

Case	Principal Issue	Status/Result	McDermott Lawyer
<p>North Central Rental & Leasing, LLC v. United States No. 10-cv-66 (Dist. N.D. filed July 23, 2010).</p>	<p>Whether Taxpayer's exchanges of rental and leasing property were proper like-kind exchanges that qualified for nonrecognition of gain under section 1031.</p>	<p>District Court case set for trial November 2012.</p>	<p>Gregory G. Palmer Thomas C. Borders Thomas M. Connolly Megan Thibert-Ind</p>
<p>John Hancock Life Ins. Co. v. Commissioner No. 7084-10 (Tax Ct. filed Mar. 23, 2010) and No. 6404-09 (Tax Ct. filed Mar. 17, 2009).</p> <p>Manufacturers Investment Corp. v. Commissioner No. 7083-10 (Tax Ct. filed Mar. 23, 2010).</p>	<p>Whether taxpayer is entitled to rent or depreciation and interest deductions on certain leveraged lease transactions.</p>	<p>Trial held October 11, 2011. Opening briefs due March 16, 2012.</p>	<p>Jean A. Pawlow Mark W. Pearlstein Kevin Spencer Nathaniel Dorfman Justin Jesse</p>
<p>Estate of Leighton v. Commissioner No. 11447-10 (Tax. Ct. filed May 18, 2010).</p>	<p>The issue relates to the fair market value of decedent's interest in a marital deduction trust.</p>	<p>Case set for trial March 5, 2012.</p>	<p>David A. Baker Peggy H. Quinn</p>
<p>Barnes Group, Inc. v. Commissioner No. 09-27211 (Tax Ct. filed Nov. 16, 2009).</p>	<p>Whether taxpayer reasonably relied on the zero basis rule in Rev. Rul. 74-503 in determining the amount of its CFCs investment in U.S. property.</p>	<p>Tax Court case set for trial February 27, 2012.</p>	<p>Robin L. Greenhouse James A. Riedy Nathaniel Dorfman</p>
<p>Goodrich Corp. v. United States No. 10-cv-0105 (W.D. N.C. filed Mar. 9, 2010).</p> <p>Goodrich Corp. v. Commissioner No. 29180-09 (Tax Ct. filed Dec. 8, 2009).</p>	<p>Whether taxpayer may deduct interest expense relating to the transfer of property to a trust for the benefit of the IRS in satisfaction of a contested liability under Code section 461(f); whether taxpayer may deduct accrued minimum employer contributions.</p>	<p>District Court case set for trial February 15, 2012.</p>	<p>Jean A. Pawlow Bobby R. Burchfield Elizabeth Erickson Kevin Spencer Justin Holmes</p>

Experience in Docketed Federal Tax Cases

Case	Principal Issue	Status/Result	McDermott Lawyer
<i>Estate of Duncan v. Commissioner</i> T.C. Memo 2011-255 (Oct. 31, 2011).	Deduction under Code section 2053 for administrative expenses and interest on loan used to pay estate tax.	Taxpayer won.	Thomas C. Borders
<i>Cummings v. United States</i> No. 09-cv-12199 (D. Mass. filed Dec. 28, 2009).	Whether taxpayer is entitled to deduct the gross amount of its property tax liability.	Magistrate judge issued adverse Report & Recommendation on October 20, 2011. Taxpayer has filed an objection.	Philip Tingle Andrew C. Liazos Nathaniel Dorfman
<i>Capital One Financial Corp. v. Commissioner</i> 133 T.C. 136 (2009), <i>aff'd</i> , (4 th Cir. Oct. 21, 2011).	Whether interchange income earned by credit card issuer is OID; whether OID calculator clearly reflects income; whether Treas. Reg. § 1.451-4 applies to taxpayer's rewards program.	Taxpayer won interchange issue; government won rewards issue; Tax Court modified calculator but held model was reasonable.	Jean A. Pawlow Elizabeth Erickson Kevin Spencer
<i>Capital One Financial Corp. v. Commissioner</i> 130 T.C. 147 (2008), <i>aff'd</i> (4 th Cir. Oct. 21, 2011).	Whether taxpayer changed its method of accounting for late fees.	Tax Court held for the government. Fourth Circuit affirmed.	Jean A. Pawlow Elizabeth Erickson Kevin Spencer
<i>Roche Holdings, Inc. v. United States</i> No. 09-cv-5463 (D. N.J. filed Oct. 27, 2009).	Whether in computing the research credit under Code section 41, receipts received from intra-group transactions between foreign and domestic members of a controlled group of corporations are properly excluded.	Pending.	William L. Goldman Michael F. Kelleher Kevin Spencer

