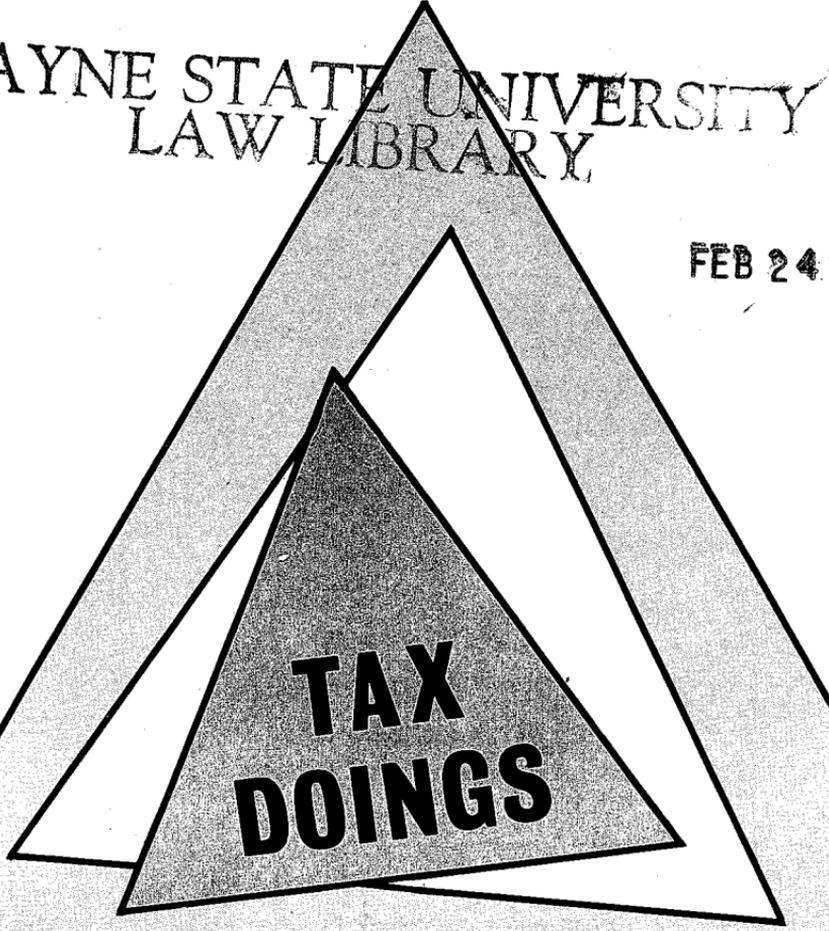


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**TAX  
DOINGS**

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MEMBERS OF THE TAXATION SECTION

JANUARY, 1970 ISSUE

## **TAX DOINGS**

EDITOR ..... I. John Snider II

Statements, opinions and comments appearing herein are those of the editors or contributors and not necessarily those of the Association or Section.

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## **IN THIS ISSUE**

- I — Statement by the Council.
- II — Minutes of Meeting Between Internal Revenue Service Officials and Bar Association Liaison Group for the Central Region, Internal Revenue Service, held November 13, 1969 at Cleveland, Ohio.
- III — Exhibit 1—Schedule of Code Provisions Restricting and Prohibiting Interest.

This year your Section hopes to develop a publication which will be meaningful in terms of the relationship of Michigan law and the Federal tax law. With the wealth of writing available in the Federal tax field, the Council feels that this publication should not attempt to duplicate that material, but should focus on local law and its relationship to the Federal statutes. It is the hope also to expand the publication to make the members aware of what is happening on the Michigan tax scene.

If any of you have any suggestions or comments about what you would like to see in this publication, please contact a member of the Council.

**MINUTES OF MEETING  
BETWEEN  
INTERNAL REVENUE SERVICE OFFICIALS  
AND  
THE BAR ASSOCIATION LIAISON GROUP  
FOR THE CENTRAL REGION, INTERNAL REVENUE  
SERVICE  
HELD NOVEMBER 13, 1969  
AT CLEVELAND, OHIO**

The meeting in Cleveland, Ohio, was opened by David B. Holden, Chairman, Bar Association Liaison Group, who introduced the Regional Counsel and the Regional Commissioner to the new bar representatives. Clarence E. Price, Regional Counsel, asked bar representatives to bring to the attention of IRS various problems, complaints, and comments concerning IRS operations, and that not only the ABA but also IRS believed that these meetings served a very useful purpose. Charles G. Keebler, Regional Commissioner, stated that a unique relationship exists between the bar association representatives and IRS in that both were striving to attain and maintain a sound effective administration of the Internal Revenue laws. He remarked that the desire of IRS to improve its operations depended in part upon constructive discontent expressed by the organized bar and he, therefore, encouraged various inquiries, comments on methods of operation and being informed of problems encountered. He expressed the opinion that the success of these meetings depended upon full participation and communication between IRS and the members of the Bar

Association Liaison Group and asked that each participant feel free to constructively discuss and express their particular views.

