- § 1:35.50 —Chief Counsel Advice
- § 1:35.60 —Letter Rulings
- § 1:35.70 —District Counsel Advice
- § 1:36 Actions on Decisions
- § 1:37 Market Segment Understanding Program
- § 1:38 Advance Pricing Agreements (APAs)
- § 1:39 Technical Advice
- § 1:40 Regulations
- § 1:41 Revenue Procedures
- § 1:42 Revenue Rulings
- § 1:43 Notices and Announcements
- § 1:43.50 Internal Revenue Bulletin (IRB) and Cumulative Bulletin (CB)
- § 1:43.75 Life Expectancy Tables
- § 1:44 Internal Revenue Manual
- § 1:44.50 Interest Rate Calculations/AFRs
- § 1:45 Attorney Practice
- § 1:45.50 —Standards of Practice; Circular 230
- § 1:45.60 —Tax Shelters
- § 1:45.70 — —Exempt Bond Opinions
- § 1:46 Special Enforcement Programs; Tip Income
- § 1:47 Oversight by Joint Committee on Taxation

CHAPTER 2. ASSESSMENT PROCEDURES

I. NECESSITY OF ASSESSMENT

- § 2:01 Introduction
- § 2:01.10 Constitutional Issues
- § 2:01.20 —Retroactivity
- § 2:01.30 —Unlawful Taking
- § 2:01.40 —Direct Tax
- § 2:01.42 —Discriminatory Treatment
- § 2:01.45 —Due Process
- § 2:01.47 —Equal Protection
- § 2:01.50 —Religious Freedom
- § 2:01.60 —Judicial Compensation
- § 2:01.70 —Collection Procedures
- § 2:01.80 —Freedom of Speech
- § 2:01.90 —Exports and Imports
- § 2:02 Assessment Process
- § 2:03 —Erroneous Refunds
- § 2:03.50 Penalty Assessments
- § 2:03.60 Criminal Restitution Recoveries
- § 2:04 Abatement of Assessments
- § 2:05 —Interest Due to IRS Errors or Delays

TABLE OF CONTENTS

- § 2:06 —Penalty or Addition to Tax Due to Erroneous Advice
- § 2:06.50 Reinstatement of Erroneous Assessments
- § 2:07 Deficiency Procedures; Restrictions
- § 2:07.50 —Address
- § 2:07.60 —Rescission of Deficiency
- § 2:08 Effect of Violation of Restrictions
- § 2:09 Exceptions to Restrictions Upon Deficiency Assessments

II. SPECIAL ASSESSMENT PROCEDURES

- § 2:10 Summary Assessment; Mathematical Errors
- § 2:11 —Abatement of Assessment
- § 2:11.50 —Taxpayer Identification Numbers
- § 2:12 Jeopardy Assessments
- § 2:13 —Conditions Justifying
- § 2:14 —“Other” Taxes Assessments; Section 6862
- § 2:15 —Before Deficiency Notice
- § 2:16 —Effect of Failure To Issue Timely Notice
- § 2:17 —After Deficiency Notice
- § 2:18 —Successive Jeopardy Assessments
- § 2:19 —Abatement of Jeopardy Assessments
- § 2:20 —Bond or Security To Stay Collection
- § 2:21 —Stay of Sale of Seized Property
- § 2:22 —Collection on Bond After Decision
- § 2:22.50 —Refund of Excess Assessment
- § 2:23 Bankruptcy and Receivership
- § 2:24 —Prior Law
- § 2:25 Summary Termination Assessment
- § 2:26 —Notice of Deficiency, Taxable Year
- § 2:27 —Jeopardy Assessments Distinguished
- § 2:28 —Departing Aliens
- § 2:29 —Security for Payment (Prior Law)
- § 2:30 Review of Jeopardy Assessment
- § 2:31 —Administrative Review
- § 2:32 —Judicial Review
- § 2:33 Review of Jeopardy Levies
- § 2:33.50 Overassessments

III. INJUNCTIONS IN FEDERAL TAX CASES

- § 2:34 Introduction
- § 2:35 Injunctions; Code Provisions
- § 2:36 Applications of the Rule
- § 2:37 Exceptions to the Rule
- § 2:38 —Statutory Exceptions
- § 2:38.50 —Mandamus
- § 2:39 —Exceptional Circumstances
- § 2:40 — —Exceptional Circumstances Not Proved
- § 2:41 — —Standing To Sue
- § 2:42 —Attempted Collection from Third Parties
- § 2:43 — —Protection of Superior Liens
- § 2:44 —Stockholders’ Suits
- § 2:45 —Collection of Penalties
- § 2:45.50 Injunctions Sought by Government

- § 2:46 Procedure for Injunctive Relief
- § 2:47 Declaratory Judgments
- § 2:48 —Exceptions
- § 2:49 Appeal of Injunction Denial

CHAPTER 3. AUDIT AND SETTLEMENT PROCEDURE

- § 3:01 Introduction
- § 3:02 Qualifications for Practice; General
- § 3:03 —Requirements for Enrollment
- § 3:04 —Standards of Practice; Circular 230
- § 3:05 —Sanctions
- § 3:06 Malpractice Suits; Tax Shelter Promotion
- § 3:07 Qualifications for Practice; Powers of Attorney
- § 3:07.10 Gross Income; Generally
- § 3:07.10.50 —Advances
- § 3:07.11 —Alimony
- § 3:07.12 —Cancellation of Debt (COD) Income
- § 3:07.13 —Charitable Assistance
- § 3:07.14 —Deferred Compensation
- § 3:07.15 —Tax-Free Transactions
- § 3:07.17 —Taxable Exchanges
- § 3:07.17.50 Employer's Property—Bargain Sale
- § 3:07.18 —Use by Workers
- § 3:07.19 Farming—Agricultural Subsidies
- § 3:07.20 Gross Income; Generally—Frequent Flyer Miles
- § 3:07.25 —Gambling Winnings/Lottery Payments
- § 3:07.27 —Gift Cards
- § 3:07.28 Gross income; generally—Victim's recovery from human trafficking
- § 3:07.30 Gross Income; Generally—Illegal Income
- § 3:07.31 —Interest Charged or Imputed
- § 3:07.31.50 —Kiddie tax
- § 3:07.31.60 —Infrastructure Act: Lead Pipes
- § 3:07.32 —Motor Vehicles
- § 3:07.33 —Options
- § 3:07.33.50 —Private Equity Firms
- § 3:07.34 —Public Welfare Exception
- § 3:07.35 —Receipt of Income
- § 3:07.36 — —Pastoral Accounts
- § 3:07.37 — —Prisoners
- § 3:07.39 —Restoration of Prior Receipts
- § 3:07.40 —Rewards and Prizes
- § 3:07.40.05 Retirement plan limitations
- § 3:07.40.10 Gross Income; Generally—Roth IRAs
- § 3:07.40.50 —Small Business Stock Sales—Section 1045
- § 3:07.41 —Social Clubs
- § 3:07.42 —Social Security Benefits
- § 3:07.43 —Stock Options
- § 3:07.43.10 — —Statutory Stock Options
- § 3:07.44 —Stock Short Sales
- § 3:07.44.10 —Telecommunications Universal Service Fees
- § 3:07.45 Exclusions from Income
- § 3:07.47 —Native Americans/Indians
- § 3:07.48 —Public Service Officers/PSOs

TABLE OF CONTENTS

§ 3:07.49	Exclusion from Income—Work Done Overseas
§ 3:07.49.50	—IRA Rebates
§ 3:07.50	Capital Gain vs. Ordinary Income
§ 3:07.55	—Accounts Receivable
§ 3:07.57	—Artistic Works/Self-Created Property
§ 3:07.60	—Employee Termination Payments
§ 3:07.61	Employee “Supplemental” Pay—Bonuses
§ 3:07.62	Development Rights
§ 3:07.65	Capital Gain vs. Ordinary Income—Distributorship Cancellation
§ 3:07.70	—Sale of Lottery Winnings
§ 3:07.70.50	—“Carried Interests”
§ 3:07.71	Personal deductions—Standard deduction
§ 3:07.72	Charitable donations
§ 3:07.73	Personal deductions—Conservation easements
§ 3:07.74	—Miscellaneous deductions
§ 3:07.75	Alternative Minimum Tax
§ 3:07.77	“Base Erosion and Anti-Abuse” Tax
§ 3:07.80	Business Expense Deductions
§ 3:07.81	—Cost Sharing Arrangements
§ 3:07.82	—Deferred Payments to Service Providers
§ 3:07.83	—Paying Another Person’s Expenses
§ 3:07.84	—Reallocating Income and Expense
§ 3:07.86	—Capital vs. Ordinary
§ 3:07.88	—Passive Loss Rules
§ 3:07.89	—Specific Types of Expense—Bad Debt
§ 3:07.89.50	—Charitable Contributions of Inventory
§ 3:07.90	—Child Care Providers
§ 3:07.90.50	—Community Renewal and Enterprise Zones
§ 3:07.91	—Contested Liabilities
§ 3:07.91.10	—Exploration Expenses, Mines and Minerals
§ 3:07.91.20	—Fines and Penalties
§ 3:07.91.30	—Forbearance Payments
§ 3:07.91.40	—Home Office Expense Deduction
§ 3:07.91.50	—Illegal Activities
§ 3:07.91.70	—Insurance Premiums
§ 3:07.91.80	Research tax credit denied
§ 3:07.92	Business Expense Deductions—Interest Payments
§ 3:07.94	—Lease Strips
§ 3:07.94.50	—Exempt Entity Leases/SILOs
§ 3:07.95	—Losses
§ 3:07.95.50	—Management Fees
§ 3:07.96	Annual Cost of Living (COLA) Inflation Adjustments
§ 3:07.96.50	Business Expense Deductions—“Other expenses” (Schedule c, line 27)
§ 3:07.96.70	State & Local Tax Incentives
§ 3:07.96.80	20% Deduction for “Passthrough Businesses”
§ 3:07.97	Business Expense Deductions—Travel and Entertainment
§ 3:07.98	—Wages and Compensation
§ 3:07.99	—Warranty Obligations
§ 3:07.100	Business expense deductions—Worthlessness (intangibles)
§ 3:07.101	Business Expense Deductions—Supplies
§ 3:07.102	—IRA Regarding Prevailing Wage and Apprenticeship Requirements
§ 3:08	Filing of Returns
§ 3:08.50	—Adequacy of Return

§ 3:08.52	—Duty of Consistency
§ 3:08.53	—Duty to File (Fiduciaries)
§ 3:08.55	—Frivolous Return Positions
§ 3:08.56	— —Scams
§ 3:08.57	— —Penalties and Sanctions
§ 3:08.58	Filing of returns—Passport applications
§ 3:08.60	Filing of Returns—Taxpayer Identification (TINs)
§ 3:08.70	—Signature of Taxpayer
§ 3:09	—Due Dates
§ 3:10	—Timely Filing
§ 3:11	—Extension of Due Date
§ 3:11.50	— —Disaster Relief
§ 3:11.60	— —Foreign Taxpayers
§ 3:12	— —Taxpayer Elections
§ 3:13	—Place for Filing
§ 3:14	—Duplicates of Official Forms
§ 3:15	—Electronic Filing
§ 3:15.50	— —Electronic Funds Deposit
§ 3:16	— — —Telephone Filing
§ 3:17	— — —Nonresident Aliens
§ 3:17.10	— — —Large Partnerships
§ 3:17.11	— —Particular Returns
§ 3:17.12	— —Low Income Housing
§ 3:17.15	— —Signatures
§ 3:17.17	— —Privacy Issues
§ 3:17.20	—Preparer Filed Returns
§ 3:17.30	—Gift Tax Returns
§ 3:17.50	Amended Returns
§ 3:18	Substitute Return by Service
§ 3:19	Joint Returns by Husband and Wife
§ 3:19.50	—Self-Employment Taxes
§ 3:20	—Separation and Divorce
§ 3:20.50	— —Marital Property
§ 3:20.60	—Overpayments—Offsetting Separate Liability of One Spouse
§ 3:21	—Innocent Spouse Rules
§ 3:21.50	— —General—Section 6015(b) Relief
§ 3:21.60	—Innocent Spouse Rule—Separate Liability Election
§ 3:21.70	— —Equitable Relief
§ 3:21.80	— —Procedural Rules
§ 3:21.85	— —Partially-Paid Tax Liability
§ 3:21.90	—Community Income Relief
§ 3:22	Information Reporting
§ 3:23	—Attorneys' Client Identity
§ 3:23.50	—Payments to Attorneys
§ 3:23.55	—Bank Interest Paid to Nonresidents
§ 3:23.57	—Brokers
§ 3:23.60	—Cancellation of Debt
§ 3:23.65	— —Substituted Debt
§ 3:23.66	—Charitable Gifts
§ 3:23.67	—Corporate Inversions
§ 3:23.67.03	—Corporate Activity Affecting Stock Basis
§ 3:23.67.05	—Credit Card Payments
§ 3:23.67.07	—Obligation to Determine Payee's U.S. Connection