Experience in Docketed Federal Tax Cases

Case	Principal Issue	Status/Result	McDermott Lawyer
<p><i>The Cooper Companies, Inc. v. Commissioner</i> No. 14816-11 (Tax Ct. filed July 7, 2011).</p>	<p>Whether a branch of taxpayer's CFC was engaged in "purchasing or selling activities" that could give rise to foreign base company sales income; if so, what amount of sales income is allocable to the branch's activities.</p>	<p>Petition filed July 7, 2011.</p>	<p>Fredrick Chilton Nicholas Lum</p>
<p><i>OMJ Pharmaceuticals v. United States</i> No. 11-cv-01312 (C.D. P.R. filed Apr. 1, 2011).</p>	<p>Whether taxpayer was required to reduce its adjusted base period income in computing its Code section 936 credit as the result of certain transfers to a foreign corporation.</p>	<p>Pending.</p>	<p>William L. Goldman Robin L. Greenhouse Nathaniel Dorfman</p>
<p><i>United Services Automobile Assoc. v. United States</i> No. 10-cv-00185 (W.D. Tex. filed Mar. 5, 2010).</p> <p><i>United Services Automobile Assoc. v. Commissioner</i> No. 021037-10 (Tax Ct. filed Sept. 21, 2010).</p>	<p>Whether interchange income earned by credit card issuer is OID; whether OID calculator clearly reflects income; whether taxpayer changed its method of accounting for OID.</p>	<p>Pending.</p>	<p>Jean A. Pawlow Elizabeth Erickson Nathaniel Dorfman</p>
<p><i>Securitas Holdings, Inc. v. Commissioner</i> No. 21206-10 (Tax Ct. filed Sept. 28, 2010).</p>	<p>Deductibility of interest expenses resulting from the refinancing of existing debt with a Deferred Subscription Agreement, and the deductibility of certain insurance premiums</p>	<p>Pending.</p>	<p>Michael Kelleher Robin L. Greenhouse James Riedy Elizabeth Erickson Thomas Jones</p>
<p><i>Estate of Binger v. Commissioner</i> No. 24810-08 (Tax Ct. filed Oct. 10, 2008).</p>	<p>Various valuation issues and whether a related claim for gift tax refund based on probate litigation results in an overpayment of the estate tax.</p>	<p>Pending.</p>	<p>David A. Baker Peggy H. Quinn</p>

