



FEDERAL TAX WEEKLY

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Supreme Court Rules Tax Court Lacks Jurisdiction Where IRS Withdraws Levy

Zuch, SCt, 2025-1 USTC ¶150,180

The U.S. Tax Court lacks jurisdiction over a taxpayer's appeal of a levy in a collection due process hearing when the IRS abandoned its levy because it applied the taxpayer's later year overpayments to her earlier tax liability, eliminating the underpayment on which the levy was based. The 8-1 ruling by the Court resolves a split between the Third Circuit and the Fourth and D.C. Circuits.

The IRS determined that taxpayer had a tax liability for 2010 and began a levy procedure. The taxpayer appealed the levy in a collection due process hearing, and then appealed that adverse result in the Tax Court. The taxpayer asserted that she did not have an underpayment in 2010 because her then-husband had made \$50,000 of estimated tax payments for 2010 with instructions that the amounts be applied to the taxpayer's separate 2010 return. The IRS instead applied the payments to the husband's separate account. While the agency and Tax Court proceedings were pending, the taxpayer filed several tax returns reflecting overpayments, which she wanted refunded to her. The IRS instead applied the taxpayer's 2013-2016 and 2019 tax overpayments to her 2010 tax debt.

When the IRS had applied enough of the taxpayer's later overpayments to extinguish her 2010 liability, the IRS moved to dismiss the Tax Court proceeding as moot, asserting that the Tax Court lacked jurisdiction because the IRS no longer had a basis to levy. The Tax Court agreed. The taxpayer appealed to the Third Circuit, which held for the taxpayer that the IRS's abandonment of the levy did not moot the Tax Court proceedings. The IRS appealed to the Supreme Court, which reversed the Third Circuit.

The Court, in an opinion written by Justice Barrett in which seven other justices joined, held that the Tax Court, as a court of limited jurisdiction, only has jurisdiction under Code Sec. 6330(d)(1) to review a determination of an appeals officer in a collection due process hearing when the IRS is pursuing a levy. Once the IRS applied later overpayments to zero out the taxpayer's liability and abandoned the levy process, the Tax Court no longer had jurisdiction over the case. Justice Gorsuch dissented, pointing out that the Court's decision leaves the taxpayer without any resolution of the merits of her 2010 tax liability, and "hands the IRS a powerful new tool to avoid accountability for its mistakes in future cases like this one."

Amortization Without IRS Approval Was Impermissible Accounting Method Change

Conmac Investments, Inc., CA-8, 2025-1 USTC ¶150,176

A corporation's amortization of intangible farmland rights without first securing IRS approval was an impermissible accounting method change because it affected the timing of cost recovery. The taxpayer had treated intangible rights tied to farm subsidy programs as nonamortizable. It began amortizing them in a later year without filing an application to change its accounting method. The IRS disallowed the deductions, and the Tax Court upheld the adjustment. The Court of Appeals affirmed, finding that nonamortizable to amortizable treatment constituted a change in method of accounting under Reg. § 1.446-1(e)(2)(ii)(d)(2). Further, the Court of Appeals was not persuaded by the taxpayer's

IRS Offers Relief for Individuals Who Missed April Tax Filing Deadline

The IRS has announced several online resources and flexible options for individuals who have not yet filed their federal income tax returns for the tax year at issue. Those who owe taxes have been encouraged to file promptly, even if full payment is not possible. Interest and penalties have continued to accrue until the balance has been paid in full. Taxpayers have been able to make secure payments through IRS Direct Pay, IRS Online Account, debit/credit cards, EFTPS or digital wallets, and receive immediate confirmation. The IRS has also made it possible to apply online for payment plans, including installment agreements, without the need to contact the agency directly.

The IRS has offered flexible online payment plans for those unable to pay in full. A short-term plan has provided up to 180 days for balances under \$100,000, while long-term agreements have allowed monthly payments over 72 months for balances under \$50,000, depending on the total amount owed, with the option of setting up direct debit to reduce the risk of default. Additionally, the failure-to-pay penalty has been reduced by half while an installment agreement remains active. The IRS has further provided guidance for requesting penalty relief. Taxpayers who have maintained a clean compliance record for the past three years have generally qualified for first-time abatement. Resources such as Administrative Penalty Relief and Help for Those with Tax Debt have been available to assist individuals in resolving their obligations.