## I. IMPLEMENTATION OF EXEMPT ORGANIZATIONS PROGRAM

There have been several important actions taken recently to revitalize the Exempt Organization Program. The Commissioner has formed an Advisory Committee on Exempt Organizations; formed a high-level coordinating committee to direct exempt organization work; established an Exempt Organization Branch in the National Office Audit Division; increased allocation of resources to the field; and centralized exempt organization determinations and examinations in thirteen key districts in the country.

The key districts in the Central Region are Cincinnati and Detroit. The Cincinnati District will cover Ohio, Kentucky and West Virginia; the Detroit District will cover Michigan and Indiana. All determinations will be made in the key districts and each will have a specialist group of approximately 25 revenue agents. All examinations will be conducted by specialists. Non-key district examinations will be conducted by specialists traveling from the key districts or by specialists located in the non-key district, but working under a group supervisor in the key district. The specialist groups will provide a full range of career opportunities with the group grade structure being similar to that of an income tax group.

The National Office will control about 500 of the largest examinations, although the examinations will be conducted by the key district specialists. In these cases the National Office will approve the Audit Plan, monitor the progress of the examination, make "on-the-job" visits and review the agent's report.

Appeal procedures will be the same as those presently existing except there will be one specialist conferee who will handle all conferences. He will travel to various cities in the region. If an exempt organization does not agree with the decision of the conferee, the case will be referred to the National Office for technical advice. However, if the examining agent determines a tax liability, the exempt organization may pursue the regular avenues of appeal, including a hearing by the Appellate Division. All written requests by tax practitioners for assistance will be referred to the key districts. Routine questions will be handled by Taxpayer Service representatives. Difficult questions will be referred to the specialists.

Each bar representative was given a copy of a schedule which was thought to be helpful. This schedule showed the various subsections of the IRC pertaining to exempt organizations; the type of organization involved; the particular application for exemption form to be used; and the type of return (if any) to be filed.

## II. TAX COURT PROCEDURES ON SMALL CASES

### (a) Identification, Additions to Scheduled Calendars, and Special Calendars

In recent years there has been considerable attention given to the appeal rights of the small taxpayer with the thought of easing the burden. There has been much discussion by IRS, the Tax Court, and the ABA. In 1956, 1,364 cases were heard by the Tax Court and approximately 19 percent, or 260 cases, were *pro se* cases. Last year 25% of the trials before the Tax Court were *pro se*.

The Tax Court decided on January 1, 1969, to institute new procedures. Cases involving net deficiencies of \$1,000.00 or less (even where there is a representative) are identified as small cases and the initials SC will now appear after the docket number. In the past eight months approximately 800 cases have already been identified as such as a result of petitions filed in the Tax Court.

Upon inquiry by the *pro se* taxpayer after receipt of the statutory notice, the Tax Court will send him a simplified printed petition which merely requires him to fill in certain blank areas. The Tax Court will not question the adequacy of the petition filed. However, the \$10.00 fee must be paid and the petition must be timely filed. Regional Counsel in these types of cases will attempt to file an answer to the petition within 30 days and no reply to the answer is required by the Tax Court. These cases will be calendared as soon as possible by the Tax Court and probably will not appear on any Trial Status Order. The IRS will attempt to schedule early settlement conferences on these types of cases once they appear upon the calendar if no previous conference had been held, or if there is reason to believe that the small case will be added to the calendar after such calendar has been published.

The Tax Court has in the past scheduled special calendars for small cases only. This has happened in New York City and other large cities.

The court will be very lenient during the trial involving a *pro se* taxpayer and will not compel strict compliance with the rules of evidence nor will it ordinarily require briefs to be filed. In some instances it may ask for a memorandum brief. The court will also in many cases render a bench decision, but since by law the Tax Court decisions should be published, the court will continue to do so in these cases even though the decision may be very brief. Cases may be removed from the "small case" category at the request of either party providing the Tax Court approves such request.