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<p>Fresenius Medical Care Holdings, Inc. v. United States No. 08-12118 (D. Mass. filed Dec. 22, 2008).</p>	Refund action for deduction the government says is barred under Code section 162(f) (fine or penalty).	Pending.	David S. Rosenbloom Thomas C. Borders
<p>Arbitex Master Fund, L.P. v. Commissioner No. 6237-10 and No. 6239-10 (Tax Ct. filed Mar. 12, 2010).</p>	Whether payments made under total return swaps are substitute dividends or otherwise U.S. source income, subject to 30 percent withholding tax.	Settled.	Thomas C. Borders Thomas M. Connolly
<p>R.H. Donnelley Corp. v. United States 684 F. Supp. 2d 672 (E.D. N.C. 2010), <i>aff'd</i>, 107 AFTR 2d 2011 (4th Cir. 2011).</p>	Whether taxpayer's foreign tax credit limitation and general business credit limitation should be based on the taxpayer's actual tax liability as finally determined by the IRS as of the time that the statute of limitations for the tax year expired.	Court held for the government.	William L. Goldman Robin L. Greenhouse
<p>John Hancock Life Ins. Co. v. United States No. 09-31169 (5th Cir. filed Dec. 7, 2009).</p>	Whether the lender in a secured debt transaction involving an indenture trustee is the "holder of a security interest" under Code section 6323(a).	Settled.	Jean A. Pawlow M. Miller Baker Andrew Blair-Stanek
<p>University of Rochester v. United States No. 10-cv-06104 (W.D. N.Y. filed Mar. 2, 2010).</p>	Whether stipends paid to medical residents are excepted from FICA tax on the basis of the "student exception" found in Code section 3121(b)(10).	Government conceded.	Robin L. Greenhouse
<p>Barnes-Jewish Hospital v. United States No. 09-cv-01701 (E.D. Mo. filed Oct. 13, 2009).</p>	Whether stipends paid to medical residents are excepted from FICA tax on the basis of the "student exception" found in Code section 3121(b)(10).	Government conceded.	Mark H. Churchill Robin L. Greenhouse

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<i>United States v. Memorial Sloan-Kettering</i> 563 F.2d 19 (2d Cir. 2009).	Whether stipends paid to medical residents are excepted from FICA tax on the basis of the “student exception” found in Code section 3121(b)(10).	Taxpayer won.	Mark H. Churchill
<i>Estate of Sims v. United States</i> No. 08-2287 (Fed. Ct. filed Nov. 25, 2008).	Limited partnership estate tax valuation case.	Settled.	Domingo P. Such, III
<i>R.H. Donnelley Corp. v. United States</i> 2009 U.S. Dist. LEXIS 114773 (E.D. N.C. Dec. 9, 2009).	Whether the use of money principle precludes the IRS from assessing and collecting interest on a second tax deficiency when the IRS had use of the taxpayer’s prepayment during the 870 Waiver Period for the first tax deficiency.	Court held for the government.	William L. Goldman Robin L. Greenhouse
<i>Highland Capital Management Partners, L.P. et al. v. Commissioner</i> No. 05422-08 (Tax Ct. filed Mar. 3, 2008).	Whether partnership is entitled to deductions for swap transactions.	Settled.	Thomas C. Borders
<i>General Mills, Inc. v. United States</i> 2008 U.S. Dist. LEXIS 3196 (D. Minn. Jan. 15, 2008); <i>rev’d</i> , 554 F.3d 727 (8th Cir. 2009).	Whether taxpayer is entitled to deductions under Code section 404(k)(1) for redemptive dividend payments by the company to its three ESOPs that were timely distributed by the ESOP trustee to terminated employees.	Taxpayer won in district court; Eighth Circuit reversed; petition for rehearing denied.	William L. Goldman Robin L. Greenhouse
<i>Jose Maria Olazabal v. Commissioner</i> No. 28389-07 (Tax Ct. filed Dec. 10, 2007).	Taxpayer, a foreign professional tournament golfer, challenged underpayments of tax on tournament and endorsement income.	Settled.	John T. Lutz Madeline M. Chiampou

