

\$\$\$ IRS loses. Getting expert advice saves penalties from abusive investment. Three couples invested in a partnership that promised both business profits and tax benefits. The IRS later held it to be an abusive tax shelter and imposed negligence penalties on the couples. They replied that they had checked the bona fides of the business before investing. The IRS told the Court that other investors in the same shelter had been held liable for the penalties. *Court:* These couples showed that they had paid reputable professional advisers a reasonable amount relative to the size of their investments to investigate the partnership for them before they invested. So they hadn't been negligent.

J. Thomas Allison III et al., Court of Federal Claims, Nos. 99-419T, 99-726T, 98-718T.