In some instances the Government may possibly appeal the decision on a small case if it would have an important litigation effect on many similar type cases. The present Congress has been considering

various new procedures pertaining to small cases in order to ease the burden upon taxpayers. One procedure being considered is the appointment of Tax Court Commissioners who would hear such cases and their decisions could be reviewed by the Tax Court but there would be no appeal in the normal sense.

**(b) Small Case Problems Resulting From Audit, Service Center and Collection Operations.**

The Internal Revenue Service makes many efforts to contact the small taxpayer and to afford him relief in situations where the Audit Division has sent out a letter either asking for additional information to be submitted or requesting that the taxpayer come in for an interview and no response is received from the taxpayer. After waiting for a reasonable time (at least 15 days), an audit of the return is made based upon the information available. A 30-day letter is then sent to the taxpayer. If no response is received to the 30-day letter, a notice of deficiency is sent to the taxpayer by certified mail. If there is no response to the statutory notice and if the petition is not filed within 90 days, then an assessment is made and Form 4188, Notice of Adjustment, is mailed to him.

If a response is received after the statutory notice has been issued or after the Form 4188 has been issued, the Audit Division considers a re-examination of the return. An Audit Staff in the Central Service Center classifies these requests for reaudit and decides whether to deny such requests or to proceed with a reaudit.

If no response is received to the Form 4188, then another notice is sent out in approximately seven weeks and if no response is received to this, the account is considered to be delinquent and transferred to a revenue officer for collection. Each bar representative was given a packet containing copies of form letters L-134, L-14, L87, L-21B, L31, and forms 2947, 4188, TY-D69.

The revenue officer will send out another notice on the delinquent account, will also try to contact the taxpayer by telephone, and if he cannot get any response will proceed to take levy action. However, in many instances the taxpayer at this time will make a response and will usually contend that he either does not owe the tax or that he had never previously received any of the mail issued by IRS. Here again, if the taxpayer is cooperative, the Audit Division will be notified, and in many instances will reexamine the particular return.

The Regional Commissioner emphasized that IRS does not want to collect any tax that is not due and will do its best to provide a taxpayer the opportunity to have his return reaudited; and also to provide him with the opportunity to use the avenues of appeal that are open to him by law.

The Service Center has problems with many small taxpayers because wrong Social Security numbers are used on the returns or the

return has not been signed. Refund checks are returned by the post office undelivered because the taxpayer moves after filing the return and does not properly notify IRS. IRS periodically, in order to assist the small taxpayer, will make up lists of undelivered refund checks which are given to the District Director for distribution to the news media in order to assist in the location of such taxpayers. Another problem pertains to women who file returns when single and then marry during the year unless they notify the Social Security Administration of the change in name. The wife should show her SSN on the joint return with her husband in the space indicated.

**(c) Responsibility of Organized Bar in Taxpayer Representation**

The judges of the various courts handling tax cases have been disturbed by the number of *pro se* cases appearing on their calendars and have asked the organized bar to help these people. The representative from the American Bar Association (Tax Section) reported that this matter has been discussed within the American Bar Association; and that his section is now cooperating with the Tax Court. In those cities where the local bar association maintains a legal reference group, a list of attorneys experienced in tax work is compiled and sent to the Tax Court in advance of the calendar hearing. If the local bar associations do not have a legal reference group, the Tax Section will furnish to the Tax Court a list of tax attorneys in that locality. The Tax Court intends to ask the local bar association to have several of these attorneys present at calendar call and if the situation so warrants, the court will recommend to the taxpayer that he needs an attorney in his particular case and will ask the taxpayer to select one from those present. However, it is expected that the taxpayer will make arrangements with the attorney selected for payment for services. The practice of giving the Tax Court judge a list of attorneys was followed in the last calendar held at Cleveland, Ohio.

The representative from the Cincinnati Bar Association reported that his association has adopted a twofold program to assist small taxpayers wherein legal aid is provided for those who cannot afford to pay attorney fees; and also a legal reference group has been formed for those who are unable to pay the usual fees for legal services. In the latter instance, a rate schedule has been established. In both instances the register is made up of experienced attorneys who are doing this as a matter of public service or young attorneys who are doing this in order to acquire experience.

Several bar representatives stated that on many occasions the small taxpayer doesn't want an attorney to represent him because he is resentful, not only against the IRS but also the entire legal system, and wants his day in court in order to express his opinions and attitude.

### **III. GENERAL INFORMATION ANNOUNCEMENTS**

#### **(a) Change in Revenue Agent's Report on Agreed Cases**

The Service has adopted a short-form report for agreed individual cases and agreed small corporation cases. (The short-form will not be used in Joint Committee cases, where claims are disallowed in full, or in fraud penalty cases.) Copies of the short-form report, Form 4549, Income Tax Audit Changes, were given to all participants.