Experience in Docketed Federal Tax Cases

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<p>United States v. Partners Healthcare System, Inc. 2008-2 U.S.T.C. (CCH) ¶ 50,619 (D. Mass. 2008).</p>	<p>Whether FICA tax is due on stipends paid to medical residents so as to render erroneous certain refunds paid to partners for 2001 through 2003.</p>	<p>DOJ's motion for summary judgment denied.</p>	<p>Mark H. Churchill</p>
<p>United States v. Mt. Sinai Medical Center of Florida, Inc. 353 F. Supp 2d 1217, <i>remanded</i>, 486 F.3d 1248 (11th Cir. 2007), <i>order in favor of Mt. Sinai</i>, 102 A.F.T.R.2d (RIA) 5373 (S.D. Fla. 2008).</p>	<p>Whether medical residents are eligible to assert the "student exception" found in Code section 3121(b)(10).</p>	<p>Taxpayer won.</p>	<p>Mark H. Churchill</p>
<p>Texaco Inc. v. United States 528 F.3d 703 (9th Cir. 2008).</p>	<p>Whether taxpayer is entitled to apply Code section 1341 ("claim of right") in order to equalize the tax detriment and benefit of amounts initially included in income and subsequently repaid.</p>	<p>Taxpayer won on motion for summary judgment; reversed on appeal.</p>	<p>William L. Goldman Robin L. Greenhouse Michael F. Kelleher</p>
<p>Texaco Inc. v. United States Nos. 00-195 and 01-461 (Fed. Cl.).</p>	<p>Whether taxpayer is entitled to a refund for overpayment of interest.</p>	<p>Pending.</p>	<p>Robin L. Greenhouse</p>
<p>Barrick Res. (USA) Inc. v. United States 99 A.F.T.R.2d (RIA) 307 (D. Utah 2006), <i>aff'd</i>, 529 F.3d 1252 (10th Cir. 2008).</p>	<p>Whether taxpayer timely filed its refund claim that corrected a claim for refund that was previously timely filed.</p>	<p>Court held for the government.</p>	<p>Jean A. Pawlow</p>
<p>EastWest 4 LLC v. Commissioner No. 15023-08 (Tax. Ct. filed Jun. 13, 2008).</p>	<p>Whether the partnership's accounts receivable from a related party was properly deducted as a bad debt.</p>	<p>Settled.</p>	<p>Robin L. Greenhouse</p>

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Denis L. O'Sullivan v. Commissioner No. 005039-05 (Tax Ct. filed Mar. 15, 2005).	Whether taxpayer correctly reported gain on sale of closely held stock; whether taxpayer failed to report income or substantiate expense deductions in connection with operation of closely held business.	Taxpayer dismissed case after IRS agreed to reduce deficiency of \$839,000 to less than \$6,000.	John E. Gaggini Thomas C. Borders
Nat'l R.R. Passenger Corp. ("Amtrak") v. United States 338 F. Supp. 2d 22 (D.D.C. 2004) <i>aff'd</i> , 431 F.3d 374 (D.C. Cir. 2005).	Whether taxpayer was entitled to a refund of Code section 4251 communications excise taxes.	Taxpayer won.	Jean A. Pawlow
United States v. Northern Trust Co. 93 F. Supp. 2d 903 (N. D. Ill. 2000), <i>remanded</i> , 372 F.3d 886 (7th Cir. 2004).	Action to recover tax refunds paid for the benefit of pension fund mutual fund investors.	Taxpayer won when the government's case was dismissed for failure to state a claim; remanded on appeal.	Jeffrey E. Stone Thomas C. Borders
United States v. Jenkins & Gilchrist No. 03-cv-6593 (N.D. Ill. 2004). Jenkins & Gilchrist v. IRS No. 02-cv-6894 (N.D. Ill. 2004).	Represented law firm in FOIA litigation against IRS, and IRS summons enforcement proceeding related to the alleged promotion of abusive tax shelters.	Settled.	Thomas C. Borders
Ocular Sciences, Inc. v. Commissioner No. 24672-04 (Tax Ct. filed Dec. 28, 2004).	Miscellaneous.	Settled.	Frederick Chilton
Estate of Baer v. Commissioner No. 19339-04 (Tax Ct. filed Oct. 12, 2004)	Farmland estate tax valuation case.	Settled.	Domingo P. Such, III