TABLE OF CONTENTS

§ 3:23.67.10	—Deferred Compensation
§ 3:23.67.50	—Digital Assets
§ 3:23.68	—Dividends
§ 3:23.70	—Educational Loans and Student Status
§ 3:23.70.50	—Electronic Filing by Large Employers
§ 3:23.71	—Exempt Organizations
§ 3:23.71.02	The Affordable Care Act (Mandatory Health Insurance)
§ 3:23.71.02.50	Global International Low-Taxed Income (GILTI)
§ 3:23.71.02.60	Foreign-Earned Income
§ 3:23.71.03	Information Reporting—Foreign Bank Accounts and Financial Accounts
§ 3:23.71.03.50	—Global International Low-Taxed Income (GILTI)
§ 3:23.71.04	Gambling Casinos
§ 3:23.71.05	Information Reporting—Interest Paid
§ 3:23.71.07	—Interest Received
§ 3:23.71.10	—Mergers and Acquisitions
§ 3:23.71.20	Passive Foreign Investment Companies (PFICs)
§ 3:23.71.30	Foreign Derived Intangible Income (FDII)
§ 3:23.72	Information Reporting—Pension Distributions
§ 3:23.72.10	—Possessions Residence
§ 3:23.72.20	—Real Property Sales
§ 3:23.72.30	—Rental Activities
§ 3:23.73	—Royalties/Authors
§ 3:23.75	—Section 527 Political Organizations
§ 3:23.80	—Tax Shelters
§ 3:24	—Taxpayer Rights
§ 3:25	—TIN Matching
§ 3:25.50	—Tip Income
§ 3:25.70	—Trusts—Business Trusts
§ 3:26	—Transfers to Foreign Entities
§ 3:26.05	— —Foreign-Controlled Companies
§ 3:26.10	— —Gifts from Foreigners
§ 3:26.15	—Foreign Trusts
§ 3:26.30	—Wages
§ 3:26.40	Information Reportings—Wages—Stock Options
§ 3:26.50	Recordkeeping Rules
§ 3:26.55	Particular Taxpayers and Entities—Cooperatives
§ 3:26.60	—Corporations
§ 3:26.62	RICs, REITs, and REMICs
§ 3:26.65	Particular Taxpayers and Entities—S Corporations
§ 3:26.70	—ESOPs Holding S Corporation Stock
§ 3:26.72	—Foreign Corporations
§ 3:26.73	Personal Service Corporations
§ 3:26.75	Estates
§ 3:27	Exempt Organizations—Filing Requirements
§ 3:27.01	—Disclosure Rules
§ 3:27.02	Exempt Status
§ 3:27.02.10	—Reinstatement (“Small Organizations”)
§ 3:27.02.20	—Reinstatement Generally
§ 3:27.02.30	Nonprofits excess executive compensation
§ 3:27.02.40	Investment income of private colleges and universities
§ 3:27.03	Exempt Organizations—Intermediate Sanctions
§ 3:27.04	—Religious Interference
§ 3:27.05	—Tax Shelter Participation

§ 3:27.06	—Unrelated Business Income
§ 3:27.08	—Private Foundations
§ 3:27.09	Expatriates
§ 3:27.10	Classification of Business Entities—Check the Box Rules
§ 3:27.11	—Foreign Entities
§ 3:27.12	—Disregarded Entities
§ 3:27.12.50	Farmers
§ 3:27.12.60	Commercial Fishing
§ 3:27.12.70	Hybrid entities
§ 3:27.13	Partnerships
§ 3:27.15	Trusts
§ 3:27.20	Settlement Funds
§ 3:27.25	Tax Shelters
§ 3:27.27	—Specific Examples
§ 3:27.30	Escrow Accounts
§ 3:27.35	—Tax-Free Exchange (I.R.C. § 1031) Funds
§ 3:27.40	Disputed Ownership Funds
§ 3:27.50	Recoveries—Taxability of Awards and Settlements
§ 3:27.60	—Attorney’s Fees
§ 3:27.65	—Contingency Fees
§ 3:27.68	—Employment Taxes
§ 3:27.70	—Withholding Requirements
§ 3:27.80	Accounting Methods
§ 3:27.82	—Accrual Accounting
§ 3:27.83	—Bad Debt
§ 3:27.83.50	Completed Contract Method
§ 3:27.84	Accounting Methods—Service Providers
§ 3:27.85	—Service Recipients
§ 3:27.86	—Year-End Bonuses
§ 3:27.90	—Cash Accounting
§ 3:27.92	—Mark-to-Market Accounting
§ 3:27.95	—Accounting Period (Tax Year)
§ 3:27.95.50	—Resellers
§ 3:27.95.60	“Normalization” Method of Accounting—Public Utilities
§ 3:27.96	Credits Against Tax
§ 3:27.97	—Personal Credits
§ 3:27.98	Business Credits
§ 3:28	Payment of Tax
§ 3:28.50	—Deposits vs. Payments
§ 3:29	—Allocation of Payment
§ 3:29.50	—Restoration of Income
§ 3:29.60	—Seized Funds
§ 3:30	—Installment Agreements
§ 3:30.50	Withholding rules
§ 3:30.55	Foreign Accounts Tax Compliance Act (FATCA)
§ 3:30.60	Withholding rules—Foreign Payees Generally
§ 3:30.65	Payment of Tax—Withholding Rules—Foreign Baseball Players
§ 3:30.67	— —Corporate Distributions
§ 3:30.69	— —Options and Purchase Agreements
§ 3:30.70	— —Interest Free Adjustments
§ 3:30.80	— —United States Real Property (FIRPTA) Sales
§ 3:30.85	— —Taxpayer Identification Number (TIN)
§ 3:30.90	—Government Payors

TABLE OF CONTENTS

§ 3:31	Initial Processing of Income Tax Returns
§ 3:32	Disclosure of Return Information
§ 3:33	—Authorized Disclosure
§ 3:34	—Public Record Disclosures
§ 3:35	—Fact of Filing Information
§ 3:35.50	Taxpayer Disclosures to Service (to Avoid Prosecution)
§ 3:36	Selection of Returns for Examination
§ 3:36.50	—Offshore Credit Card Accounts
§ 3:36.60	—Informants
§ 3:37	Expediting the Audit
§ 3:38	Office Audit
§ 3:39	Procedures for Taxpayers' Interviews
§ 3:40	Pension Plan Examination Guidelines
§ 3:40.50	Churches
§ 3:41	College and University Examination Guidelines
§ 3:41.40	Farmers
§ 3:41.50	Restaurant Examinations
§ 3:41.60	Retail Shops—Department Stores and Groceries
§ 3:42	Financial Status Audits
§ 3:42.50	Tax Shelters
§ 3:42.55	—IRS Procedures
§ 3:42.60	—Amended Returns
§ 3:42.70	—Settlement Initiative
§ 3:42.80	—Tax Accrual Workpapers
§ 3:42.90	Disclosure of Uncertain Tax Positions (Schedule UTP)
§ 3:43	Taxpayer Compliance (TCMP) Audits
§ 3:43.50	Limited Issue Focused Examination (LIFE) Program
§ 3:44	Field Audits
§ 3:45	—Tip Income
§ 3:46	Third-Party Summons
§ 3:46.50	—Client Identity
§ 3:46.55	Third-party Summons—Cable Subscriber's Bank Account Information
§ 3:46.60	Third-Party Summons—Deceased Taxpayers
§ 3:47	—Records Held Abroad
§ 3:47.50	—Referral to Justice Department
§ 3:48	Coordinated Examination Program
§ 3:48.50	Compliance Assurance Process
§ 3:49	Audit Guidelines—Market Segment Specialization Program
§ 3:50	Worker Classification
§ 3:50.50	—Notice of Determination
§ 3:50.60	—Suspension of Limitations on Assessment
§ 3:50.70	—Settlement
§ 3:50.80	Employment Taxes
§ 3:50.82	CPEOs—"Certified Professional Employer Organizations"
§ 3:50.85	Employment taxes—Voluntary withholding agreements
§ 3:50.90	Additional Medicare Tax
§ 3:50.92	Coal Miners' Health Care Benefits
§ 3:50.95	Net investment income tax—Section 1411
§ 3:51	Negotiations With Examiner
§ 3:52	—Partial Agreements
§ 3:53	Summons To Produce Records
§ 3:53.50	—Enforcement
§ 3:53.60	—Challenges

§ 3:54	Extensions of the Period of Limitations
§ 3:55	Technical Advice to the Examiner
§ 3:56	Preliminary Report of Examiner
§ 3:57	Informal Conference
§ 3:58	Agreement Forms
§ 3:59	—Effect of Form 870 Agreement
§ 3:60	—When Agreement May Be Executed
§ 3:61	—Acceptance by Commissioner
§ 3:62	Payment Without Waiver
§ 3:63	The 30-Day Letter
§ 3:64	Contents of 30-Day Letter and Other Notices
§ 3:64.40	Prefiling Agreements
§ 3:64.50	Enjoining Tax Shelters
§ 3:65	Closing Agreements
§ 3:65.50	Closing agreement—Offer in compromise
§ 3:66	Closing Agreements—Interest Assessment
§ 3:67	—Effect on Extension Agreements
§ 3:68	—Physician Recruitment (Sample Agreement)
§ 3:68.50	Closed Case
§ 3:69	Postaudit Review
§ 3:70	Disagreement at District Director's Level

Volume 2

CHAPTER 4. THE APPEALS DIVISION

I. ADMINISTRATIVE SETTLEMENT OR LITIGATION

§ 4:01	Outline of Discussion
§ 4:02	Factors Favoring Protest
§ 4:03	Disadvantage of Protest
§ 4:04	Choice of Litigation Forum
§ 4:05	—Binding Effect of Election
§ 4:05.50	Independence of the Appeals Office

II. APPEALS PRACTICE

§ 4:06	Jurisdiction of Appeals Division
§ 4:07	—Territorial Limits Upon Jurisdiction
§ 4:08	—Conditions to Exercise of Jurisdiction
§ 4:09	Requirements for Protest
§ 4:09.50	Location of Hearing
§ 4:10	Conference Procedure
§ 4:11	Mediation Procedure
§ 4:11.50	Early Referral Request
§ 4:11.60	Arbitration
§ 4:12	Submission of Offer of Settlement
§ 4:13	Settlement Policies
§ 4:14	Agreements
§ 4:15	—Finality of Settlements
§ 4:16	Poststatutory Notice Cases
§ 4:17	Recovery of Administrative Costs
§ 4:18	—Substantially Justified Position

