



Municipal Bond Tax Controversy

A municipal bond audit by the Internal Revenue Service (the "IRS") is a new experience for most issuers of municipal bonds. Municipal issuers are treated as the "taxpayer" in most IRS bond audits. They should treat the commencement of a bond audit as a serious matter: it can be time consuming and expensive, and the financial stakes may be high. Counsel should be consulted at the beginning of the IRS audit process.

Chapman and Cutler LLP's Municipal Bond Tax Controversy Group has the experience and understanding to help you with your responses to the IRS and to find acceptable solutions to problems.

We also have experience with IRS audits beyond the agent level when an audit has turned adverse. We have participated in processes for obtaining technical advice and field service advice from the office of IRS Chief Counsel in audit contexts. Additionally, we have taken matters to IRS Appeals, where better settlement results may sometimes be available. We have also assisted bondholder tax refund litigation in the context of an IRS audit in tandem with a pending IRS Appeals effort.

It is important to understand at the outset where a bond audit may go, what issues may be present and what actions the IRS and others may take. Many audits last for more than a year. Bondholders and all of the professionals, including bond counsel, who were involved with the original bond issuance have their own interests and may be affected by the outcome of the audit. Our experience can help you prepare for what may come.

You or your counsel can retain us in a variety of different capacities designed to fit your particular needs and circumstances. We will fully discuss your needs and our possible services to find our most appropriate role for you.

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