

Dept. of Treasury

WriteRep
Responses

(b) (6)



July 21, 2010

The Honorable Donald A. Manzullo
House of Representatives
2228 Rayburn House Office Building
Washington, DC 20515-1316

Dear Representative Manzullo:

I am writing to urge you to oppose the U.S. Department of Treasury's efforts to provide a generous tax break to America's trial lawyer industry.

In this struggling economy, why is everybody being asked to sacrifice -- except for trial lawyers?

We are racking up record government deficits, and Americans are still struggling amidst a recovering economy and high unemployment.

Right now, the top priority should be jobs -- not providing tax breaks that allow trial lawyers to more easily sue America's employers.

Why are the trial lawyers being given a tax break while the rest of us are hurting?

Please say no to all efforts to provide these contingency fee tax breaks to trial lawyers.

Sincerely,

(b) (6)



DONALD A. MANZULLO
16TH DISTRICT, ILLINOIS

COMMITTEE ON FOREIGN AFFAIRS

SENIOR REPUBLICAN
SUBCOMMITTEE ON ASIA, THE PACIFIC,
AND THE GLOBAL ENVIRONMENT

SUBCOMMITTEE ON TERRORISM,
NARCOTICS, AND TRADE

Congress of the United States
House of Representatives
Washington, DC 20515-1316

COMMITTEE ON FINANCIAL SERVICES

SUBCOMMITTEE ON CAPITAL MARKETS,
INSURANCE, AND GOVERNMENT
SPONSORED ENTERPRISES

SUBCOMMITTEE ON INTERNATIONAL
MONETARY POLICY AND TRADE

HOUSE MANUFACTURING CAUCUS
FOUNDER AND CO-CHAIRMAN

September 20, 2010

Mr. Kim Wallace
Assistant Secretary for Legislative Affairs
U.S. Department of Treasury
1500 Pennsylvania Ave, NW
Room 3134
Washington, DC 20220

Dear Kim,


I have been contacted by several constituents who are inquiring about the generous tax break for America's trial lawyer industry.

I have enclosed a copy of the original letter, and I would appreciate it if you could please provide us information that addresses the issue consistent with your applicable rules and regulations.

I know that the matter will be carefully and objectively reviewed, and I am grateful for any assistance you may be able to render. Please forward any correspondence to **Kelli Nelson** in my Washington, D.C. office. I look forward to hearing from you soon.

Thank you for your consideration of this matter.

Sincerely,



Donald A. Manzullo
Member of Congress

LEGISLATIVE
2010 SEP 20 PM 1:22



ASSISTANT SECRETARY

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

October 13, 2010

The Honorable Don Manzullo
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Manzullo:

Thank you for your letter of September 20 concerning the inquiry from
your constituent, (b) (6)

We are working on this matter and will send a reply to your office as
soon as possible. Please do not hesitate to call me at 622-1900 if I can
be of any further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Kim N. Wallace".

Kim N. Wallace
Assistant Secretary for Legislative Affairs

OFFICE OF
CHIEF COUNSELDEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224
OCT 27 2010

The Honorable Donald A. Manzullo
U.S. House of Representatives
Washington, DC 20515

Attention: Kelli Nelson

Dear Mr. Manzullo:

I am responding to your letter dated September 20, 2010, on behalf of your constituent, (b) (6). She asked about the deductibility of litigation costs that law firms pay when representing clients on a contingent gross fee basis.

The Ninth Circuit Court of Appeals in *Boccardo v. Commissioner*, 56 F.3d 1016 (9th Cir. 1995), held that a law firm was entitled to deduct the litigation costs it paid under a contingent gross fee contract. In 1997 FSA LEXIS 442, we announced that we would not follow *Boccardo* outside the Ninth Circuit. Over the years, several members of the Congress have asked us to clarify or change this litigating position. We continue to follow the 1997 FSA and, at this time, have no plans to change our position on this issue.

Members of the Congress and the public have asked whether the Department of the Treasury intends to publish formal guidance on the deductibility of litigation costs in contingent gross fee cases. The Treasury Department and the IRS have not yet determined whether additional guidance on this issue is appropriate.