TABLE OF CONTENTS

- § 4:19 —Exhaustion of Remedies
- § 4:20 —Prevailing Party
- § 4:21 —Appeal to Tax Court
- § 4:22 —Regulations
- § 4:23 —Settlement Offers
- § 4:24 —Protracted Proceedings

CHAPTER 5. STATUTE OF LIMITATIONS UPON ASSESSMENT AND COLLECTION

I. LIMITATIONS UPON ASSESSMENT

A. ASSESSMENT OF DEFICIENCIES

- § 5:01 Background of Discussion
- § 5:02 Statutory Provisions; General Rule
- § 5:03 —Recaptured Estate Tax Under Special Use Election
- § 5:04 Valuation of Gifts Made in Prior Years
- § 5:05 Affirmative Pleading of Limitation Period
- § 5:06 Burden of Proof—General Rule
- § 5:07 —Exceptions to the Limitation Period
- § 5:08 False or Fraudulent Returns
- § 5:09 Termination of Private Foundation Status
- § 5:10 —Personal Holding Company
- § 5:11 Failure To File Return
- § 5:12 —Reasonable Cause as an Excuse
- § 5:13 — —Reliance on Advice of Counsel
- § 5:14 —Reliance Upon Service Rulings and Advice
- § 5:15 Request for Prompt Assessment
- § 5:16 —Formal Requirements
- § 5:17 —Ineffective To Shorten Extended Periods
- § 5:18 —Effect Upon Transferee Liability
- § 5:19 Application for Executor's Discharge
- § 5:20 Certain Credit Carrybacks
- § 5:21 Net Operating Loss or Capital Loss Carrybacks
- § 5:22 Omissions in Excess of 25 Percent
- § 5:23 —Burden of Proof
- § 5:24 —Omission from Gross Income
- § 5:25 —Effect of Adequate Disclosure
- § 5:26 —Effect of Amended Return
- § 5:27 —Gross Income Stated in Return
- § 5:28 —Items of Gross Income
- § 5:29 Constructive Dividends
- § 5:30 Disallowed Deduction of Bribes or Kickbacks
- § 5:31 Substitution of Joint Return
- § 5:32 Involuntary Conversions
- § 5:33 —Construction Reserve Funds
- § 5:34 —Sale of Residence
- § 5:35 Distributions in Redemption of Stock
- § 5:36 Adjustment of Foreign Tax Credits
- § 5:37 Adjustment of Estate Tax Credits
- § 5:38 Inconsistent Positions Under Section 1311 of the Code
- § 5:39 Transferee Liability

B. SUSPENSION OF RUNNING OF LIMITATION PERIOD

- § 5:40 Suspension After Mailing of the Deficiency Notice
- § 5:40.50 Examinations
- § 5:41 Conditions for Suspension
- § 5:42 Period of Suspension
- § 5:43 Waiver of Restrictions by Taxpayer
- § 5:44 —Other Suspension Events
- § 5:45 Disregard of Period by Reason of War
- § 5:45.50 Extension for Natural Disasters
- § 5:46 Bankruptcy and Receivership Cases
- § 5:47 Deficiency Dividend Deductions
- § 5:48 Transferees and Fiduciaries
- § 5:49 Enemy Alien Interests
- § 5:49.50 Equitable Tolling

C. EXTENSION OF LIMITATION PERIOD

- § 5:50 Statutory Provisions
- § 5:51 Nature and Effect of Waiver
- § 5:52 Effect of Conditions
- § 5:53 Effect of Duress
- § 5:54 Form of Waiver
- § 5:55 Timeliness of Execution
- § 5:56 Necessity of Timely Joinder by Commissioner
- § 5:57 Ambiguities and Defects
- § 5:58 Successive Waivers
- § 5:59 Effect of Unlimited Waiver
- § 5:60 Who May Execute—Generally
- § 5:61 —Joint Returns
- § 5:62 —Partnership Returns
- § 5:63 —Fiduciaries
- § 5:64 —Corporations
- § 5:65 — —Dissolved Corporations
- § 5:66 — —Successor Corporations

D. RETURNS WHICH BEGIN LIMITATION PERIOD

- § 5:67 Terminating the Extension Agreement
- § 5:68 General Rule
- § 5:69 —Passthrough Entities
- § 5:70 Tentative Returns
- § 5:71 Amended Returns
- § 5:72 Returns on Wrong Accounting Period or Basis
- § 5:73 Defectively Executed Returns
- § 5:74 Statute of Limitations—Mitigation

II. PERIOD FOR COLLECTION OF ASSESSED TAXES

- § 5:75 Scope of Discussion
- § 5:76 Statutory Provisions
- § 5:77 Extension of Collection Period
- § 5:77.50 —Election To Delay For-Profit Determination/Section 183(e)—Form 5213
- § 5:77.60 Mitigation
- § 5:78 Suspension of Collection Period

TABLE OF CONTENTS

§ 5:79	Effect of Proceeding in Court
§ 5:80	Effect of Giving Collection Bond
§ 5:81	Natural Disasters and Military Action

CHAPTER 6. THE TAX COURT OF THE UNITED STATES: ORGANIZATION AND JURISDICTION

I. ORGANIZATION AND OPERATION

§ 6:01	Introduction: The Board of Tax Appeals
§ 6:02	United States Tax Court
§ 6:03	Judicial Character of Tax Court as Independent Agency
§ 6:04	Membership
§ 6:05	Organization of the Court
§ 6:06	Precedential Problems of a Trial Court of National Jurisdiction
§ 6:07	Qualifications for Practice
§ 6:08	—Practice Fee
§ 6:09	—Contempt Powers
§ 6:09.50	—Disciplinary Actions
§ 6:10	Rules of Practice
§ 6:11	Small Tax Cases
§ 6:12	Hearings and Reports

II. JURISDICTION

A. PREREQUISITES FOR DEFICIENCY JURISDICTION

§ 6:13	Introduction
§ 6:14	Statutory Provisions Respecting Deficiency Jurisdiction
§ 6:15	Effect of Waiver and Assessment
§ 6:16	—Effect of Voluntary Payment Before Deficiency Notice
§ 6:17	— —Analysis of Assessment of Amount Paid Rule
§ 6:18	—Payment After Deficiency Notice and Before Petition
§ 6:19	Payment After Petition
§ 6:20	Elements of a Statutory Deficiency
§ 6:21	Determinations Not Involving Statutory Deficiencies
§ 6:22	—Refund Claims
§ 6:22.50	—Whistleblower Awards
§ 6:23	—IRS Administrative Procedures
§ 6:24	—Commissioner's Discretion
§ 6:24.10	—Disclosure of Letter Rulings
§ 6:24.50	—Liens and Levy
§ 6:25	—Penalties and Interest
§ 6:25.50	Abatement of Interest
§ 6:25.52	Collection Due Process Hearings
§ 6:25.55	Equitable Recoupment
§ 6:25.57	Innocent Spouse Status
§ 6:25.59	—Community Income Relief
§ 6:25.60	Worker Classification
§ 6:25.70	—Notice of Determination
§ 6:25.80	Criminal Proceedings
§ 6:26	The Deficiency Notice: Formal Requirements
§ 6:27	—Respondent's Improper Use of Grand Jury Materials
§ 6:28	Contents of Notice of Deficiency and Other Notices

- § 6:29 Effect of Misdirected Notice
- § 6:30 —Notice Not Directed To Taxpayer
- § 6:31 —Notice Not Directed to Last Known Address
- § 6:32 —Defectively Addressed Notice; Taxpayer Options
- § 6:33 Further Deficiency Notices Barred
- § 6:34 —Rescission of Notice of Deficiency

B. REQUIREMENT FOR TIMELY FILING OF PETITION

- § 6:35 Mailing Date of Deficiency Notice
- § 6:36 Persons Entitled to 150-Day Filing Period
- § 6:37 Suspension in Bankruptcy Cases
- § 6:38 When Is Petition Filed
- § 6:39 —Postmark Date
- § 6:40 —Privately Metered Mail
- § 6:41 —Proper Address
- § 6:42 —Delivery
- § 6:43 —Private Delivery Services
- § 6:44 —Former Practice (Prior Law)
- § 6:45 Timely Filing Required for Each Deficiency
- § 6:46 Fees and Other Filing Requirements

C. QUALIFICATION OF PETITIONERS

- § 6:47 Who May Petition
- § 6:48 Spouse of Taxpayer: Joint Returns
- § 6:49 Survivor of Joint Tenancy
- § 6:50 Partnerships
- § 6:51 Deceased Taxpayers
- § 6:52 Jeopardy Assessment on Cash Holder
- § 6:53 Fiduciaries
- § 6:54 —Discharged Fiduciaries
- § 6:55 —Death of Petitioner
- § 6:55.50 Corporations
- § 6:55.60 Large Corporate Compliance Program
- § 6:56 Dissolved Corporations
- § 6:57 —Pleading Jurisdictional Facts
- § 6:58 Successor Corporations
- § 6:59 Mergers and Consolidations
- § 6:60 Affiliated Corporations and Consolidated Returns
- § 6:60.50 —Wholly-Owned Company's Sole Shareholder

D. DECLARATORY JUDGMENTS AND DISCLOSURE ACTIONS

- § 6:61 Declaratory Judgments—Retirement Plans
- § 6:62 —Exempt Organizations
- § 6:63 —Status of Certain Governmental Obligations
- § 6:63.50 —Worker Classification Challenges
- § 6:63.60 —Gift Valuation
- § 6:64 —Section 367 Transfers (Prior Law)
- § 6:65 Tax Court Rules
- § 6:65.10 —Affirmative Defenses
- § 6:66 Disclosure of Information by IRS
- § 6:66.40 Innocent Spouse Election
- § 6:66.50 Installment Payment of Estate Tax

E. OVERPAYMENTS

- § 6:67 General Rule
- § 6:68 Limitations Under 1939 Code and Prior Acts
- § 6:69 Requirement for Timely Claim

F. RESTRICTIONS AND EXCLUSIONS

- § 6:70 Jurisdiction Over Other Taxable Years
- § 6:71 Overassessment in Related Taxes
- § 6:72 Credits and Refunds
- § 6:73 Interest Questions
- § 6:73.20 Offsets
- § 6:73.50 Collection Due Process Hearing
- § 6:74 Substantial Underpayment, Tax Motivated Transactions
- § 6:75 Administrative Policies, Commissioner's Discretion
- § 6:75.50 Damages
- § 6:76 Deficiency Increases
- § 6:77 Bankruptcy
- § 6:78 —Stay of Proceedings
- § 6:79 —Suspension of Limitations Period
- § 6:80 Receivership Proceedings
- § 6:81 Jeopardy Assessments
- § 6:82 —Jeopardy Termination Assessments
- § 6:83 —Cash Amounts, Unidentified Owner
- § 6:84 Deficiency Notice During Refund Suit
- § 6:85 Concession by Parties
- § 6:85.50 Closing Agreements—Preclusive Effect
- § 6:86 Taxpayer Bill of Rights
- § 6:87 Review of Sales of Seized Property
- § 6:87.50 Res Judicata and Collateral Estoppel
- § 6:88 Partnerships

G. EXCESS PROFITS TAX ABNORMALITIES (PRIOR LAW)

- § 6:89 Introduction (Prior Law)
- § 6:90 Basis of Jurisdiction (Prior Law)
- § 6:91 Related Standard Issues (Prior Law)
- § 6:92 Untimely and Defective Claims (Prior Law)
- § 6:93 Review Under the 1950 Act (Prior Law)

CHAPTER 7. TAX COURT PLEADINGS AND PREHEARING PRACTICE

I. COMMENCEMENT OF CASE

- § 7:01 Petition
- § 7:02 Service and Filing of Papers
- § 7:03 Form and Style of Papers
- § 7:04 Appearance and Representation
- § 7:05 Computation of Time