IR-2025-66

argument that it had merely corrected a misclassification. Because the amortization changed the timing of deductions, it involved a material item and required advance approval under Code Sec. 446(e).

Additionally, the Court of Appeals upheld a Code Sec. 481(a) adjustment in

the year the IRS corrected the method, not when the taxpayer began amortizing. That year was properly treated as the "year of change," permitting adjustment for deductions claimed in prior years.

Affirming the Tax Court, Dec. 62,186(M), T.C. Memo. 2023-40.

LLC Not Entitled to Full Conservation Easement Deduction; Adjusted Basis Limitation Affirmed

Glade Creek Partners, LLC, CA-11, 2025-1 USTC ¶150,174

A limited liability company classified as a TEFRA partnership was not entitled to deduct the full fair market value of a

conservation easement under Code Sec. 170. The Court of Appeals affirmed the Tax Court's decision limiting the deduction to the partnership's adjusted basis pursuant to Code Secs. 170(e)(1)(A) and 724(b), as the contributed property was

inventory in the hands of the contributing partner.

The Tax Court determined that the land was reported as inventory by the partner and that any gain from its hypothetical sale would have been treated as ordinary

REFERENCE KEY

USTC references are to **U.S. Tax Cases**
Dec references are to **Tax Court Reports**

FEDERAL TAX WEEKLY, 2025 No. 25. Published by Wolters Kluwer, 2700 Lake Cook Road, Riverwoods, IL 60015.
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income. Accordingly, the charitable deduction was limited to the adjusted basis under Code Sec. 170(e).

The Court of Appeals found that arguments challenging the applicability of Code Secs. 170(e) and 724(b) were not preserved for appellate review. It further concluded that the Tax Court did not clearly err in its factual findings regarding the property's character, nor was there credible evidence warranting a shift in the burden of proof under Code Sec. 7491(a).

Unpublished opinion affirming, per curiam, a tax court opinion Dec. 62,239(M), T.C. Memo. 2023-82.

Individual's Claim for Bad Debt Deduction Rejected Due to Lack of Proof

M.R. Kelly, CA-9, 2025-1 USTC ¶150,173

The IRS issued deficiency notices disallowing a claimed nonbusiness bad debt deduction under Code Sec. 166, finding that the taxpayer had not established the required elements for such a deduction. The taxpayer had reported substantial cancellation-of-debt (COD) income on the return but excluded it under the insolvency exception, while simultaneously claiming a short-term capital loss from allegedly worthless debts.

The taxpayer argued that the cancellation of debts between commonly controlled business entities automatically rendered the debts worthless, thereby justifying a deduction under Code Sec. 166. It was contended that discharged debt and worthless debt should be treated equivalently under the tax code. The IRS followed required procedures by issuing

formal notices of deficiency and defending its position before the Tax Court.

The court rejected the argument that discharged debts are presumptively worthless. It clarified that Code Sec. 166 requires objective evidence of complete worthlessness within the taxable year and that subjective belief or debt cancellation alone is insufficient. The Tax Court's decision denying the

bad debt deduction was upheld. The court ruled that the taxpayer did not meet the burden of proving the debts were wholly worthless, and that COD income does not create a presumption of worthlessness for the purpose of Code Sec. 166.

Affirming the tax court, Dec. 61,888(M), T.C. Memo. 2021-076, 121 T.C.M. 1561.

Current Plan Liability Rates Set for June 2025

For pension plan years beginning in June 2025, the IRS has released:

- the 30-year Treasury bond weighted average interest rate,
- the unadjusted segment rates,
- the adjusted rates, and
- the minimum present value segment rates.

Corporate Bond Rate

The three 24-month average corporate bond segment rates applicable for June 2025 (without adjustment for the 25-year average segment rate limits) are as follows:

- 4.94 for the first segment rate,
- 5.35 for the second, and
- 5.58 for the third.

June 2025 Adjustment Segment Rate

The June 2025 adjusted segment rates for plan years beginning in 2024 are:

- 4.94 for the first segment rate,
- 5.35 for the second, and
- 5.59 for the third.

The rates for plan years beginning in 2025 are:

- 4.94 for the first segment rate,
- 5.31 for the second, and
- 5.58 for the third.

30-Year Treasury Weighted Average

For plan years beginning in June 2025, the 30-year Treasury weighted average securities rate is 4.07, with a permissible range of 3.66 to 4.27 under Code Sec. 431(c)(6)(E)(ii)(I).

