

In The News

# David Blum Identifies Tax Cases to Look Out For in *Law360*'s Mid-Year Report

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David Blum spoke to *Law360* about the tax cases headed to federal court, and expected to make headlines during the second half of 2019.

The U.S. Supreme Court is expected to take up in *Rodriguez v. FDIC* next term, determining whether a Colorado bank which declared Chapter 7 bankruptcy should receive a \$4.1 million tax refund in a dispute with its bankrupt parent company. Blum told *Law360*, "There will be a significant and lasting economic impact to this ruling when you consider that tens of thousands of corporate tax returns are filed annually, and refunds for consolidated groups could run into the hundreds of millions of dollars. Companies and creditors must have certainty of who owns an IRS refund."

Blum is also keeping an eye on *Tucker v. Commissioner*, in which the Supreme Court is being asked to examine whether the U.S. Tax Court properly denied a former investment firm CEO nearly \$40 million for losses because lower courts deemed those transactions lacked economic substance. Blum said, "This conflict has great practical importance as to the role of, if and how, the courts evaluate a transaction, after the fact, that otherwise satisfies the technical provisions of the code. Taxpayers need to know where the line is drawn to engage in proper and predicable tax

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planning. Such planning should not be treated differently depending on the applicable circuit.”

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