II. PLEADINGS

A. PETITION

- § 7:06 Pleadings Allowed; General Rules of Pleading; Form of Pleadings; Signing of Pleadings

- § 7:06.50 Petition—Generally
- § 7:07 Pleadings Allowed; General Rules of Pleading; Form of Pleadings; Signing of Pleadings—
Rules of Pleading
- § 7:08 Form of Pleadings
- § 7:09 —Signing of Pleadings
- § 7:10 Petition—General
- § 7:11 Contents of Petition
- § 7:12 —Statement of Taxes in Controversy
- § 7:13 —Assignments of Error
- § 7:14 —Statements of Facts and Prayer for Relief
- § 7:15 —Signature and Date
- § 7:16 —Notice of Deficiency as an Exhibit
- § 7:17 Estoppel
- § 7:18 Taxpayer's Burden of Proof
- § 7:19 —Duty of Consistency
- § 7:20 —Accumulated Earnings Tax
- § 7:21 Effect of Deficiency Notice
- § 7:22 —Alternative Claims by Commissioner
- § 7:23 —New Matters
- § 7:24 —Surprise
- § 7:25 —Issues Outside Pleadings
- § 7:26 —Concessions in Deficiency Notice
- § 7:27 —Arbitrary Determinations
- § 7:28 — —Income and Basis Items
- § 7:29 — —Substantiating Deductions
- § 7:30 Issues Must Be Raised by Pleadings
- § 7:31 —Consent to New Issues
- § 7:32 —Failure To Plead
- § 7:33 —Sufficiency of Pleading
- § 7:34 —Alternative Assignments of Error
- § 7:35 Amendments of Petition
- § 7:36 —Jurisdictional Limitations—Permissible Amendments
- § 7:37 —Adding New Issues
- § 7:38 —Timeliness Requirements
- § 7:39 —Conform to Proof
- § 7:40 —Post-Trial Motion
- § 7:41 Supplemental Pleadings
- § 7:42 Amendments Upon Remand
- § 7:43 Allegations of Fact
- § 7:44 —Pleading Basic Facts
- § 7:45 Signing of Petition; Effect of Signature
- § 7:46 —Joint Petitions
- § 7:47 Sanctions for Frivolous Conduct
- § 7:48 —Failure To Pursue Administrative Remedies
- § 7:49 Depositions To Perpetuate Testimony
- § 7:50 Motions for Intervention
- § 7:50.50 Withdrawal of Petition

B. ANSWER

- § 7:51 Time To Answer or Move
- § 7:52 Extension of Time to Answer
- § 7:53 Sanctions for Failing to Answer
- § 7:54 Form and Content of Answer

TABLE OF CONTENTS

§ 7:55	Raising Issues
§ 7:56	—Improper Accumulation Issues
§ 7:56.50	—Contrary to Published Guidance
§ 7:57	—Certain Illegal Payments
§ 7:58	—New Matters
§ 7:59	—Affirmative Defenses
§ 7:60	—Fraud
§ 7:61	—Foundation Manager Cases
§ 7:62	—Transferee Liability
§ 7:63	Amendments
§ 7:64	—Increased Deficiency Claims
§ 7:65	— —Time Requirements
§ 7:66	Exceptions to General Limitation Period
§ 7:67	—Mitigation Provisions

C. REPLY

§ 7:68	Time To Reply or Move
§ 7:69	Form and Content of Reply
§ 7:70	New Material
§ 7:71	Declaratory Judgment Actions
§ 7:72	Disclosure Actions
§ 7:73	Effect of Reply
§ 7:74	Failure To Reply
§ 7:75	Motions To Vacate
§ 7:76	Joinder of Issue

D. PARTIES

§ 7:77	Proper Parties
§ 7:78	Ratification of Improper Petition
§ 7:79	Joint Returns
§ 7:80	Jurisdictional Requirements
§ 7:81	Corporations
§ 7:82	Capacity of Parties
§ 7:82.50	Intervention
§ 7:83	Permissive Joinder of Parties
§ 7:84	Misjoinder of Parties
§ 7:85	Substitution of Parties
§ 7:86	Change or Correction in Name

III. PRETRIAL PRACTICE

A. MOTIONS

§ 7:87	Motion Practice
§ 7:88	Disposition of Motion
§ 7:89	Hearings
§ 7:90	Lack of Jurisdiction, Dismissal
§ 7:91	Lack of Prosecution
§ 7:92	—Fugitives
§ 7:93	—Tax Court’s Discretion
§ 7:94	—Effect of Dismissal
§ 7:95	More Definite Statement
§ 7:96	Strike Pleadings

- § 7:97 Failure To State Claim
- § 7:98 Judgment on Pleadings
- § 7:98.50 Arbitration
- § 7:99 Summary Judgment
- § 7:100 —Opposing Motion
- § 7:101 —Partial Judgment
- § 7:102 —Appropriate Issues
- § 7:103 Place of Trial Request
- § 7:104 Change Place of Trial
- § 7:105 Set Case for Trial
- § 7:106 Continuance
- § 7:107 Severance of Issues
- § 7:108 Consolidation

B. DISCOVERY

- § 7:109 Discovery Generally
- § 7:110 —Scope
- § 7:111 —Work Product
- § 7:112 —Executive Privilege
- § 7:112.50 —Third-Party Identity
- § 7:113 —Third-Party Statements
- § 7:114 —Special Agent's Report
- § 7:115 —Revenue Agent's Report
- § 7:116 —Conference Memoranda
- § 7:117 —Private Rulings and Technical Advice
- § 7:118 —Party's Statements
- § 7:119 —Signatures
- § 7:120 Responses
- § 7:121 —Supplementation of Responses
- § 7:122 Protective Orders
- § 7:123 Enforcement Actions and Sanctions
- § 7:124 Interrogatories
- § 7:125 —Experts
- § 7:126 —Supplementation of Answers
- § 7:127 —Protective Orders
- § 7:128 —Enforcement Action and Sanctions
- § 7:129 Production of Documents and Things
- § 7:130 —Supplementation of Response
- § 7:131 —Protective Orders
- § 7:132 —Enforcement Action and Sanctions
- § 7:133 —Summonses
- § 7:134 —Tax Preparation Software
- § 7:134.50 —Electronic Data
- § 7:135 —Foreign Holders
- § 7:136 Examination by Transferees
- § 7:137 Depositions
- § 7:138 —Consent of Parties
- § 7:139 —Nonparty Witness
- § 7:140 —Written Questions
- § 7:141 —Preserve Evidence
- § 7:142 —Without Consent of Parties
- § 7:143 —Expert Witnesses

C. ADMISSIONS AND STIPULATIONS

§ 7:144	Requests for Admission
§ 7:145	—Response
§ 7:146	—Objection
§ 7:147	—Maintaining Alternative Positions
§ 7:148	—Certifying Request
§ 7:149	—Motion To Determine Sufficiency
§ 7:150	—Effect of Admissions
§ 7:151	—Sanctions
§ 7:152	Protective Orders
§ 7:153	Stipulations for Trial
§ 7:154	—Contents and Formal Requirements
§ 7:155	—Conclusions of Law
§ 7:156	—Decision in Related Case
§ 7:157	—Filing Executed Stipulations
§ 7:158	—Noncompliance
§ 7:159	— —Motion for Deemed Admission
§ 7:160	—Effect of Stipulation
§ 7:160.50	Stipulation for Trial—Relief from Stipulation

D. OTHER PRETRIAL PROCEDURES; SETTLEMENT PROCEDURES

§ 7:161	Additional Examinations During Litigation
§ 7:162	Submission Without Trial
§ 7:163	Subpoenas
§ 7:164	—Specifying Particular Items
§ 7:165	—Service
§ 7:166	—Attendance Fees for Witnesses
§ 7:167	—Costs for Compliance
§ 7:168	—Return Information
§ 7:169	— —IRS Release of Return Information
§ 7:170	—Financial Institutions
§ 7:171	—Enforcement
§ 7:172	Notices To Produce
§ 7:173	Depositions To Perpetuate Evidence
§ 7:174	—Pending Cases—Application
§ 7:175	—Taking Deposition
§ 7:176	—Return of Deposition
§ 7:177	—Use of Deposition
§ 7:178	—Videotape Depositions
§ 7:179	—Foreign Depositions
§ 7:180	—Supplementing Answers
§ 7:181	—Protective Order
§ 7:182	—Enforcement Action and Sanctions
§ 7:183	—Manner of Taking Before Commencement of Case
§ 7:184	—Manner of Taking After Commencement of Trial
§ 7:185	—Written Questions
§ 7:186	Settlement Procedures
§ 7:187	—Reopening Issues
§ 7:188	—Settlement Stipulations
§ 7:189	—Reopening of Settlements
§ 7:190	—Closing Agreements
§ 7:191	—Partnerships

- § 7:192 Final Status Report
- § 7:193 Disqualification of Counsel
- § 7:194 Court's Pretrial Memorandum to Petitioners and Counsel
- § 7:195 Pretrial Conferences

E. EXAMPLES OF FORMS AND DOCUMENTS

- § 7:196 Petition
- § 7:197 —Accuracy Related Penalty
- § 7:198 — —Another Example
- § 7:199 — —Reasonable Cause Exception
- § 7:200 —Failure To File
- § 7:201 —Innocent Spouse
- § 7:202 —Last Known Address
- § 7:203 —Prior Settlement Agreement
- § 7:204 —Parsonage Expenses
- § 7:205 —Small Tax Case
- § 7:206 —Administrative Costs
- § 7:207 Amendment to Petition
- § 7:208 Designation of Place of Trial
- § 7:209 Motion To Extend Time To Answer
- § 7:210 Answer
- § 7:211 —Another Example
- § 7:212 Motion for Leave To Amend Answer
- § 7:213 Amendment to Answer
- § 7:214 Petitioners' Reply to Answer
- § 7:215 —Another Example
- § 7:216 Respondents' Motion for Deemed Admissions
- § 7:217 Petitioners' Motion To Dismiss for Lack of Jurisdiction
- § 7:218 Respondents' Motion To Dismiss for Lack of Jurisdiction
- § 7:219 —Another Example
- § 7:220 Respondent's Request for Production of Documents
- § 7:221 Petitioners' Response to Request for Production of Documents
- § 7:222 Respondent's Motion To Compel Production of Documents
- § 7:223 Petitioner's Motion To Compel
- § 7:224 Petitioner's Opposition to Respondent's Motion To Compel
- § 7:225 —Respondent's Response
- § 7:226 Petitioner's Motion To Quash Subpoena Duces Tecum
- § 7:227 Respondent's Motion To Quash Subpoena Duces Tecum
- § 7:228 Tax Court's Notice Setting Case for Trial
- § 7:229 Tax Court's Standing Pre-Trial Order
- § 7:230 Petitioners' Motion for Continuance of Trial Date
- § 7:231 Joint Motion To Continue Trial
- § 7:232 Stipulation of Facts
- § 7:233 Petitioner's Motion for Order To Show Cause

CHAPTER 8. TAX COURT TRIALS

I. PROCEDURE AT TRIAL

- § 8:01 Calendar Call—Trials
- § 8:01.50 Electronic Filing
- § 8:02 Other Tax Court Calendars
- § 8:03 Opening Statement