The rate of interest on 30-year Treasury securities for May 2025 is 4.91 percent.

The minimum present value segment rates under Code Sec. 417(e)(3)(D) for May 2025 are:

- 4.50 for the first segment rate,
- 5.57 for the second, and
- 6.23 for the third.

Notice 2025-35

Additional Transition Relief Provided for Brokers Required to File Form 1099-DA

Notice 2025-33; IR-2025-67

The Treasury Department and IRS have issued Notice 2025-33, extending and modifying transition relief for brokers required to report digital asset transactions using Form 1099-DA, *Digital Asset Proceeds From Broker Transactions*. The notice builds upon the temporary relief previously provided in Notice 2024-56 and allows additional time for brokers to comply with reporting requirements.

Reporting Requirements and Transitional Relief

In 2024, final regulations were issued requiring brokers to report digital asset sale and exchange transactions on Form 1099-DA, furnish payee statements, and backup withhold on certain transactions beginning January 1, 2025. Notice 2024-56 provided general transitional relief, including limited relief from backup withholding for certain sales of digital assets during 2026

OPR Issues Sanctions Against Practitioners for Circular 230 Violations

The Office of Professional Responsibility, imposed disciplinary sanctions on individuals authorized to represent taxpayers before the IRS, including attorneys, certified public accountants, enrolled agents, actuaries, appraisers, and unenrolled return preparers. Violations involved Treasury Department Circular No. 230 and, for Annual Filing Season Program (AFSP) participants, Rev. Proc. 2014-42. Sanctions included disbarment, suspension, censure, penalties, and limited practice ineligibility, imposed through various proceedings. Reinstatement is possible upon proof of compliance and professional fitness. The basis for sanctions may be disclosed if violations were admitted or determined in final decisions. Individuals are listed alphabetically by state in the Internal Revenue Bulletin.

Announcement 2025-14

for brokers using the IRS's TIN-matching system in place of certified TINs.

Additional Transition Relief from Backup Withholding, Customers Not Previously Classified as U.S. Persons

Under Notice 2025-33, transition relief from backup withholding tax liability and associated penalties is extended for any broker that fails to withhold and pay the backup withholding tax for any digital asset sale or exchange transaction effected during calendar year 2026.

Brokers will not be required to backup withhold for any digital asset sale or exchange transactions effected in 2027 when they verify customer information through the IRS Tax Information Number (TIN) Matching Program. To

qualify, brokers must submit a customer's name and tax identification number to the matching service and receive confirmation that the information corresponds with IRS records.

Additionally, penalties that apply to brokers that fail to withhold and pay the full backup withholding due are limited with respect to any decrease in the value of received digital assets between the time of the transaction giving rise to the backup withholding obligation and the time the broker liquidates 24 percent of a customer's received digital assets.

Finally, the notice also provides additional transition relief for brokers for sales of digital assets effected during calendar year 2027 for certain preexisting customers. This relief applies when brokers have not previously classified these customers as U.S. persons and the customer files contain only non-U.S. residence addresses.

Mississippi Victims of Severe Storms, Straight-line Winds, Tornadoes and Flooding Granted Tax Relief

Mississippi Disaster Relief Notice
(MS-2025-01)

The president has declared a federal disaster area in Mississippi. The disaster is due to severe storms, straight-line winds, tornadoes, and flooding that began on March 14, 2025. The disaster area includes:

- Calhoun,
- Carroll,

- Covington,
- Davis,
- Grenada,
- Humphreys,
- Issaquena,
- Itawamba,
- Jefferson Davis,
- Lee,
- Leflore,
- Marion,

- Montgomery,
- Pike,
- Prentiss,
- Sharkey,
- Smith,
- Walthall; and
- Washington counties.

Taxpayers who live or have a business in the disaster area may qualify for tax relief.

Mississippi Filing Deadlines Extended

The IRS extended certain deadlines falling on or after March 14, 2025, and on or before November 3, 2025, to November 3, 2025. This extension includes filing for most returns, including:

- individual, corporate, estate and trust income tax returns;
- partnership and S corporation income tax returns;
- estate, gift and generation-skipping transfer tax returns;
- the Form 5500 series returns;
- annual information returns of tax-exempt organizations; and
- employment and certain excise tax returns.

However, the extension does not include information returns in the Form W-2, 1094, 1095, 1097, 1098, or 1099 series or Forms 1042-S, 3921, 3922 or 8027.

