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[IRS Rights to Corporate Papers](#)

The US Supreme Court upheld the decision of the Appeals Court in granting the IRS the right to procure legal work papers from corporations. The IRS had some time ago, demanded such papers from corporate jet maker Textron Inc. but the tax agency's action was challenged in court. However, Textron failed to win the case and the lower court ruled in favor of the IRS. In support of its case, Textron, on the other hand, argued that the papers should be classified privileged information and made their appeal to the Supreme Court.

Textron is not the only company concerned with the divulging of the information contained in the legal work papers to the IRS. Other corporate companies were also worried that if the IRS obtains the right to such papers, it could mean unrestricted access by the IRS to legal advice given to the corporations, such as the advice lawyers give about taxes. Furthermore, there was also the possibility that such a ruling might be applied to other areas beyond taxes, such as product safety cases.

Textron had withheld certain documents when demanded by the IRS. Among them was a spreadsheet compiled by its lawyers that listed out areas of potential dispute with the IRS and the chances of the company coming out tops in the dispute. But with the Supreme Court ruling, such a document would have to be surrendered upon demand to the IRS.

When the US Court of Appeals for the First Circuit ruled in favor of the IRS having the right to such legal work papers, it set a new benchmark whereby every party in commercial litigation will be able to get their hands on documents that give details of its exposure when their opponents file financial statements with contingent liabilities for litigation. This would effectively remove all protection on the type of attorney analysis such as was present in the case of Textron. Many lawyers in corporate law feel that with such far reaching powers given to the IRS to look into the legal matters of corporations, the confidentiality in the lawyer client relationship will be severely compromised. Many expressed their surprise that the Supreme Court did not see it this way.

In a related matter, the IRS has proposed that all companies be mandated to estimate and enumerate their maximum federal tax liability relating to uncertain tax positions which are positions that the companies believe could be challenged by tax authorities.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys,

CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.