TABLE OF CONTENTS

- § 8:04 Order of Proof
- § 8:04.50 Jury

II. PROBLEMS OF PROOF

- § 8:05 Introductory
- § 8:06 Statutes and Rules Involved; Relevance of Evidence
- § 8:07 Burden of Proof and Presumptions
- § 8:08 —Cancellation of Debt
- § 8:08.50 —Fraud
- § 8:08.80 —Limitations Period
- § 8:09 —Net Worth Method
- § 8:10 —Theft Loss Deduction
- § 8:10.50 —New Matters
- § 8:10.55 —Penalties
- § 8:10.60 —Transferee Liability
- § 8:10.70 —Unreported Income
- § 8:11 Presumptions Generally
- § 8:12 Burden of Persuasion
- § 8:13 Uncontradicted Evidence Rule
- § 8:14 Admissibility: In General
- § 8:15 Documentary Evidence: Best Evidence Rule
- § 8:16 —Duplicates
- § 8:17 —Oral Testimony
- § 8:18 —Authentication
- § 8:19 Secondary Evidence
- § 8:20 —Copies
- § 8:21 Parol Evidence Rule
- § 8:22 —Third-Party Rule
- § 8:23 —State Law Rule
- § 8:24 —Danielson Rule
- § 8:25 —Tax Court’s Current Approach
- § 8:26 Service’s Publications
- § 8:26.50 Statutory Construction
- § 8:27 Taxpayer’s Performance—Substantial Compliance
- § 8:28 Hearsay Rule
- § 8:29 —Prior Testimony
- § 8:30 —Admission by Party Opponent
- § 8:31 Documents—“Business” Records
- § 8:32 —Transcripts and Summaries
- § 8:33 —Commercial Publications
- § 8:34 —Books
- § 8:35 —Public Records and Reports
- § 8:36 —Tax Returns
- § 8:37 —Evaluative Reports and Investigations
- § 8:38 —Absence of Record
- § 8:39 —Copies of Public Records
- § 8:40 —Other Exceptions
- § 8:41 Admissions
- § 8:42 —Constitutional Rights
- § 8:43 —Offers in Compromise
- § 8:44 —Adoption or Acquiescence
- § 8:45 —Tax Returns
- § 8:46 —Revenue Agents’ Reports

§ 8:47	—Statements of Intent
§ 8:47.05	Particular Items—Abandonment of Property
§ 8:47.06	—Abuse of Discretion
§ 8:47.07	Advances as Loans
§ 8:47.10	Alimony
§ 8:47.12	—Assessments (Validity)
§ 8:47.13	Bad Debt
§ 8:47.14	Business Connection
§ 8:47.15	Business Purpose
§ 8:47.50	Cancellation of Debt Income
§ 8:47.55	Capital Transactions
§ 8:47.55.50	Charitable Donations
§ 8:47.56	Constructive Dividends
§ 8:47.56.50	Variable Prepaid Forward Contracts (VPFCs)
§ 8:47.57	Dependency Exemption
§ 8:47.58	Depreciation Basis
§ 8:47.60	Foreign Tax Credit
§ 8:47.63	Gifts
§ 8:47.64	Golden Parachutes
§ 8:47.65	Imputed Interest
§ 8:47.66	Insurance Loss Reserves
§ 8:47.68	Intent
§ 8:47.76	Knowledge (Innocent Spouse)
§ 8:47.77	Loans
§ 8:47.78	Notice of Deficiency
§ 8:47.79	Settlement Allocations
§ 8:47.79.50	Suspension of Collection Actions
§ 8:47.80	Travel Expense Substantiation
§ 8:47.82	Pension Plans
§ 8:47.84	Transfer of Property
§ 8:47.86	Underlying Tax Liability
§ 8:47.90	Unreasonable Compensation
§ 8:47.95	Wages
§ 8:48	Former Testimony
§ 8:49	Judicial Notice
§ 8:50	—Law Generally
§ 8:51	—Foreign Law
§ 8:52	—Illustrative Facts Noticed
§ 8:53	—Prior Tax Court Proceedings
§ 8:54	Privilege: General
§ 8:55	—Attorney-Client Privilege
§ 8:56	— —Corporate Communications
§ 8:57	— —Nonprivileged Information
§ 8:57.50	—Third Party Communications
§ 8:58	—Work Product of Counsel
§ 8:59	—Accountants and Other Tax Professionals
§ 8:60	—Appraisers
§ 8:61	—Husband-Wife Privilege
§ 8:62	—Informer's Identity
§ 8:63	—Physician and Cleric Privileges
§ 8:64	—Trade Secrets
§ 8:65	—State Secrets
§ 8:66	—Executive Privilege

TABLE OF CONTENTS

§ 8:67	—Improperly Obtained Evidence
§ 8:68	—Self-Incrimination
§ 8:69	— —Third-Party Document Holders
§ 8:70	— —Interrogation Statements
§ 8:71	— —Related Evidence
§ 8:72	— —Negative Inference from Claiming Privilege
§ 8:73	— —Tax Returns
§ 8:74	— —Blanket Privilege
§ 8:75	— —Waiver
§ 8:76	— —Criminal Cases
§ 8:77	Witnesses
§ 8:78	Exclusion of Proposed Witnesses
§ 8:79	—Sanctions
§ 8:80	Failure To Testify or Produce Evidence
§ 8:81	Opinion Testimony by Lay Witnesses
§ 8:82	Expert Witnesses
§ 8:83	—Appointment and Examination
§ 8:84	—Qualifications
§ 8:85	—Effect of Testimony
§ 8:86	—Illustrative Cases
§ 8:87	—Charitable Contributions
§ 8:88	Valuation
§ 8:89	—Stock
§ 8:90	— —Control Block
§ 8:91	— —Closely Held Companies
§ 8:91.20	— —Portfolio Discount
§ 8:91.22	—Art Works
§ 8:91.25	—Real Property
§ 8:91.30	—Capitalized Income
§ 8:91.40	—Charitable Contributions
§ 8:91.50	—Claims Against an Estate
§ 8:91.55	—Evidentiary Rules
§ 8:91.60	—Family Partnerships
§ 8:91.65	—IRAs
§ 8:91.70	—Lottery Payments
§ 8:91.80	—Marital Joint Property
§ 8:92	—Minerals in Place
§ 8:92.50	—Simultaneous Death Life Estates
§ 8:93	—Settlement of Valuation Cases
§ 8:94	Polygraph Tests
§ 8:95	Examining Witnesses
§ 8:96	—Leading Questions, Hostile Witnesses
§ 8:97	—Order of Examination
§ 8:98	—Cross-Examination
§ 8:99	Evidentiary Rulings
§ 8:100	—Objections
§ 8:101	—Consent from Lack of Objection
§ 8:102	—Excluded Evidence—Offer of Proof
§ 8:103	—Exceptions
§ 8:104	—Plain Error
§ 8:105	Record of Proceedings
§ 8:106	Declaratory Judgment Actions

III. SMALL TAX CASES

- § 8:107 General
- § 8:108 —“Small Tax Case” Defined
- § 8:109 —Election of Small Tax Case Procedure
- § 8:110 —Discontinuance of Proceedings
- § 8:111 —Pleadings
- § 8:112 —Preliminary Hearings
- § 8:113 —Trials
- § 8:114 — —Decisions
- § 8:115 — —Special Trial Judges
- § 8:116 — —Number of Copies of Papers, Transcripts of Proceedings and Representation

IV. POST-TRIAL PROCEDURE

- § 8:117 Briefs—Generally
- § 8:118 —Service
- § 8:119 —Motion To Extend Time for Filing
- § 8:120 —Form and Contents
- § 8:121 —Failure To Submit Brief
- § 8:122 Correction of Transcript
- § 8:123 —Requests for Findings of Fact; Legal Argument
- § 8:124 Brandeis Briefs
- § 8:125 Special Trial Judges—Background
- § 8:126 —Cases Applicable
- § 8:127 —Small Tax Cases
- § 8:128 —Declaratory Judgments
- § 8:129 —Cases Involving More Than \$50,000
- § 8:130 Reports and Decisions
- § 8:131 —Opinion by Newly Assigned Judge
- § 8:132 Court Review of Division Opinions
- § 8:133 —Court Conference
- § 8:134 Post-Trial Proceedings
- § 8:135 —Motion To Vacate
- § 8:136 —Fraud on Court
- § 8:137 —Motion for Reconsideration
- § 8:138 —New or Further Trial
- § 8:139 Computations by Parties for Entry of Decision, Rule 155
- § 8:140 —Limitation of Issues
- § 8:141 —Estate Tax Deduction Developing at or After Trial
- § 8:142 Litigation Costs
- § 8:143 —Exhausting Administrative Remedies
- § 8:144 —Amount of Fees Allowed
- § 8:145 —Substantially Justified Position
- § 8:146 —Concession by IRS
- § 8:147 —Settlement Offers
- § 8:147.50 Qualified Offer Rule
- § 8:148 Litigation Costs—Net Worth Limits
- § 8:149 —Unreasonably Protracted Proceedings
- § 8:150 —Applying for Costs
- § 8:151 Entry of Decision
- § 8:152 Finality of Decision
- § 8:153 Retroactive Effect of Decision
- § 8:154 Vacating Decision

TABLE OF CONTENTS

§ 8:155	Collateral Estoppel
§ 8:156	Bond To Stay Collection
§ 8:157	Proceedings Upon Remand
§ 8:158	—Jurisdiction
§ 8:159	—Burden of Proof
§ 8:160	Publicity of Proceedings
§ 8:161	Withdrawal of Counsel

V. MOTIONS AND FORMS (EXAMPLES)

§ 8:162	Joint Motion To Correct Transcript
§ 8:163	Motion To Withdraw Exhibit for Purpose of Copying
§ 8:164	Joint Motion for Setting of Simultaneous Brief Dates
§ 8:165	Joint Motion To Extend Time To File Briefs
§ 8:166	Motion To Substitute Pages of Petitioner's Briefs
§ 8:167	Notice of Intent Not To File Reply Brief
§ 8:168	Motion for Reconsideration of Opinion
§ 8:169	—Notice of Objection to Motion; Response
§ 8:170	Motion for Reconsideration of Opinion and for Further Trial
§ 8:171	Motion for Reconsideration of an Order of the Tax Court
§ 8:172	Order Denying Petitioner's Motion for Reconsideration
§ 8:173	Respondent's Motion for Reconsideration
§ 8:174	Respondent's Computation for Entry of Decision
§ 8:175	—Example 1
§ 8:176	—Example 2
§ 8:177	—Example 3
§ 8:178	—Example 4
§ 8:179	—Example 5
§ 8:180	Respondent's Motion for Special Leave Pursuant to Rule 162; Motion To Vacate and Correct Decision
§ 8:181	Joint Motion for Withdrawal of Exhibits on Remand of Case

CHAPTER 9. REVIEW OF TAX COURT DECISIONS

§ 9:01	Introductory
§ 9:02	Notice of Appeal: Time Limitations
§ 9:03	—Bankruptcy Proceedings
§ 9:04	Reviewing Court
§ 9:05	Jurisdiction of Reviewing Courts: Background
§ 9:06	—Code Provisions
§ 9:07	—Review of Findings of Fact
§ 9:08	—Reversal Justifications
§ 9:09	—Review of Ultimate Findings
§ 9:10	—Review of Interlocutory Orders
§ 9:11	—Newly Raised Issues and Theories
§ 9:12	— —Cross-Appeals
§ 9:13	—Power To Remand
§ 9:13.50	Summary Judgment
§ 9:13.70	Frivolous Appeal
§ 9:14	Venue for Review
§ 9:15	Parties Entitled To File Notice of Appeal
§ 9:15.50	Reversal—Effect on Tax
§ 9:16	Appellate Practice: Code Provisions
§ 9:17	—Notice of Appeal: Formal Requirements
§ 9:18	—Record on Appeal