Mississippi Payment Deadlines Extended

Also, the relief includes extra time to make tax payments. This includes estimated tax payments due on April 15, 2025, June 16, 2025, and September 15, 2025. Further, taxpayers have until November 3, 2025, to perform other time-sensitive actions due on or after March 14, 2025, and before November 3, 2025.

The IRS excused late penalties for employment and excise tax deposits due on or after March 14, 2025, and before March 31, 2025. But, the taxpayer must make the deposits by March 31, 2025.

Casualty Losses

Affected taxpayers can claim disaster-related casualty losses on their federal income tax return. Taxpayers may get relief

by claiming their losses on their 2024 or 2025 return. Individuals may deduct personal property losses not covered by insurance or other reimbursements.

Taxpayers claiming a disaster loss on their 2024 or 2025 return should write the assigned FEMA declaration number: “FEMA- 4874-DR” at the top of the return. This will allow the IRS to speed refund processing.

Also, the IRS will provide free copies of prior-year tax returns for affected taxpayers. To get this expedited service, taxpayers should:

- add the disaster designation at the top of Form 4506, Request for a Copy of Tax Return, or Form 4506- T, Request for Transcript of Tax Return; and
- submit it to the IRS.

Missouri Victims of Severe Storms, Straight-line Winds, Tornadoes and Wildfires Granted Tax Relief

Missouri Disaster Relief Notice (MO-2025-02)

The president has declared a federal disaster area in the state of Missouri. The disaster is due to severe storms, straight-line winds, tornadoes, and wildfires that began on March 14, 2025. The disaster area includes the counties of:

- Bollinger,
- Butler,
- Callaway,
- Camden,
- Carter,
- Dunklin,
- Franklin,
- Howell,
- Iron,
- Jefferson,
- Madison,
- New Madrid,
- Oregon,
- Ozark,
- Perry,
- Phelps,
- Reynolds,

- Ripley,
- Scott,
- Shannon,
- St. Louis,
- Stoddard,
- Wayne,
- Webster and
- Wright.

Taxpayers who live or have a business in the disaster area may qualify for tax relief.

Missouri Filing Deadlines Extended

The IRS extended certain deadlines falling on or after March 14, 2025, and before November 3, 2025, to November 3, 2025. This extension includes filing for most returns, including:

- individual, corporate, estate and trust income tax returns;
- partnership and S corporation income tax returns;

- estate, gift and generation-skipping transfer tax returns;
- the Form 5500 series returns;
- annual information returns of tax-exempt organizations; and
- employment and certain excise tax returns.

However, the extension does not include information returns in the Form W-2, 1094, 1095, 1097, 1098, or 1099 series or Forms 1042-S, 3921, 3922 or 8027.

Missouri Payment Deadlines Extended

Also, the relief includes extra time to make tax payments. This includes estimated tax payments due on April 15, 2025, June 16, 2025, and September 15, 2025. Further, taxpayers have until November 3, 2025, to perform other time-sensitive actions due on or after March 14, 2025, and before November 3, 2025.

The IRS excused late penalties for employment and excise tax deposits due on

or after March 14, 2025, and before March 31, 2025. But, the taxpayer must make the deposits by March 31, 2025.

Casualty Losses

Affected taxpayers can claim disaster-related casualty losses on their federal income tax returns. Taxpayers may get

relief by claiming their losses on their 2024 or 2025 returns. Individuals may deduct personal property losses not covered by insurance or other reimbursements.

A taxpayer claiming a disaster loss on the taxpayer's 2024 or 2025 return should write the assigned FEMA declaration number: "4867-DR" at the top of the return. This will allow the IRS to speed refund processing.

Also, the IRS will provide affected taxpayers with copies of prior year returns without charge. To get this expedited service, taxpayers should:

- add the disaster designation at the top of Form 4506, Request for a Copy of Tax Return, or Form 4506-T, Request for Transcript of Tax Return; and
- submit it to the IRS.

Oklahoma Victims of Wildfires and Straight-line Winds Granted Tax Relief

Oklahoma Disaster Relief Notice (OK-2025-02)

The president has declared a federal disaster area in Oklahoma. The disaster is due to wildfires and straight-line winds that began on March 14, 2025. The disaster area includes:

- Cleveland
- Creek
- Lincoln
- Oklahoma
- Pawnee; and
- Payne counties.

