

February 26, 2024

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This Week We Look At:

More BOI resources from CAMICO made available by NJCPA

District Court refuses to stay FBAR proceeding to await Tax Court result partially due to the age of the taxpayer

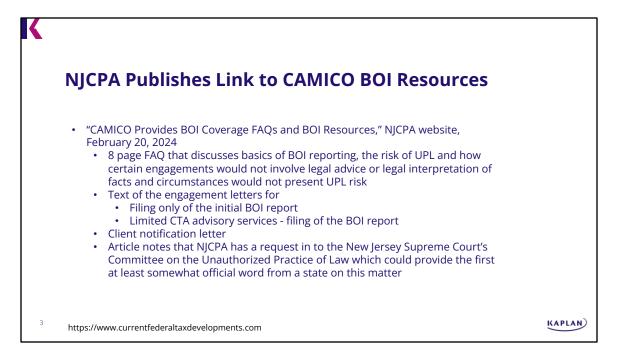
IRS announces program to go after corporate jet personal usage

The state of Arizona sues the IRS over tax status of state tax rebate.

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https://www.currentfederaltaxdevelopments.com





https://www.njcpa.org/article/2024/02/20/camico-provides-clarification-on-boi-cove rage

District Court Refuses to Stay FBAR Case Partially Related to Age of Taxpayer and Witnesses



• United States v. Galliani, et al, USDC ND Calif., Case No. 3:22-cv-03365, February 20, 2024

- In 2022, the US filed an FBAR case against Mr. and Mrs. Galliani for 2013-2016
- Alleges had a complex set of offshore structures for which they held a financial interest in or signatory over various accounts
- Cases in discovery with a trial date set for February 24, 2025

Photo by Jon Tyson on Unsplash

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- IRS started a related income tax exam in 2016, issued a notice of Deficiency in September 2023 covering 2000-2003 and 2005-2016
- Argued had sham transactions with the entities that are also the subject of the FBAR case
- Filed a petition with the Tax Court in November 2023
- Asks to stay the FBAR District Court case pending the resolution of the Tax Court case

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- To prevail in the stay request, the court weighs
 - Possible damage that may result if a stay is granted
 - Hardship on requiring the requesting party to move forward
 - Orderly course of justice impact of stay
- If there is a fair possibility that a stay could damage someone else, must show clear case of hardship or inequity in being required to go forward

https://www.currentfederaltaxdevelopments.com

<u>https://www.taxnotes.com/research/federal/court-documents/court-opinions-and-o</u> rders/pending-tax-court-case-doesnt-justify-stay-district-court-says/7i7lw

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- Court finds a fair possibility of harm to the government from a stay
 - Taxpayer is age 88, wife passed away during the course of the trial and other witnesses also are old
 - Points out that the Tax Court is in its early stages and, despite taxpayer's assurance to attempt to move quickly, could be delayed by a number of things, including an appeal of the decision to the Ninth Circuit

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- *United States v. Galliani, et al*, USDC ND Calif., Case No. 3:22-cv-03365, February 20, 2024
 - Taxpayer also fails to show a clear case of hardship or inequity
 - Does not address how moving forward with discovery would cause hardship
 - Also notes that this case should be paused, given that this case is much further along and the Tax Court case deals with a number of chronologically earlier issues

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IRS Announces Exams Concentrated on Corporate Jets



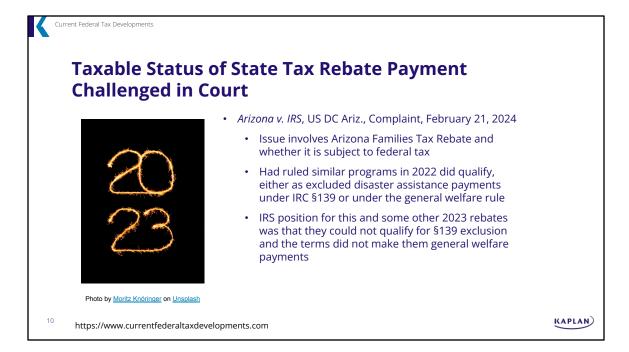
 "IRS begins audits of corporate jet usage; part of larger effort to ensure high-income groups don't fly under the radar on tax responsibilities," IRS News Release IR 2024-46, February 21, 2024

- Focused on jet usage by large corporations, large partnerships and high-income taxpayers
- Looking for proper allocation between business and personal reasons
- Records obviously will be key in such examinations
- Will also look to see if proper income inclusion is taking place

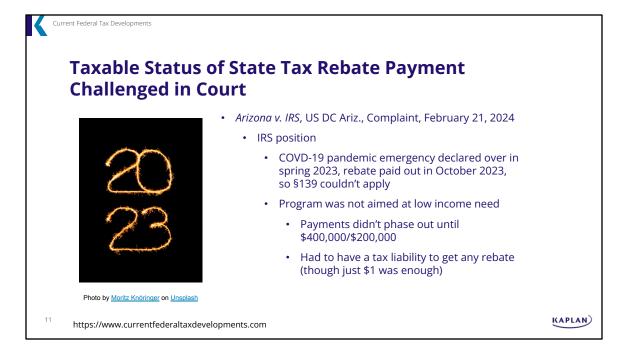
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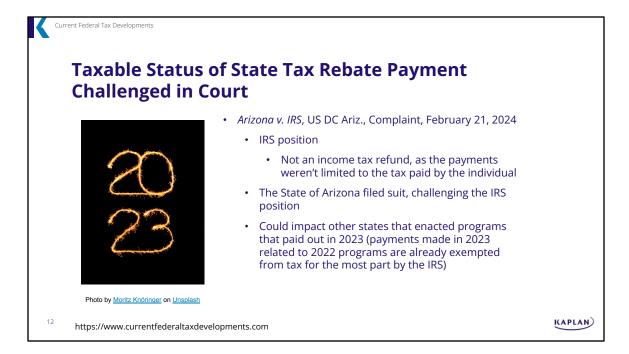
https://www.irs.gov/newsroom/irs-begins-audits-of-corporate-jet-usage-part-of-larg er-effort-to-ensure-high-income-groups-dont-fly-under-the-radar-on-tax-responsibilit ies



https://www.azag.gov/sites/default/files/2024-02/2024-02-21%20Complaint%20-%2 0Arizona%20v.%20IRS.pdf



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