§ 9:19	—Transmission and Docketing of Record
§ 9:20	—Appendix to the Briefs
§ 9:21	—Briefs
§ 9:22	— —Time, Service and Form Requirements
§ 9:23	—Oral Argument
§ 9:24	—Entry of Judgment
§ 9:25	—Costs
§ 9:26	—Petition for Rehearing
§ 9:27	—Mandate
§ 9:28	Review Upon Certiorari
§ 9:29	—Time Limitations
§ 9:30	—Petition Contents and Form
§ 9:31	—Opposing and Reply Briefs
§ 9:32	—Record
§ 9:33	—Orders
§ 9:34	Settlement Stipulations
§ 9:35	Tax Court Form: Notice of Appeal
§ 9:36	—Another Form
§ 9:37	Notice of Filing Notice of Appeal
§ 9:38	Tax Court Form: Appeal Bond, Corporate Surety
§ 9:39	Tax Court Form: Appeal Bond, Approved Collateral
§ 9:40	Tax Court Form: Power of Attorney, Corporation
§ 9:41	Tax Court Form: Power of Attorney, Individual
§ 9:42	Stipulation as to Venue
§ 9:43	Designations of Portions of Transcript
§ 9:44	Notice of Assembling and Transmission of Record
§ 9:45	—Clerk’s Record Transmittal Letter
§ 9:46	Certificate
§ 9:47	Joint Motion To Correct Omission in Record
§ 9:48	Motion for Extension of Time To File Brief
§ 9:49	Order Extending Time To File Brief
§ 9:50	Notice of Oral Argument
§ 9:51	Judgment Order
§ 9:52	Petition for Rehearing, Suggesting Rehearing in Banc
§ 9:53	Mandate

CHAPTER 10. REFUNDS AND CREDITS

§ 10:01	Introductory
§ 10:02	Applicable Statutes
§ 10:03	Authority To Refund or Credit Overpayments
§ 10:04	Rate of Interest Charged and Paid
§ 10:05	Daily Compounding of Interest
§ 10:06	Tentative Carryback and Refund Adjustments
§ 10:07	Tentative Refund of Tax Under Claim of Right Adjustment
§ 10:08	Erroneous Refunds
§ 10:08.50	Lost or Stolen Refund Checks
§ 10:09	Time Limitations On Claims
§ 10:09.50	Time Limitations on Claims—New Claim vs. Amended Claim
§ 10:10	Time Limitations On Claims—Equitable Tolling
§ 10:10.50	—Rejection of Refund Claim
§ 10:11	—Statutory Exceptions
§ 10:12	Time Limitations on Claims—Statutory Exceptions—Taxpayer’s “Disability”
§ 10:13	Time Limitations On Claims—Dates of Filing Return and Payment of Tax

TABLE OF CONTENTS

§ 10:14	— —What Constitutes a “Return”
§ 10:15	— —What Constitutes a “Payment” of Tax
§ 10:16	— —Installment Payments
§ 10:17	— —When Payment Is Made
§ 10:18	— —Estimated Taxes
§ 10:18.50	— —Withheld Taxes
§ 10:18.55	—Protective Claims Generally
§ 10:18.60	—Protective Claims Regarding Estate Tax Deductions
§ 10:19	—Miscellaneous Limitation Periods
§ 10:20	Mitigation of Limitations Period
§ 10:21	Extension Agreements
§ 10:22	Credit of Overpayment Against Deficiency
§ 10:23	Estimated Tax Overpayments—Corporations
§ 10:24	Limitation On Amount of Credit or Refund
§ 10:25	Bad Debts and Worthless Securities
§ 10:26	Net Operating Loss or Capital Loss Carry-backs
§ 10:27	Credit Carry-backs
§ 10:28	Tax Court Jurisdiction
§ 10:29	Self-Employment Tax
§ 10:30	Employee Benefit Plan Terminations
§ 10:31	—Partnerships
§ 10:32	Equitable Recoupment
§ 10:33	Personal Holding Company Deficiency Dividends
§ 10:34	Fuel Excise Tax Credits
§ 10:34.50	Earned Income Credit
§ 10:34.60	Inflation Reduction Act—Credit Transfer
§ 10:35	Foreign Tax Credits
§ 10:36	Credits Against Estate Tax
§ 10:37	Substituting Joint Return for Separate Returns
§ 10:38	Treaty Provisions
§ 10:39	Proper Party To File Claim
§ 10:40	—Bankruptcy Proceedings
§ 10:41	—Agents, Return Preparers
§ 10:42	—Withholding Agents
§ 10:43	Joint Returns
§ 10:44	Minors
§ 10:45	Deceased Taxpayers
§ 10:46	Successor Corporations
§ 10:47	Affiliated Corporations
§ 10:48	Assignees
§ 10:49	Return Preparers Penalties
§ 10:50	Form and Contents of Claim—Summary of Rules
§ 10:51	—Prescribed Forms of Claim
§ 10:52	Informal Claims
§ 10:53	Statement of Overpayment
§ 10:54	Statement of Grounds for Refund
§ 10:55	—Variance Between Claim and Suit
§ 10:56	—Statement of Facts
§ 10:57	—Waiver of Defects
§ 10:58	—Extension Agreements
§ 10:59	—Excise Taxes
§ 10:60	—Amendments After Limitations Period
§ 10:61	Time and Place of Filing

- § 10:62 Administrative Procedures
- § 10:63 Review by Joint Congressional Committee
- § 10:64 Rejection of Claim
- § 10:65 —Reopening of Rejected Claims
- § 10:66 Application of Payments
- § 10:67 Offsets and Adverse Considerations
- § 10:68 Crediting of Overpayments
- § 10:69 —Finality of Credit Allowances
- § 10:70 Setoff Against Barred Deficiencies
- § 10:71 —Remedies Available to Taxpayer
- § 10:72 What Constitutes an Overpayment
- § 10:73 —Payments vs Deposits
- § 10:74 Interest on Overpayments
- § 10:75 —Calculating Amount of Interest
- § 10:76 —Crediting Overpayments
- § 10:77 —Estimated Taxes
- § 10:78 —Limitations on Recovery of Interest
- § 10:79 Net Operating Loss or Capital Loss Carry-backs
- § 10:80 —Credit Carry-back Claims
- § 10:81 Unused Deductions of Life Insurance Companies (Prior Law)
- § 10:82 Windfall Profit Tax (Prior Law)

CHAPTER 11. SUITS FOR REFUND

I. JURISDICTIONAL CONDITIONS AND LIMITATIONS

- § 11:01 Choice of Procedures
- § 11:02 Bankruptcy Court Jurisdiction
- § 11:03 Conditions Precedent to Suit
- § 11:04 —Necessity for Claim
- § 11:05 —Six-Month Waiting Period
- § 11:06 —Payment of Tax
- § 11:07 — —Divisible Taxes
- § 11:08 —Payment Under Protest or Duress
- § 11:09 —Excise Taxes
- § 11:10 Time Restrictions on Refund Suits
- § 11:11 —Return Preparers
- § 11:12 —Suits by Persons Other Than Taxpayer
- § 11:13 *[Deleted]*
- § 11:14 Time Restrictions on Refund Suits—Reconsideration and Successive Claims
- § 11:15 — —Effect of Judgment On Pending Claims
- § 11:16 —When Is Suit Instituted
- § 11:17 —Other Limitations
- § 11:18 Suit Upon Account Stated
- § 11:19 Overpayment Determined by Tax Court
- § 11:20 Parties Entitled To Bring Suit
- § 11:21 —Third Party Suits
- § 11:21.50 Intervention
- § 11:22 Tender of Refund After Suit Is Begun
- § 11:23 Reduction for Child Support

II. DEFENSES AVAILABLE TO GOVERNMENT

- § 11:24 Lack of Overpayment

TABLE OF CONTENTS

§ 11:25	Equitable Recoupment
§ 11:26	Estoppel
§ 11:27	Judicial Estoppel
§ 11:28	Res Judicata: Estoppel by Judgment
§ 11:29	—Initiation of Tax Court Proceeding
§ 11:30	Variances from Claim
§ 11:31	Setoff of Nontax Liabilities to Government
§ 11:32	Fraudulently Presented Claims
§ 11:33	Abolition of Suits Against District Director

III. DISTRICT COURTS: JURISDICTION AND PRACTICE

A. SUITS AGAINST THE UNITED STATES

§ 11:34	Historical Development
§ 11:35	Jurisdictional Limitations
§ 11:36	Venue for Suit
§ 11:37	Rules of Civil Procedure

B. PLEADINGS AND PRACTICE

§ 11:38	Sufficiency of Complaint
§ 11:39	—Allowance of Amendments
§ 11:40	Jury Demand in District Court
§ 11:41	Requirements for Service of Process
§ 11:42	Taxpayer's Burden of Proof
§ 11:43	Pleading of Defenses
§ 11:44	—Amendments
§ 11:45	Government's Burden of Proof
§ 11:46	Motions for Summary Judgment
§ 11:47	Stipulations
§ 11:48	Discovery
§ 11:49	—Depositions
§ 11:50	—Interrogatories
§ 11:51	—Production of Documents
§ 11:52	—Admissions
§ 11:53	—Discovery Against the Government
§ 11:54	—Freedom of Information Act
§ 11:54.50	—Contempt for Noncompliance
§ 11:55	Pretrial Conference
§ 11:56	Settlement
§ 11:57	—Offer by Taxpayer
§ 11:58	—Government's Consideration of Offer
§ 11:59	—Acceptance or Rejection of Offer
§ 11:60	Trials and Evidence
§ 11:61	Objections, Exceptions and Motions
§ 11:62	Privileged Communications
§ 11:63	Trial Procedures
§ 11:64	—Trial by Court
§ 11:65	—Jury Trial
§ 11:66	Counterclaims
§ 11:67	Findings
§ 11:68	Litigation Costs
§ 11:69	—Settlement Offers
§ 11:70	Judgments

- § 11:71 Appeals
- § 11:71.50 —Remand
- § 11:72 —Government Review

IV. UNITED STATES COURT OF FEDERAL CLAIMS: JURISDICTION AND PRACTICE

- § 11:73 Introductory Comments
- § 11:74 Jurisdiction
- § 11:75 The Complaint
- § 11:76 Pleading of Defenses
- § 11:77 Motions
- § 11:78 Assignment of Case to a Single Judge
- § 11:79 Pretrial Procedures
- § 11:80 Trials
- § 11:81 Briefs
- § 11:82 Findings and Judgments
- § 11:83 Post-Trial Proceedings
- § 11:84 Attorney Fees and Other Litigation Costs

V. ENFORCEMENT OF JUDGMENTS

- § 11:85 Delivery of Refund Checks
- § 11:86 Interest Upon Judgments
- § 11:87 Mandamus

VI. MISCELLANEOUS

- § 11:88 Form of Complaint—District Court Refund Suit
- § 11:89 —Court of Federal Claims
- § 11:90 —For Statutory Interest
- § 11:91 General Information Concerning the Settlement of Tax Refund Suits

Volume 3

CHAPTER 12. TRANSFEREE AND FIDUCIARY LIABILITIES

I. TRANSFEREE LIABILITY

- § 12:01 Scope of Discussion
- § 12:02 Historical Background
- § 12:03 Code Provisions
- § 12:04 Nature and Extent of Transferee Liability
- § 12:05 —Distinguished from Tax Liability
- § 12:06 —Liability at Law
- § 12:06.50 —State Homestead Exemptions
- § 12:07 —Liability in Equity
- § 12:08 —Liability of Transferees Is Several
- § 12:09 —Right to Contribution
- § 12:10 Transferee of a Transferee
- § 12:11 Requirements for Transferee Liability in Equity
- § 12:12 —There Must Be a Transfer of Property
- § 12:13 —When Does Transfer Occur?
- § 12:14 Retransfer of Property to the Transferor