Taxpayers who live or have a business in the disaster area may qualify for tax relief.

Oklahoma Filing Deadlines Extended

The IRS extended certain deadlines falling on or after March 14, 2025, and on or before November 3, 2025, to November 3, 2025. This extension includes filing for most returns, including:

- individual, corporate, estate and trust income tax returns;

- partnership and S corporation income tax returns;
- estate, gift and generation-skipping transfer tax returns;
- the Form 5500 series returns;
- annual information returns of tax-exempt organizations; and
- employment and certain excise tax returns.

However, the extension does not include information returns in the Form W-2, 1094, 1095, 1097, 1098, or 1099 series or Forms 1042-S, 3921, 3922 or 8027.

Oklahoma Payment Deadlines Extended

Also, the relief includes extra time to make tax payments. This includes estimated tax payments due on April 15, June 16, and September 15, 2025. Further, taxpayers have until November 3, 2025, to perform other time-sensitive actions due on or after March 14, 2025, and on or before November 3, 2025.

The IRS excused late penalties for employment and excise tax deposits due on or after March 14, 2025, and before March

31, 2025. But, the taxpayer must make the deposits by March 31, 2025.

Casualty Losses

Affected taxpayers can claim disaster-related casualty losses on their federal income tax returns. Taxpayers may get relief by claiming their losses on their 2024 or 2025 returns. Individuals may deduct personal property losses not covered by insurance or other reimbursements.

A taxpayer claiming a disaster loss on the taxpayer's 2024 or 2025 return should write the assigned FEMA declaration number: "**FEMA- 4866-DR**" at the top of the return. This will allow the IRS to speed refund processing.

Also, the IRS will provide affected taxpayers with copies of prior year returns without charge. To get this expedited service, taxpayers should:

- add the disaster designation at the top of Form 4506, Request for a Copy of Tax Return, or Form 4506-T, Request for Transcript of Tax Return; and
- submit it to the IRS.

Texas Victims of Severe Storms and Flooding Granted Tax Relief

Texas Disaster Relief Notice (TX-2025-03)

The president has declared a federal disaster area in the state of Texas. The disaster is due to severe storms and flooding that began on March 26, 2025. The disaster area includes the:

- Cameron,
- Hidalgo,
- Starr; and
- Willacy counties.

Taxpayers who live or have a business in the disaster area may qualify for tax relief.

Texas Filing Deadlines Extended

The IRS extended certain deadlines falling on or after March 26, 2025, and on or before November 3, 2025, to November 3, 2025. This extension includes filing for most returns, including:

- individual, corporate, estate and trust income tax returns;
- partnership and S corporation income tax returns;
- estate, gift and generation-skipping transfer tax returns;

- the Form 5500 series returns;
- annual information returns of tax-exempt organizations; and
- employment and certain excise tax returns.

However, the extension does not include information returns in the Form W-2, 1094, 1095, 1097, 1098, or 1099 series or Forms 1042-S, 3921, 3922 or 8027.

Texas Payment Deadlines Extended

Also, the relief includes extra time to make tax payments. This includes estimated tax payments due on April 15, 2025, June 16, 2025, and September 15, 2025. Further, taxpayers have until November 3, 2025, to perform other time-sensitive actions due on or after March 26, 2025, and on or before November 3, 2025.

The IRS excused late penalties for employment and excise tax deposits due on or after March 26, 2025, and before April 10, 2025. But, the taxpayer must make the deposits by April 10, 2025.

Casualty Losses

Affected taxpayers can claim disaster-related casualty losses on their federal income tax returns. Taxpayers may get relief by claiming their losses on their 2024 or 2025 returns. Individuals may deduct personal property losses not covered by insurance or other reimbursements.

A taxpayer claiming a disaster loss on the taxpayer's 2024 or 2025 return should write the assigned FEMA declaration number: **"FEMA- 4871-DR"** at the top of the return. This will allow the IRS to speed refund processing.

Also, the IRS will provide affected taxpayers with copies of prior year returns without charge. To get this expedited service, taxpayers should:

- add the disaster designation at the top of Form 4506, Request for a Copy of Tax Return, or Form 4506- T, Request for Transcript of Tax Return; and
- submit it to the IRS.

Charitable Contribution Deductions No Longer Allowed for Organizations

Announcement 2025-7; Announcement 2025-10

The IRS has announced that the following organizations no longer qualify under Code Sec. 170(c)(2) as organizations for which deductions for charitable contributions are allowed.