Experience in Docketed Federal Tax Cases

Case	Principal Issue	Status/Result	McDermott Lawyer
<p><i>Estate of Kaufherr v. Commissioner</i> No. 14478-04 (Tax Ct. filed August 13, 2004) [for estate tax]. No. 11839-04 (Tax Ct. filed July 8, 2004) [for gift tax].</p>	Limited partnership estate tax valuation case.	Settled.	Domingo P. Such, III
<p><i>IHC Health Plans v. Commissioner</i> T.C. Memo 2001-248, <i>aff'd</i>, 325 F.3d 1188 (10th Cir. 2003).</p>	Whether taxpayer's HMOs qualified for tax exemption under Code section 501(c)(3).	Court held for the government.	Douglas M. Mancino Robert C. Louthian, III
<p><i>Boise Cascade Corp. v. United States</i> 82 A.F.T.R.2d (RIA) 7249 (D. Idaho 1998), <i>aff'd</i>, 329 F.3d 751 (9th Cir. 2003).</p>	Whether taxpayer was entitled to tax deductions under Code section 404(k)(1) for redemptive dividend payments by the company to its ESOPs which were distributed by the ESOP trustee to terminated employees.	Taxpayer won at district court and affirmed on appeal to the Ninth Circuit.	William L. Goldman
<p><i>BOCA Investering Partnership v. United States</i> 167 F. Supp. 2d 298 (D.D.C. 2001), <i>rev'd</i>, 314 F.3d 625 (D.C. Cir. 2003), <i>cert. denied</i>, 540 U.S. 826 (2003).</p>	Whether the partnership and its contingent installment sale transactions had economic substance and should be recognized for federal income tax purposes.	Taxpayer won in district court; case reversed on appeal to the D.C. Circuit; Supreme Court denied certiorari.	William L. Goldman
<p><i>Indeck Energy Services, Inc. v. Commissioner</i> T.C. Memo 2003-101.</p>	Whether amounts designated by a corporation as a payment for interest as part of a purchase of stock should be treated as a payment for the stock rather than as deductible interest.	Court held for the government.	Thomas C. Borders
<p><i>Boeing Co. v. United States</i> 537 U.S. 437 (2003), <i>aff'g</i>, 258 F.3d 958 (9th Cir. 2001), <i>rev'g</i>, 82 A.F.T.R.2d (RIA) 6246 (W.D. Wash. 1998).</p>	Whether taxpayer properly allocated and apportioned R&D expenses for commercial airplanes in determining DISC/FSC benefits.	Taxpayer won in district court; Supreme Court ultimately held for the government.	Jean A. Pawlow

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Case	Principal Issue	Status/Result	McDermott Lawyer
<i>Mary Kay Holding Corp. v. Commissioner</i> No. 018150-02 (Tax Ct. filed Nov. 20, 2002).	Whether taxpayer could deduct amounts paid to its CFCs under Code section 162; alternatively, whether taxpayer properly reported its true taxable income as required by Code section 482.	Settled.	Elizabeth Erickson
<i>ChevronTexaco Corp. v. United States</i> 241 F. Supp. 2d 1065 (N.D. Cal. 2002).	Whether an IRS summons should be enforced.	The district court held for the taxpayer on its work-product claims and also held that certain documents were protected by attorney-client privilege.	Michael F. Kelleher Robin L. Greenhouse
<i>Murphy Exploration & Production Company v. United States</i> (Fed. Cl.).	Whether the IRS properly recomputed the interest owed to the taxpayer following the execution of Form 870-AD.	Settled.	Robin L. Greenhouse
<i>Anonymous v. Commissioner</i> (Tax Court).	Filed petition to restrain disclosure of a Field Service Advice in order to protect client confidentiality.	Settled.	Jean A. Pawlow Elizabeth Erickson
<i>Redlands Surgical v. Commissioner</i> 113 T.C. 47 (1999), <i>aff'd</i> , 242 F.3d 904 (9th Cir. 2001).	Whether petitioner was operated for charitable purposes within the meaning of Code section 501(c)(3).	Court held for the government.	Douglas M. Mancino Robert C. Louthian, III
<i>IES Industries, Inc. v. United States</i> 77 T.C.M. (CCH) 1779 (1999), <i>rev'd</i> , 253 F.3d 350 (8th Cir. 2001).	The Court of Appeals reversed a district court determination and held that ADR trades had economic substance, were entered into for legitimate business purposes, and produced a pre-tax profit; the Court of Appeals also affirmed the district court determination that accrued remediation expenses were currently deductible.	Taxpayer won.	Thomas C. Borders