TABLE OF CONTENTS

§ 12:15	—Without Full and Adequate Consideration
§ 12:16	—Insolvency of Transferor
§ 12:17	—Liability Limited to Tax at Time of Transfer
§ 12:18	—The Deficiency Must Be Correctly Determined
§ 12:19	—Payment of Tax
§ 12:20	Limitations on Transferee Liability
§ 12:21	—Liability Limited to Value of Assets Received
§ 12:22	—Exhaustion of Remedies Against the Transferor
§ 12:23	—Limitation Periods
§ 12:24	—Transfers During Additional Year for Assessment of Transferee
§ 12:25	—Fraud or Failure To File Return
§ 12:26	—Requests for Prompt Assessment
§ 12:27	—Extension Agreements by Taxpayer
§ 12:28	—Extension Agreements by Transferee
§ 12:29	—Suspension of Period for Tax Court Proceedings
§ 12:30	— —Offers in Compromise
§ 12:31	— —Jeopardy Assessment of Transferor
§ 12:32	— —Effect of Notice of Fiduciary Status
§ 12:33	—Collection of Assessed Liabilities
§ 12:33.50	Equitable Adjustments
§ 12:34	Who Are Transferees
§ 12:35	—Effect of State Exemption Laws
§ 12:36	—Stockholder Distributees
§ 12:37	—Direct Payments to Stockholders
§ 12:38	—Reorganized Corporations
§ 12:39	—Consolidations and Mergers
§ 12:40	—Affiliated Corporations
§ 12:41	—Partnership Distributions
§ 12:42	—Employees
§ 12:43	—Estates and Trusts
§ 12:44	—Distributees and Beneficiaries
§ 12:45	—Donees
§ 12:46	—Transfers Between Spouses
§ 12:47	—Life Insurance Beneficiaries
§ 12:48	—Annuity Contract Beneficiaries
§ 12:49	—Purchasers of Assets
§ 12:50	Who Are Not Transferees
§ 12:51	—Creditors
§ 12:52	—Survivors of Joint Tenancies
§ 12:53	—Community Property
§ 12:54	—Parties to Sale of Stock
§ 12:55	—Insurers

II. LIABILITY OF FIDUCIARY

§ 12:56	Introductory
§ 12:57	Historical Background
§ 12:58	Statutory Provisions
§ 12:59	—Regulations Involved
§ 12:60	Conditions to Creation of Personal Liability
§ 12:61	—Distinguished from Transferee Liability
§ 12:62	—Payment of Debts Is Essential to Liability
§ 12:63	— —Debts Permitted To Be Paid
§ 12:64	—Necessity for Knowledge of Debt Due United States

- § 12:65 —When Is Fiduciary Chargeable With Notice?
- § 12:66 —Fiduciaries Affected
- § 12:67 —Effect of Discharge as Fiduciary
- § 12:68 Limitation Periods

III. PROCEDURAL MATTERS

- § 12:69 Suits Against Transferee or Fiduciary
- § 12:70 Injunctive Relief
- § 12:71 Effect of Determination of Merits Against Taxpayer
- § 12:72 Tax Court Proceedings: Jurisdiction
- § 12:73 —Payment Without Assessment Before Notice
- § 12:74 —Deficiency Notice Requirements
- § 12:75 Jeopardy Assessments
- § 12:76 Bankruptcy or Receivership of Transferee
- § 12:77 The Transferee's Petition
- § 12:78 —Right of Examination of Taxpayer's Records
- § 12:79 Respondent's Burden of Proof
- § 12:80 —Necessity for Reply
- § 12:81 —Proof of Insolvency
- § 12:82 —Shifting of Burden of Proof to Petitioner
- § 12:83 Problems of Pleading and Proof
- § 12:84 Venue for Review
- § 12:85 Overpayment by Transferor
- § 12:86 Refund Proceeding by Transferee

CHAPTER 13. INTEREST

- § 13:01 Interest on underpayments—Historical background
- § 13:02 Rates
- § 13:03 Interest free period
- § 13:04 Notice to taxpayer
- § 13:05 Netting interest
- § 13:06 When interest begins to run
- § 13:07 —Deductibility of interest
- § 13:08 —Interest on penalties and additions to tax
- § 13:09 Loss carrybacks
- § 13:10 Credit carrybacks
- § 13:11 Assessment of interest
- § 13:12 Suspension of accrual of interest
- § 13:13 Termination of interest liability
- § 13:14 Erroneous refunds
- § 13:15 Abatement of interest
- § 13:16 Equitable recoupment and set-off

CHAPTER 13A. PENALTIES

- § 13A:01 Additions to Tax Generally
- § 13A:01.50 Burden of Proof
- § 13A:02 Deficiency Assessment Procedures
- § 13A:03 Failure To File Return
- § 13A:04 —Reasonable Cause Excuse
- § 13A:05 —Reliance on Professional Advice
- § 13A:06 —Reliance on Voided Automatic Extension
- § 13A:07 Fraudulent Failure To File

TABLE OF CONTENTS

§ 13A:08	Failure To Pay Tax
§ 13A:08.50	Failure to Pay Over Trust Fund Taxes
§ 13A:09	Individual Estimated Tax
§ 13A:10	Corporate Estimated Income Tax
§ 13A:11	Failure To Make Deposit of Taxes
§ 13A:12	—Reasonable Cause Excuse
§ 13A:13	—Electronic Deposit
§ 13A:14	Bad Checks
§ 13A:15	Failure To File Information Returns
§ 13A:16	Accuracy-Related Penalty
§ 13A:17	—Reasonable Cause and Good Faith Excuse
§ 13A:17.50	—Reliance on Professional Advice
§ 13A:18	—Negligence or Disregard of Rules and Regulations
§ 13A:19	—Understatement of Tax
§ 13A:20	Substantial Understatement of Tax—Substantial Authority Excuse
§ 13A:21	—Disclosure Excuse
§ 13A:22	Valuation Misstatement—Income Tax
§ 13A:23	Valuation Understatement—Estate or Gift Tax
§ 13A:24	Overstatement of Pension Liabilities
§ 13A:25	Fraud Penalty
§ 13A:26	Withholding Taxes
§ 13A:27	—Willfulness
§ 13A:28	—After-Acquired Funds
§ 13A:29	—Notice to Taxpayer
§ 13A:30	—Judicial Review
§ 13A:31	—Third Party Payors
§ 13A:32	—Reasonable Cause Excuse
§ 13A:33	—Limitations Period
§ 13A:34	Return Preparers
§ 13A:35	—Due Diligence Requirement
§ 13A:35.50	—Frivolous Position
§ 13A:36	—Preparer’s Identification
§ 13A:37	—Signature Rules
§ 13A:38	Aiding and Abetting Understatement of Tax Liability
§ 13A:39	Tax Shelters
§ 13A:39.50	—Reliance on Professional Opinion
§ 13A:40	Frivolous Returns
§ 13A:41	Judicial Review
§ 13A:42	Other Assessable Penalties
§ 13A:42.50	Mandatory Health Insurance and the Affordable Care Act
§ 13A:43	Erroneous Advice from Federal Regulators
§ 13A:44	Contesting Penalties
§ 13A:45	—Double Jeopardy Rules
§ 13A:46	—Reliance on Advice
§ 13A:47	—Reasonable Cause

CHAPTER 13B. CRIMINAL PROSECUTION

§ 13B:01	Failing To Collect and Pay Over Taxes
§ 13B:02	Obstructing Tax Collection
§ 13B:03	Conspiracy To Impede Internal Revenue Service
§ 13B:04	Evasion of Tax
§ 13B:04.50	False or Fraudulent Returns
§ 13B:04.60	Identity Theft

§ 13B:05	Interfering With Tax Administration
§ 13B:06	Referral from Civil Audit
§ 13B:07	Materiality
§ 13B:08	Parallel or Related Civil Proceedings
§ 13B:09	—Tax Matters Person
§ 13B:09.50	Indictment
§ 13B:09.60	Venue
§ 13B:09.70	Interrogation
§ 13B:10	Agent's Violation of IRS Procedures
§ 13B:11	Improperly Obtained Information
§ 13B:12	Illegal Searches and Seizures
§ 13B:12.50	Inadequate Representation
§ 13B:13	Double Jeopardy
§ 13B:14	Self Incrimination
§ 13B:14.50	Production of Taxpayer Records—Required Records Doctrine
§ 13B:15	Entrapment
§ 13B:16	Voluntary Disclosure
§ 13B:16.50	Plea Agreements
§ 13B:17	Deduction of Costs
§ 13B:18	Deduction of Illegal Payments
§ 13B:18.50	Forfeiture of Property
§ 13B:19	Sentencing
§ 13B:20	—Enhancements
§ 13B:21	—Downward Departure
§ 13B:22	Deportation

CHAPTER 13C. COLLECTION PROCEDURES

I. COLLECTION PROCEDURES GENERALLY

§ 13C:01	Introductory Comments
§ 13C:02	—Private Collection Agencies
§ 13C:02.50	—Foreign Collections
§ 13C:02.60	—Foreign Taxes (Collection and Enforcement of)
§ 13C:03	—History—Warrant for Distraint Under Prior Law
§ 13C:04	Interviews
§ 13C:05	Rewards
§ 13C:05.50	Whistleblower Awards
§ 13C:05.60	—IRS Procedures
§ 13C:05.70	—Withholding Reduction for Attorneys Fees
§ 13C:06	Notice and Demand Required
§ 13C:07	—Contents of Notices
§ 13C:07.50	Third Party Contacts—Reporting
§ 13C:08	Contesting Collection
§ 13C:09	Electronic Tax Deposits
§ 13C:10	Levy
§ 13C:11	Collection Due Process Hearing
§ 13C:12	Notice of Tax Lien
§ 13C:12.50	Administrative Review
§ 13C:12.60	Tax Court Review
§ 13C:13	Third-Party Possession of Taxpayer's Property
§ 13C:14	Effect of Honoring Levy
§ 13C:15	Third-Party Property in Taxpayer's Possession
§ 13C:16	Property Subject to Levy

TABLE OF CONTENTS

§ 13C:17	—After-Acquired Property
§ 13C:18	—Bank Deposits
§ 13C:19	—Bankruptcy Estate Assets
§ 13C:19.50	—Death Benefits
§ 13C:19.60	—Federal Contractor Payments
§ 13C:20	—Life Insurance Equities
§ 13C:21	—Real Property
§ 13C:22	—Salaries and Wages
§ 13C:23	—Receivables and Other Personalty
§ 13C:24	—Jointly Held Property
§ 13C:25	—Joint Bank Accounts
§ 13C:25.50	—Community Property
§ 13C:25.70	—Limited Liability Corporations (LLCs)
§ 13C:26	—Partnership Property
§ 13C:26.50	—Social Security Benefits
§ 13C:27	—Spendthrift Trusts
§ 13C:27.50	—Retirement Accounts
§ 13C:28	—Revocable Trust Interests
§ 13C:28.50	Property subject to levy—Transferred property
§ 13C:29	Property Exempt from Levy
§ 13C:30	Contesting Levy
§ 13C:31	—Third Parties
§ 13C:32	Installment Agreements for Paying Tax
§ 13C:32.50	Compromise Offers
§ 13C:33	Release of Levy
§ 13C:33.50	Return of Property
§ 13C:34	Limitations Period
§ 13C:34.50	Searches
§ 13C:35	Seizure of Property
§ 13C:36	Notice of Sale
§ 13C:37	Manner and Conditions of Sale
§ 13C:38	Stay of Sale
§ 13C:39	Redemption of Property
§ 13C:40	Deeds and Certificates of Sale
§ 13C:40.50	Judicial Review

II. SUITS FOR COLLECTION

§ 13C:41	Suits To Collect Tax—Generally
§ 13C:42	Reduce Tax Assessment to Judgment
§ 13C:43	Appointment of Receiver
§ 13C:44	Intervention
§ 13C:45	Open Safe Deposit Box
§ 13C:46	Search Warrants
§ 13C:47	Third Party Property Holders
§ 13C:48	Enforce Liens
§ 13C:49	Collect Estate Tax
§ 13C:50	Recover Erroneous Refund
§ 13C:51	Other Actions

III. THIRD PARTY REMEDIES

§ 13C:52	Injunctive Relief
§ 13C:53	Civil Actions by Persons Other Than Taxpayers