- Dove Communications, Inc., of Ohio. Effective revocation date: January 1, 2020.
- Dove Communications, Inc., of Illinois. Effective revocation date: January 1, 2020.
- Whomentorsdotcom, Inc., of San Jose, California. Effective revocation date: November 7, 2019.

- Whomentorsdotcom, Inc., of San Francisco, California. Effective revocation date: November 7, 2019.
- Center of New Life Philosophy Church & Education., of Ohio. Effective revocation date: January 1, 2020.
- Praise Place, of Michigan. Effective revocation date: January 1, 2020.
- Live Ministries, of California. Effective revocation date: January 1, 2017.
- Adjusting to Change Lives, of Texas. Effective revocation date: January 1, 2021.
- Breathing Project Inc., of New York. Effective revocation date: September 1, 2019.
- CA All America Team Inc, of California. Effective revocation date: January 1, 2017.

- Pushmataha County Town of Antlers Hospital Authority, of Oklahoma. Effective revocation date: January 1, 2019.

- Academy of Fine Art Foundation Inc, of California. Effective revocation date: January 1, 2021.

However, contributions made to the organization before June 16, 2025, will generally be deductible, unless made by a person who (1) knew of the revocation, (2) was aware that the revocation was imminent or (3) was responsible, in whole or in part, for the activities or deficiencies that gave rise to the loss of qualification.

If the organization files suit, in a timely manner, for declaratory judgment under

Code Sec. 7428, challenging the revocation of its status as an eligible donee of deductible charitable contributions, Code Sec. 170 contributions will continue to be deductible. Protection under Code Sec.

7428(c) would begin on February 3, 2025 for first five organizations and on February 18, 2025 for the remaining organizations. The maximum amount of individual contributions protected would be \$1,000, with

a husband and wife treated as one taxpayer. This protection is not afforded to anyone who was responsible, in whole or in part, for the acts or omissions of the organization that resulted in revocation of qualification.

Charitable Contribution Deductions No Longer Allowed for Organizations

Announcement 2025-9; Announcement 2025-11; Announcement 2025-12

The IRS has announced that the following organizations no longer qualify under Code Sec. 170(c)(2) as organizations for which deductions for charitable contributions are allowed.

- Ballerina Girl Inc., of California. Effective revocation date: July 29, 2019.
- AFA Grad Inc., of California. Effective revocation date: November 7, 2019.

- Golconda Foundation Inc., of Oklahoma. Effective revocation date: January 1, 2020.

However, contributions made to the organization before June 16, 2025, will generally be deductible, unless made by a person who (1) knew of the revocation, (2) was aware that the revocation was imminent or (3) was responsible, in whole or in part, for the activities or deficiencies that gave rise to the loss of qualification.

If the organization files suit, in a timely manner, for declaratory judgment under

Code Sec. 7428, challenging the revocation of its status as an eligible donee of deductible charitable contributions, Code Sec. 170 contributions will continue to be deductible. Protection under Code Sec. 7428(c) would begin on January 1, 2018. The maximum amount of individual contributions protected would be \$1,000, with a husband and wife treated as one taxpayer. This protection is not afforded to anyone who was responsible, in whole or in part, for the acts or omissions of the organization that resulted in revocation of qualification.

U.S. and Denmark Enter into Competent Authority Arrangement

Announcement 2025-16

The United States and the Kingdom of Denmark entered into a Competent Authority Arrangement under paragraph 3 of Article 25 (Mutual Agreement Procedure) of the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed on August 19, 1999, and amended by the Protocol signed on May 2, 2006. The arrangement addresses the eligibility of certain U.S. and Danish pension or other retirement

arrangements, including individual retirement accounts and employer-sponsored pension plans, for benefits under paragraph 3 of Article 10 (Dividends) of the Convention.

Under this arrangement, the competent authorities confirmed that specified U.S. retirement vehicles and Danish pension institutions subject to the Danish Pension Investment Return Tax Act may qualify for exemption from dividend withholding tax. Eligibility is conditioned on the dividends not being derived from the carrying on of a business or through an associated enterprise,

and the arrangements meeting the requirements of Article 22 (Limitation on Benefits).

