

...he rents to others. He now wants to transfer the home to his children through a Qualified Personal Residence Trust (QPRT).

...home to another in a future year.

...right to appeal.

...timely refund ...effect. The tax... the refund.

...liable for tax on ...from IRA. After ...ed, she received ...rom his IRA. Her ...hey were tax free ...ersations he had ...wyer and an ex... n't include them ...eturn. Later, the ...d the IRS tried to

...CATCH-UP ...IONS

...employees age ...n make extra ...plans and ...in excess ...limits.

...loyers are ...mployees' ...ferrals on

...S ...catch-up ...addressed ...for Forms ...93, IRB 2001-

■ **IRS's "presumption of correctness" is lost when it makes a mistake.** The IRS valued an estate at more than $100 million, but the estate's executor valued it at only $28 million. In Tax Court, the IRS's expert witness lowered its valuation by more than $30 million. The Court accepted this valuation—which was still triple the estate's—saying the estate had failed to meet its "burden of proof" in refuting the IRS valuation. The estate appealed.

***Court of Appeals:*** IRS tax assessments normally are presumed correct—but the presumption is lost when the IRS makes a mistake. Here, the IRS's reduction of its own valuation by $30 million showed its initial valuation was arbitrary. The decision was thrown out, and the IRS had to assume the burden of disproving the estate's valuation.

*Estate of Paul Mitchell*, CA-9, No. 99-...

■ **Partner under investigation can't bind others.** The IRS began a criminal investigation of the managers of a partnership that it suspected of being an illegal tax shelter. It obtained a waiver of the statute of limitations from the partnership's designated "tax matters partner" (TMP), which gave it extra time to conduct the investigation. Later, it assessed taxes against the partnership's other investors.

***Court:*** When the TMP became the subject of a criminal investigation...

...clear conflict of interest ...tween him and the other partners—so he lost his authority to bind them with the tax waiver. Thus, the ...tion period had expired ... other partners and they were...

...the taxpayer of the ... taxpayer, the original request remained in ... payer would receive ... IRS Service Center Ad...

■ **Husband not li... wife's distributions** ... a woman's father di... large distributions f... husband believed th... on the basis of conv... with the estate's la... IRS agent, so he did... on their joint tax re... couple divorced, and

**PAYROLL Hotline**

## REPORTING C... CONTRIBUT...

Starting in 2002, ... 50 and older ca... ...deferrals to 401(k) ... other retirement plans ... of normal contributio...

***IRS:*** For 2002, emp... required to report c... elective pension de... ...D through H and Code...

***Also:*** Reporting for ... contributions will be ... in the *2002 Instructions* ... *1099-R and 5498*.

IRS Announcement 2001-... 44, 416.