Experience in Docketed Federal Tax Cases

Case	Principal Issue	Status/Result	McDermott Lawyer
UnionBanCal Corp. v. Commissioner 113 T.C. 309 (1999), <i>aff'd</i> , 305 F.3d 976 (9th Cir. 2002).	Whether taxpayer was entitled to a deduction for a deferred loss incurred during a related party transaction.	Court held for the government.	Frederick Chilton Paul Dau
Murphy Oil U.S.A. v. United States 81 F. Supp. 2d 942 (W.D. Ark. 1999).	Whether the substance sold was an intermediate hydrocarbon stream exempt from the Code section 4661 superfund chemical tax.	The court granted in part, and denied in part, each party's cross motion for summary judgment.	Robin L. Greenhouse
Great Northern Nekoosa Corp. v. Commissioner T.C. Memo 1997-409, <i>aff'd</i> , 180 F.3d 277 (11th Cir. 1999).	Great Northern Nekoosa claimed that a 1981 transaction (involving reciprocal put and call options) was a completed sale in 1981 so that a portion of a payment in 1989 pursuant to an exercise of the put option was deductible as unstated interest under Code section 483.	Court held for the government.	William L. Goldman Philip A. McCarty
United States v. Farm Credit Services of Fargo, ACA 89 AFTR 2d 2002-334 (D.C. N.D. 1998).	In a nationwide test case, the Federal District Court determined that agricultural credit associations were exempt from income tax on their mortgage lending income. Such tax exemption was statutorily conferred on a predecessor entity and was found to survive when the predecessor merged into a fully taxable entity on the ground such entity (an agricultural credit association) possessed the "powers and obligations" of its predecessors.	Taxpayer victory; government dropped appeal.	Michael R. Fayhee Kevin J. Feeley
Caltex Petroleum Corp. v. United States No. 98-429T (Fed. Cl.).	Whether Code section 1491 excise taxes and interest should be imposed on alleged transfer of property to a foreign subsidiary.	Settled.	Robin L. Greenhouse
Wal-Mart Stores, Inc. v. Commissioner T.C. Memo 1997-1, <i>aff'd</i> , 153 F.3d 650 (8th Cir. 1998).	Whether taxpayer could deduct estimate for inventory "shrinkage."	Taxpayer won.	Jean A. Pawlow

Experience in Docketed Federal Tax Cases

Case	Principal Issue	Status/Result	McDermott Lawyer
<p>York Farm Credit, ACA v. Commissioner No. 022296-97 (Tax Ct. filed Nov. 14, 1997).</p>	<p>Whether amounts received in redemption of purchased stock and the redemption of pre-1969 patronage allocations were taxable.</p>	<p>Settled.</p>	<p>George W. Benson Michael R. Fayhee Kevin J. Feeley</p>
<p>ACM Partnership v. Commissioner T.C. Memo 1997-115, <i>aff'd</i>, 157 F.3d 231 (3rd Cir. 1998).</p>	<p>Whether taxpayer could claim losses from contingent payment installment sales transactions.</p>	<p>Court held for the government.</p>	<p>William L. Goldman</p>
<p>Indianapolis Life Ins. Co. v. United States 115 F.3d 430 (7th Cir. 1997).</p>	<p>Whether the insurer's dividend and life insurance deductions should be negative when the differential earnings amount was less than zero.</p>	<p>Court upheld validity of IRS regulations.</p>	<p>Robin L. Greenhouse</p>
<p>Signet Banking Corp. v. Commissioner 106 T.C. 117 (1996), <i>aff'd</i>, 118 F.2d 239 (4th Cir. 1997).</p>	<p>Whether credit card annual membership fees could be included in income ratably over the membership year or were fully taxable at the time of receipt.</p>	<p>Court held for the government.</p>	<p>William L. Goldman</p>
<p>KMart Corp. v. United States 31 Fed. Cl. 677 (1994), <i>dismissed</i>, 119 F.3d 15 (Fed. Cir. 1997).</p>	<p>McDermott was retained to appeal an adverse judgment of the Court of Federal Claims granting the government's motion for summary judgment (based on equitable estoppel) in a case involving claimed WIN credits.</p>	<p>Settled.</p>	<p>William L. Goldman</p>
<p>Estate of Brown v. Commissioner T.C. Memo 1997-195.</p>	<p>The Commissioner asserted a substantial tax deficiency against the estate of the founder and a former minority owner of the Cincinnati Bengals. The case concerned both the value and number of shares at death.</p>	<p>All valuation issues were settled favorably before trial at values opined by taxpayer's experts. The Tax Court ruled in favor of the taxpayer on the remaining issues.</p>	<p>Thomas C. Borders Carol A. Harrington</p>