The arrangement clarifies that group trusts under Rev. Rul. 81-100, as amended, may also qualify if they are operated exclusively or almost exclusively for the benefit of eligible retirement plans. The list of qualifying arrangements is not exclusive; other pension entities may seek consideration under the Mutual Agreement Procedure. The arrangement, signed by both competent authorities on March 18 and 25, 2025, is effective for dividends paid on or after February 1, 2008.

Washington Round-up

Senate approves IRS commissioner nomination. The Senate on June 12, 2025, voted 53-44 along party lines, with three Democrats not voting, to approve the nomination of Billy Long to serve as

IRS commissioner. Long faced a contentious nomination hearing in the Senate Finance Committee, with the Democratic minority raising allegations of fraudulent activity, particularly with the promoting

of tax credit scams. However, committee Republicans were satisfied with his answers to those raised allegations and advanced the nomination along party lines for the upper chamber of Congress to consider and

ultimately approve. Long's term as commissioner will expire on November 12, 2027.

Treasury Secretary Bessent defends reconciliation bill in Congress.

Department of the Treasury Secretary Scott Bessent vigorously defended the pending budget bill in hearing before the House Ways and Means Committee on June 11, 2025, and the Senate Finance Committee on June 12. During the Finance Committee hearing, he said that a failure by Congress to permanently extend the expiring provisions of the Tax Cuts and Jobs Act of 2017 would create "what is known in economics as 'sudden stop.' It would be cataclysmic for the economy

if this is not extended. There would be job losses, economic losses in markets, a substantial increase in our budget deficit due to a decrease in tax revenue, and it is unthinkable what would happen." Bessent deflected questions on the potential benefits to wealthy individuals and corporations that are paid for by the loss of health and other benefits to lower income earners.

IRS should strengthen identity verification oversight. The Government Accountability Office, in a report issued June 11, 2025, identified gaps in the Internal Revenue Service's oversight of its identity-proofing program. The report notes that the IRS "was unable to show it

had measurable goals and objectives for the program," and without this kind of data, the agency "is hindered in its ability to take corrective action as needed." GAO also found that ID.me (the sole company that handles identity verification) "acknowledges that its identity-proofing process involves the use of artificial intelligence (AI) technologies. However, IRS has not documented these uses in its AI inventory or taken steps to comply with its own AI oversight policies. Doing so would provide greater assurance that taxpayers' rights are protected and that the technologies are accurate, reliable, effective, and transparent."

TAX BRIEFS

Depreciation

A married couple was not entitled to a tax refund based on a depreciation deduction for a private jet. The Court found the taxpayers' amended return failed to state the correct legal basis for the claim and did not meet the requirements for a business expense deduction.

Shleifer, DC Fla., 2025-1 USTC ¶150,175

Innocent Spouse Relief

A district court lacked jurisdiction to rule on an individual's innocent spouse relief under Code Sec. 6015(d)(3), in the first instance. Next, the limitations period was tolled during bankruptcy proceedings with respect to interest accrued on A1. Finally, the court noted that tolling the statute of limitations was appropriate, even if the termination was wrongful.

Fakir, DC Mich., 2025-1 USTC ¶150,179

Overpayment Determination

An individual was not entitled to enforce a refund order for a prior tax year. The Tax Court found that the IRS had fully complied with a final overpayment determination under Code Sec. 6512(b). The overpayment was applied to a later-year liability, resulting in a refund that included statutory interest. Additional interest was subsequently paid, exceeding the amount calculated by the IRS Appeals Office. The Tax Court also found that no bona fide factual dispute remained and that jurisdiction extended only to the tax year at issue, not to related disputes involving later years.

Towarnicky, TC, Dec. 62,675(M)

Supervisory Approval

The IRS timely secured supervisory approval and complied with the requirements of Code Sec. 6751(b)(1) in a case

where the Service had disallowed a charitable contribution deduction, claimed by a limited liability company (LLC), for the donation of a conservation easement. The IRS' motion for partial summary judgment was granted.

Ivey Branch Holdings, LLC, TC, Dec. 62,676(M)

Unreported Income

The taxpayer, a resident alien, was held liable for income tax on compensation received during the tax years at issue for work performed as a postdoctoral researcher. The Tax Court concluded that the payments were not exempt under the applicable income tax treaty, as they constituted taxable income under Code Sec. 61. Accuracy-related penalties under Code Sec. 6662(a) and (b)(2) for substantial understatements were also sustained.

Kramarenko, TC, Dec. 62,674(M)