



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

CHIEF COUNSEL

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The Honorable Frank R. Lautenberg  
United States Senator  
One Port Center, Suite 505  
2 Riverside Drive  
Camden, NJ 08101

Attention:

Dear Senator Lautenberg:

I am responding to your correspondence of August 24, 2011, on behalf of your constituent, . wrote about tax dispute with the IRS. is litigating two issues in the United States Tax Court.

and Miscellaneous Expenses

claimed deductions for his expenses of

expenses for . The IRS determined that were nondeductible expenses. The IRS disallowed deductions for the expenses and asserted a tax deficiency. petitioned the Tax Court to reverse the IRS determination. In a , opinion the Tax Court held (1) that expenses were nondeductible and (2) that most of other expenses were nondeductible because failed to substantiate those expenses. ( ). The Court agreed with the IRS's legal analysis and deficiency determination.

Expenses of

also claimed deductions for the costs of . claimed the deductions for the year in litigation, even though incurred (but failed to claim) the costs in previous years. The Tax Court agreed with the IRS determination that was not entitled to deduct previous years' expenses in a subsequent year.

The parties are in the process of computing the deficiency amount consistent with the Tax Court's opinion. The Court will then enter its final decision. \_\_\_\_\_ is entitled to appeal that decision to the United States Court of Appeals.

I hope this information is helpful. If you have any questions, please contact me or \_\_\_\_\_ at \_\_\_\_\_.

Sincerely,

George J. Blaine  
Associate Chief Counsel  
(Income Tax and Accounting)