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<i>Amdahl Corp. v. Commissioner</i> 108 T.C. 507 (1997).	Whether payments made by corporation to relocation services companies in connection with purchase and resale of employee's homes were deductible.	Taxpayer won.	Frederick Chilton Paul Dau
<i>United States v. Chevron Corp.</i> 96-1 U.S.T.C. ¶ 50,201 (N.D. Cal. 1996) 96-2 U.S.T.C. ¶ 50,569 (N.D. Cal. 1996), on motion for clarification.	Whether a summons with respect to an IRS audit of a foreign tax credit issue that sought the production of documents for which the taxpayer claimed attorney-client privilege should be enforced.	The summons case was settled and the IRS dropped the substantive tax issue upon receipt of the taxpayer's favorable technical advice memorandum from the National Office.	Michael F. Kelleher Robin L. Greenhouse
<i>Cheng v. Commissioner</i> No. 509-96 (Tax Ct. filed Jan. 11, 1996). <i>Pen v. Commissioner</i> No. 510-96 (Tax Ct. filed Jan. 11, 1996).	Whether commissions earned as compensation for the performance of personal services in Taiwan were taxable as income effectively connected to a United States trade or business.	IRS conceded.	Jean A. Pawlow
<i>Avon Products, Inc. v. United States</i> 1995 U.S. Claims LEXIS 165 (Fed. Cl. 1995), <i>remanded</i> , 97 F.3d 1435 (Fed. Cir. 1996).	Court of Appeals reversed the decision of the Court of Federal Claims which had granted the government's motion for summary judgment in the case involving accounting for employee profit participation payments by a Mexican subsidiary.	Remanded.	Robert Feldgarden
<i>Fort Howard Corp. v. Commissioner</i> 107 T.C. 187 (1996).	The case originally involved claimed deductions for borrowing costs incurred during the 1988 leveraged buyout of Fort Howard Corp. led by Morgan Stanley.	Congress enacted § 1740(p)(2) of the Small Business Job Protection Act of 1996. As a result, all of the claimed deductions were resolved in the taxpayer's favor.	Lonn W. Myers

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<i>Sun Microsystems, Inc. v. Commissioner</i> T.C. Memo 1995-69.	Whether the term “wages,” for purposes of the credit for increasing research activities in section 41, includes the income realized from disqualifying dispositions of stock purchased through the taxpayer’s incentive stock option (ISO) plan.	Taxpayer won.	Frederick Chilton
<i>Chevron Corp. v. Commissioner</i> 104 T.C. 719 (1995).	Whether the IRS used a proper method to allocate state franchise taxes between domestic and foreign source income under Treas. Reg. § 1.861-8(e)(6).	Taxpayer won.	Robin L. Greenhouse
<i>Walgreen, Inc. v. United States</i> 103 T.C. 582 (1994), <i>rev’d</i> , 68 F.3d 1006 (7th Cir. 1995), on <i>remand</i> T.C. Memo 1996-374.	Reversing the Tax Court, the Court of Appeals held the cost of nonstructural Code section 1250 real property could be recovered over 10 years.	Tax Court ultimately ruled on categories of disputed property.	William L. Goldman Lydia R.B. Kelley
<i>Phillips P.R. Core, Inc. v. United States</i> 30 Fed. Cl. 733 (Fed. Cl. 1994).	Whether the taxpayer was entitled to a refund of chemical excise taxes.	Court held for the government.	Robin L. Greenhouse
<i>Buckeye Countrymark, Inc. v. Commissioner</i> 103 T.C. 547 (1994).	Whether Code section 277 applies to non-exempt Subchapter T cooperatives. This case was sponsored by the National Council of Farmer Cooperatives as a test case on this issue.	Taxpayer won.	George W. Benson
<i>Meredith Corp. v. Commissioner</i> 102 T.C. 406 (1994).	Taxpayer claimed a substantial value for the acquired subscriber list of The Ladies Home Journal. The IRS disallowed its amortization deduction, claiming a zero value for the subscriber list.	Tax Court upheld Taxpayer’s value.	Gary C. Karch Lydia R.B. Kelley