I hope this information is helpful. Please contact me or Martin Osborne at (202) 622-7900 if you need further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas D. Moffitt".

Thomas D. Moffitt
Chief, Branch 2
(Income Tax and Accounting)

SEP-15-2010 15:29

CCITA

P.02

OFFICE OF
CHIEF COUNSELDEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SEP 15 2010

The Honorable Steve Buyer
U.S. House of Representatives
Washington, DC 20515

Attention: Michael Kelley

Dear Mr. Buyer:

I am responding to your letter dated July 27, 2010, on behalf of one of your constituents. He or she asked about the deductibility of litigation costs that law firms pay when representing clients on a contingent gross fee basis.

The Ninth Circuit Court of Appeals in *Boccardo v. Commissioner*, 56 F.3d 1016 (9th Cir. 1995) held that a law firm was entitled to deduct the litigation costs it paid under a contingent gross fee contract. In 1997 FSA LEXIS 442, we announced that we would not follow *Boccardo* outside the Ninth Circuit. Over the years, several members of the Congress have asked us to clarify or change this litigating position. We continue to follow the 1997 FSA and, at this time, have no plans to change our position on this issue.

Members of the Congress and the public have asked whether the Department of the Treasury intends to publish formal guidance on the deductibility of litigation costs in contingent gross fee cases. The Treasury Department and the IRS have not yet determined whether additional guidance on this issue is appropriate.

I hope this information is helpful. Please contact me at (202) 622-7900 if I can be of further assistance.

Sincerely,

Thomas D. Moffitt
Chief, Branch 2
(Income Tax and Accounting)

STEVE BUYER
4TH DISTRICT, INDIANA
PASTING REPUBLICAN MEMBER
COMMITTEE ON VETERANS' AFFAIRS
COMMITTEE ON ENERGY AND COMMERCE
HEALTH SUBCOMMITTEE
COMMUNICATIONS, TECHNOLOGY, AND
THE INTERNET SUBCOMMITTEE
CO-CHAIRMAN
NATIONAL GUARD AND
RESERVE COMPONENTS CAUCUS



CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES

July 27, 2010

WASHINGTON OFFICE
2230 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-1404
(202) 225-5037

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2680 EAST MAIN STREET, SUITE 332
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100 SOUTH MAIN STREET
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(574) 583-9819

1801 71ST STREET
BEDFORD, IN 47421-4223
(812) 237-9550
www.stevebuyer.house.gov

Mr. Kim Wallace
Assistant Secretary for Legislative Affairs
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW, Room 3134
Washington, DC 20220

Dear Kim:

Enclosed please find correspondence I received from one of my constituents requesting my assistance. Because of the nature of the inquiry, it is being referred to you for your consideration.

Please forward your response to Michael Kelley of my staff at my Washington, DC office. Feel free to contact my office if you have any questions or need additional information.

Thank you for your attention to this matter. I look forward to hearing from you soon.

Best Regards,

Steve Buyer
Member of Congress

SB/mk

2010 JUL 27 10 10 AM '10

E-Mail Viewer

Message	Details	Attachments	Headers	Source
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HTML

From: "Write your representative" <writerep@heoc-t2kww1.house.gov>
Date: 7/21/2010 2:01:25 PM
To: "in04hwyr@housemail.house.gov" <in04hwyr@housemail.house.gov>
Cc:
Subject: WriteRep Responses

DATE (b) (6)
NAME
ADDR
ADDR
ADDR
CITY
STATE
ZIP
PHONE
EMAIL
(b) (6)

July 21, 2010

The Honorable Steve Buyer
House of Representatives
2230 Rayburn House Office Building
Washington, DC 20515-1404

Dear Representative Buyer:

I am writing to urge you to oppose the U.S. Department of Treasury's efforts to provide a generous tax break to America's trial lawyer industry.

In this struggling economy, why is everybody being asked to sacrifice -- except for trial lawyers?

We are racking up record government deficits, and Americans are still struggling amidst a recovering economy and high unemployment.

Right now, the top priority should be jobs — not providing tax breaks that allow trial lawyers to more easily sue America's employers.

Why are the trial lawyers being given a tax break while the rest of us are hurting?