- § 13C:54 Interpleader
- § 13C:55 Action To Foreclose Superior Lien
- § 13C:56 —Jurisdiction and Pleadings
- § 13C:57 —Effect of Judicial Sale
- § 13C:58 Discharge of Liens Held by United States

CHAPTER 13D. BANKRUPTCY PROCEEDINGS

- § 13D:01 Introductory Comments
- § 13D:02 Coordination of Court Procedures
- § 13D:03 Obtaining Tax Liability Determination
- § 13D:04 Summary Assessment
- § 13D:05 Suspension of Limitation Period
- § 13D:06 Jurisdiction of Bankruptcy Court
- § 13D:07 —Contempt Proceedings
- § 13D:08 —Reinstatement of Stay
- § 13D:09 —Public Policy Exception
- § 13D:10 —Determining Tax Liability
- § 13D:11 —Reconsideration
- § 13D:12 —Directing Tax Payments
- § 13D:13 —Refunds
- § 13D:14 —Interest Issues
- § 13D:15 —Partnerships
- § 13D:16 Filing of Claims
- § 13D:17 Preferential and Fraudulent Transfers
- § 13D:18 Net Operating Losses
- § 13D:19 Proof of Claims
- § 13D:20 —Employment Taxes
- § 13D:21 Residence Sales Exclusion
- § 13D:22 Discharge
- § 13D:23 —Return Filing Requirement
- § 13D:24 —Fraud or Evasion of Tax
- § 13D:25 —Evade or Defeat Taxes
- § 13D:26 —Nonindividual Debtors
- § 13D:27 —Violation of Discharge
- § 13D:28 Set Off
- § 13D:29 Collection of Penalties
- § 13D:29.50 —While Proceedings are “Pending”
- § 13D:30 Interest
- § 13D:31 Credits and Refunds
- § 13D:32 Liens
- § 13D:33 Retirement Accounts

CHAPTER 13E. COMPROMISES AND CLOSING AGREEMENTS

- § 13E:01 Scope of Discussion
- § 13E:02 Jurisdiction and Procedure
- § 13E:03 Conditions To Offer in Compromise
- § 13E:03.50 Criminal Cases
- § 13E:04 Equitable Considerations
- § 13E:05 Bankruptcy Proceedings
- § 13E:06 Stay of Collection
- § 13E:07 Living Expense Allowance
- § 13E:08 Rejection
- § 13E:09 Cost Recovery

TABLE OF CONTENTS

§ 13E:10	Chief Counsel Review
§ 13E:11	Binding Effect of Acceptance
§ 13E:12	Compromise of Penalties
§ 13E:13	Compromise of Litigated Cases
§ 13E:13.50	User Fees
§ 13E:14	Jurisdiction and Procedure in Closing Agreements
§ 13E:15	—Partnerships
§ 13E:16	Advantages of Closing Agreements
§ 13E:17	Conclusive Effect of Closing Agreements
§ 13E:18	—Innocent Spouse
§ 13E:19	Exempt Bond Issuers

CHAPTER 14. PRIORITIES AND LIENS

I. PRIORITY OF FEDERAL TAXES UNDER REVISED STATUTES

§ 14:01	Introductory
§ 14:02	Interrelation of Priority and Lien Rights
§ 14:03	Historical Development
§ 14:04	Statutory Provisions
§ 14:05	Conditions for Establishment of Priority
§ 14:06	Effective Date of Priority
§ 14:07	—What Constitutes Insolvency
§ 14:08	—What Constitutes Voluntary Assignment
§ 14:09	—What Constitutes Act of Bankruptcy
§ 14:10	Application of Bankruptcy Act Priorities
§ 14:11	No Lien Is Created Under Section 3466
§ 14:12	Antecedent Liens—Historical Development
§ 14:13	Inchoate and General Liens
§ 14:14	When Is Competing Lien Specific and Perfected
§ 14:15	Priority of Sureties
§ 14:16	Charges Preferred Over Federal Claims

II. PRIORITY OF FEDERAL TAXES UNDER BANKRUPTCY ACT

§ 14:17	Statutory Provisions
§ 14:18	—Tax Priorities
§ 14:19	Avoidance of Unfiled Federal Tax Liens
§ 14:20	Federal Tax Liens and Secured Creditors
§ 14:21	Subordination of Tax Liens
§ 14:22	No Requirement of Possession
§ 14:23	Priority of Taxes as Administration Expenses

III. GENERAL FEDERAL TAX LIEN

§ 14:24	Historical Development
§ 14:25	Statutory Provisions
§ 14:26	Lien Arises Upon Assessment and Demand
§ 14:27	Duration of Lien
§ 14:28	Property Reached by Lien
§ 14:29	—Entireties Property
§ 14:30	—After-Acquired Property
§ 14:31	—Disclaimers
§ 14:32	—Foreclosure Sales
§ 14:32.50	Alter Ego Liens

- § 14:33 Priority Over Competing Liens
- § 14:34 — Perfected as Distinguished from Inchoate Liens
- § 14:35 Interests Protected Against Unrecorded Tax Liens
- § 14:36 — Security Interest
- § 14:37 — — Mortgagees
- § 14:38 — — Pledgees
- § 14:39 — Purchasers
- § 14:40 — Judgment Lien Creditors
- § 14:41 — — Attachment Liens
- § 14:42 — Mechanic's Lienors
- § 14:43 Requirements for Recording
- § 14:44 Effect of Actual Notice
- § 14:45 Superpriorities
- § 14:46 — Protection of Security Holders
- § 14:47 — Protection of Purchasers of Motor Vehicles
- § 14:48 — Personal Property Purchased at Retail
- § 14:49 — Personal Property Purchased in Casual Sale
- § 14:50 Personal Property Subject to Possessory Lien
- § 14:51 — Real Property Tax and Special Assessment Liens
- § 14:52 — Residence—Mechanic's Lien Exemption
- § 14:53 — Attorneys' Liens
- § 14:54 — Certain Insurance Contracts
- § 14:55 — Deposit Secured Loans (Passbook Loans)
- § 14:56 Commercial Transaction Financing Agreements
- § 14:57 — Filed Tax Lien
- § 14:58 — Real Property Construction or Financing Agreement
- § 14:59 — Obligatory Disbursement Agreement
- § 14:60 Forty-Five Day Period for Making Disbursements
- § 14:61 Priority of Interest and Expenses
- § 14:62 Other Adverse Claimants
- § 14:63 Rights of Sureties
- § 14:64 — Defaulting Contractors
- § 14:65 Adjustment of Circular Priorities
- § 14:66 — Withdrawal of Lien

IV. ESTATE AND GIFT TAX LIENS

- § 14:67 Statutory Provisions
- § 14:68 Property Subject to Lien
- § 14:69 Divestiture of Lien for Third Parties
- § 14:70 Deferred Payment of Estate Taxes
- § 14:71 Special Use Valuation
- § 14:72 Gift Tax Lien

V. ENFORCEMENT AND DISCHARGE

- § 14:73 Introductory
- § 14:74 Release of Lien
- § 14:75 Failure To Release Lien
- § 14:76 Administrative Appeal of Liens
- § 14:77 Unauthorized Collection Actions
- § 14:78 Discharge of Property
- § 14:79 Subordination of Lien
- § 14:80 Nonattachment of Lien

TABLE OF CONTENTS

- § 14:81 Judicial Remedies
- § 14:82 —Jurisdiction and Practice
- § 14:83 Notice to Taxpayers
- § 14:84 Appointment of Receiver

CHAPTER 15. CIVIL FRAUD PROCEEDINGS

I. ADMINISTRATIVE PROCEDURES

- § 15:01 Introduction
- § 15:02 Organization of the Criminal Investigation Division
- § 15:03 Functions of Criminal Investigation Division
- § 15:04 Joint Investigation of Fraud
- § 15:05 District Conference
- § 15:06 District Counsel Conference
- § 15:07 District Counsel's Action
- § 15:08 Department of Justice Conference
- § 15:09 Action of Tax Division, Department of Justice
- § 15:10 United States Attorney Conference
- § 15:11 Settlement Restrictions
- § 15:12 Civil Procedures in Joint Investigations

II. PLEADINGS AND PROOF IN TAX COURT CASES

- § 15:13 Taxpayer's Burden of Proof
- § 15:14 Contents of Petition
- § 15:15 Commissioner's Burden of Proof
- § 15:16 Affirmative Allegations of Answer
- § 15:17 Motion for More Definite Statement
- § 15:18 Petitioner's Reply
- § 15:19 Advancement of Trial Date
- § 15:20 Stipulations of Facts
- § 15:21 Proof of Specific Omissions or Fraudulent Conduct
- § 15:22 Admissions of Taxpayer
- § 15:23 Indirect Proof of Unreported Income
- § 15:24 —Conditions To Acceptance of Indirect Proof
- § 15:25 —Unexplained Bank Deposits
- § 15:26 —Markup Method and Projections
- § 15:27 —Net-Worth Increase Method
- § 15:28 — —Defenses Against Net-Worth Case
- § 15:29 — —Proof of Opening Net Worth
- § 15:30 Criminal Net-Worth Cases
- § 15:31 —Corroborating Extrajudicial Admissions
- § 15:32 Disclosure of Grand Jury Materials
- § 15:33 Improper Use of Grand Jury Materials

III. FORMS

- § 15:34 Petition Regarding Fraud Addition
- § 15:35 Petition in Bank Deposits Case (Fraud Not Involved)
- § 15:36 Answer in Net-Worth Fraud Case
- § 15:37 Answer: Net Worth and Statute of Limitations
- § 15:38 —Another Example
- § 15:39 Answer: Bank Deposits and Statute of Limitations
- § 15:40 Answer: Omitted Income

- § 15:41 Answer: Overstated Deductions
- § 15:42 Answer: Unreported Income and Overstated Deduction
- § 15:43 Answer: Undisclosed Source of Income
- § 15:44 Answer: Failure To File
- § 15:45 Answer: Collateral Estoppel and Statute of Limitations

CHAPTER 16. TAX TREATMENT OF PARTNERSHIP ITEMS

- § 16:01 TEFRA Procedures Generally
- § 16:02 Notice Requirements
- § 16:03 Settlements
- § 16:04 Tax Matters Partner
- § 16:04.50 Married Couples
- § 16:05 Notice of Final Partnership Administrative Adjustment
- § 16:06 Judicial Review of FPAA
- § 16:07 Assessment of Tax
- § 16:08 —Prompt Assessment Request
- § 16:09 Period of Limitations for Making Assessments
- § 16:10 Computational Adjustments
- § 16:11 Validity of an Affected Items Notice of Deficiency
- § 16:12 Penalties
- § 16:13 Administrative Adjustment Request
- § 16:14 Judicial Review of Administrative Adjustment Request
- § 16:15 Bankruptcy
- § 16:16 —Effect of Automatic Stay
- § 16:17 Termination's Effect on Partnership Action
- § 16:18 Credits and Refunds
- § 16:19 Partnership vs Nonpartnership Items
- § 16:20 Small Partnerships
- § 16:21 S Corporations
- § 16:22 —Limitations Period for Assessments
- § 16:22.50 REMICs
- § 16:23 Circular 230 Tax Shelter Amendments
- § 16:24 Disciplinary Proceedings Under Circular 230
- § 16:25 Electing Large Partnerships
- § 16:26 —Administrative Proceedings
- § 16:27 —Partnership Representative
- § 16:28 —Notice Requirements
- § 16:29 —Adjudication of Disputes
- § 16:30 —Statute of Limitations
- § 16:31 Cost Recovery

APPENDICES

- Appendix A. Tax Court Rules
- Appendix B. U.S. Court of Federal Claims Rules
- Appendix C. Federal Rules of Evidence

Table of Laws and Rules

Table of Cases

Index