Experience in Docketed Federal Tax Cases

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<i>Farm Credit Services of Northwest North Dakota v. Commissioner</i> 70 T.C.M. 655 (1995).	Whether Code section 277 applied to production credit associations.	Taxpayer won.	George W. Benson
<i>Farm Credit Services of Southwest Minn. v. Commissioner</i> No. 002917-93 (Tax Ct. filed Feb. 10, 1993).	Whether a production credit association was entitled to carry losses back pursuant to Code section 172; whether a 1985 bad debt reserve addition was appropriate.	Settled.	George W. Benson
<i>Metropolitan Life Ins. Co. v. United States</i> 30 Fed. Cl. 195 (1993).	Whether reserve was "life insurance reserve" under Code section 801.	Taxpayer won at Court of Federal Claims; settled while appeal was pending.	Jean A. Pawlow
<i>AG Processing, Inc. v. Commissioner</i> No. 018154-92 (Tax Ct. filed Aug. 12, 1992). <i>Select Sires, Inc. v. Commissioner</i> No. 008589-93 (Tax Ct. filed Apr. 30, 1993).	Whether a nonexempt cooperative is entitled to a Code section 245(c) dividends-received deduction for dividends from its foreign sales corporation.	Government conceded before trial.	George W. Benson
<i>United States v. K.T. Derr</i> 968 F.2d 943 (9th Cir. 1992).	Whether a designated summons had been validly issued.	Settled; court held that the summons was valid.	Michael F. Kelleher
<i>AMERCO, Inc. v. Commissioner</i> 979 F.2d 162 (9th Cir. 1992), <i>aff'g</i> , 96 T.C. 18 (1991).	Whether captive insurance arrangement constituted insurance for federal income tax purposes.	Taxpayer won.	Michael F. Kelleher

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Case	Principal Issue	Status/Result	McDermott Lawyer
<i>Texas Instruments v. Commissioner</i> T.C. Memo 1992-306.	Whether Treas. Reg. § 1.451-4 applies to taxpayer's rewards program; also overhead allocation and investment tax credit issues.	Taxpayer won rewards issue; taxpayer lost overhead allocation issue; investment tax credit available for some assets.	Jean A. Pawlow Robin L. Greenhouse
<i>Texas Instruments v. Commissioner</i> 98 T.C. 628 (1992).	Whether investment tax credit was available for speculative data tapes.	Court held for government.	Jean A. Pawlow Robin L. Greenhouse
<i>Ohio National Life Ins. Co. v. United States</i> 922 F.2d 320 (6th Cir. 1990).	Whether a refund suit was jurisdictionally barred due to filing a waiver of claim disallowance.	Taxpayer won.	Michael F. Kelleher
<i>Prudential Insurance Co. of America v. Commissioner</i> 882 F.2d 832 (3d Cir. 1989), <i>rev'g</i> , 90 T.C. 36 (1988).	Whether prepayment charges upon retirement of corporate mortgages constituted capitals gains excludable from gross investment income.	Taxpayer won.	Michael F. Kelleher
<i>Illinois Grain Corp. v. Commissioner</i> 87 T.C. 435 (1986).	Whether certain interest and rental income earned by the taxpayer was patronage-sourced income and thus could be included in the cooperative's patronage dividend deduction.	Taxpayer won.	George W. Benson