Please say no to all efforts to provide these contingency fee tax breaks to trial lawyers.

Sincerely,
(b) (6)

Close

JOHN P. SARBANES
200 District of Maryland
COMMITTEE ON
ENERGY AND COMMERCE
COMMITTEE ON
NATURAL RESOURCES

Congress of the United States
House of Representatives
Washington, DC 20515-2003
www.sarbanes.house.gov

475 CANTON HOUSE OFFICE BUILDING
12021 225-4016
Fax: (702) 225-9219
600 BALTIMORE AVENUE
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Fax: (410) 632-8698
44 CALVERT STREET
SUITE 748
ANNAPOLIS, MD 21401
(410) 295-1679
Fax: (410) 295-1682

September 3, 2010

Mr. Kevin Fromer
Assistant Secretary for Legislative Affairs
U.S. Department of the Treasury
1500 Pennsylvania Avenue, Room 3134
Room 3134
Washington, DC 20220-0002

Dear Mr. Fromer:

Enclosed, please find a copy of correspondence from my constituent (b) (6)

This individual has expressed some concerns about recent reports that the United States Treasury would modify the formula by which legal contingency fees are treated for income tax purposes. I would appreciate it if you would carefully review their comments and provide a response to the concerns.

Thank you for your attention to this matter.

Sincerely,



John P. Sarbanes
Member of Congress

JPS/mp

<APP>CUSTOM

(b) (6)



<RSP>Yes</RSP>

<AFFL></AFFL>

<MSG>

RE: Treasury's trial lawyer tax break is wrongheaded

(b) (6)



July 29, 2010

The Honorable John P. Sarbanes
House of Representatives
426 Cannon House Office Building
Washington, DC 20515-2003

Dear Representative Sarbanes:

I am writing to urge you to oppose the U.S. Department of Treasury's efforts to provide a generous tax break to America's trial lawyer industry.

In this struggling economy, why is everybody being asked to sacrifice -- except for trial lawyers?

We are racking up record government deficits, and Americans are still struggling amidst a recovering economy and high unemployment.

Right now, the top priority should be jobs — not providing tax breaks that allow trial lawyers to more easily sue America's employers.

mhtml:http://md03:800/iq/staging/932010_21333PM_Workflow%20Related%20Mail%20I... 9/3/2010

Why are the trial lawyers being given a tax break while the rest of us are hurting?

Please say no to all efforts to provide these contingency fee tax breaks to trial lawyers.

Sincerely,

(b) (6)

</MSG>

</APP>



ASSISTANT SECRETARY

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

September 27, 2010

The Honorable John Sarbanes
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Sarbanes:

Thank you for your letter of September 3 concerning the inquiry from your constituent, (b) (6)

We are working on this matter and will send a reply to your office as soon as possible. Please do not hesitate to call me at 622-1900 if I can be of any further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Kim N. Wallace".

Kim N. Wallace
Assistant Secretary for Legislative Affairs

OCT-13-2010 16:01
OCT-12-2010 11:18

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CC:TF

2026223048 P.003

2010-L-0012^{P.02}59



OFFICE OF
CHIEF COUNSEL

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

OCT 08 2010

The Honorable John P. Sarbanes
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Sarbanes:

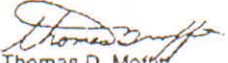
I am responding to your letter dated September 3, 2010, on behalf of your constituent, (b) (6). He asked about the deductibility of litigation costs that law firms pay when representing clients on a contingent gross fee basis.

The Ninth Circuit Court of Appeals in *Boccardo v. Commissioner*, 58 F.3d 1018 (9th Cir. 1995), held that a law firm was entitled to deduct the litigation costs it paid under a contingent gross fee contract. In 1997 FSA LEXIS 442, we announced that we would not follow *Boccardo* outside the Ninth Circuit. Over the years, several members of the Congress have asked us to clarify or change this litigating position. We continue to follow the 1997 FSA and, at this time, have no plans to change our position on this issue.

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I hope this information is helpful. Please contact me or Martin Osborne at (202) 622-7900 if you need further assistance.

Sincerely,


Thomas D. Moffitt
Chief, Branch 2
(Income Tax and Accounting)

TOTAL P.003