No written explanations will ordinarily be given for the adjustments made — because these will have been discussed with and agreed to by the taxpayer. The taxpayer will be given a copy of the report at the completion of the examination and will be notified in writing when the case is considered closed in the Audit Division.

Additional schedules will be attached to the report if detailed computations are involved, such as a computation of revised depreciation expense. The review of these cases in the Audit Division will be accomplished by utilization of the examining agent's workpapers.

#### **(b) IRS Plans for Taxpayer Education**

Use of Form 1040A has now been discontinued by IRS and will be replaced by a basic, one-page Form 1040 to which schedules may be attached if necessary. In this region about 2,500,000 taxpayers used the Form 1040A. Each of them will receive a notice of the discontinuance of this form by postcard from the Commissioner of Internal Revenue. Each participant was given a copy of this notice.

Two basic individual income tax packages for 1969 will be mailed out by the Central Service Center. One package, consisting of 32 pages, will be mailed to all nonbusiness filers, including those who filed a Form 1040A in 1968; and another package, consisting of 56 pages, will be mailed to business taxpayers who filed a Schedule C or F with their 1968 individual income tax return.

The IRS will continue to maintain its program for the education of taxpayers as follows:

1. Practitioners will be advised by letter concerning the order in which Internal Revenue Service would like the schedules attached to the Form 1040, and other information.
2. Tax Education Institutes — These programs, aimed at people who prepare returns for others, are taught by Internal Revenue Service instructors and usually range from one to three days in length.
3. Adult Education — Most adult education programs are conducted by outside organizations with Internal Revenue Service assistance.
4. High School Programs — Our Teaching Taxes Program is one of the most comprehensive taxpayer education programs in

terms of coverage. This year some 4 million students in 23,000 schools participated.

5. The Central Region has developed a Small Business Tax Return Program for students enrolled in business curricula.
6. Additionally, IRS will make use of:
  - (a) Television spot announcements and programs.
  - (b) Radio.
  - (c) Question-and-answer series in newspapers.
  - (d) Press releases.
  - (e) Seminars arranged by district offices, other government agencies, and other organizations.

### **(c) Changes in Authority of Assistant Chiefs, Appellate**

It was announced to the bar representatives that there has been a change in the dollar limitation in the jurisdiction of Assistant Chiefs in protested cases considered by the Appellate Division. Each Assistant Chief is now authorized to represent the Regional Commissioner in the determination of tax liability in any case in which the net deficiency or the net overassessment determined by the District Director or by the Director of International Operations does not exceed \$100,000, and the determination by the Appellate Division does not involve a net deficiency or a net overassessment in excess of \$100,000. In addition, the Assistant Chiefs have now been given authority to enter into and approve final closing agreements. This authority is not restricted by any dollar limitations.

### **LUNCHEON PROGRAM**

The luncheon was well attended by members of the Cleveland Bar Association and by other IRS personnel. The speakers on the luncheon program were the Regional Counsel and the Regional Commissioner.

The Regional Counsel in his address covered various topics in which he thought the practitioners would be interested. He related that in traveling around the region lecturing and recruiting at various large law colleges, where law firms were also recruiting, he was surprised to hear students say that they did not want to be employed with any large legal firm because of regimentation practiced by such firms, and also because they had objections to raising a family in the confines of a large city.

Regional Counsel has been able to get sufficient recruits. Such men must be in the upper third of their class, must work outside of their home state and agree to remain with the Government for four years. Generally a recruit will start at a salary of approximately \$11,200 and in three years time will be earning approximately \$16,-

500. During the past year only two men have left Regional Counsel in this region and about half of the present staff have more than 15 years service. Some recruits have commenced working for Regional Counsel right after taking the bar examination and before they have been notified that they successfully passed the bar.

#### IV. COMMENT OF REGIONAL COUNSEL

The workload in Regional Counsel has been declining. During the past year only 50 cases were tried in this region and this represents about one-half of the number of cases that were tried in the previous year. There are various reasons for this decline — one of the reasons has been the limitations placed upon the enforcement program by the Audit Division due to lack of funds and restrictions on their recruitment. Another reason has been the increase in the number of cases being settled in the Appellate Division.

The Regional Counsel commented on the litigation for effect policy of Chief Counsel which relates to the trying of those cases which would result in defining a particular area of tax law which would be of major importance to effective tax administration. This program has not been as successful as it should be. It is hoped that it will improve in the future. This has been due to the difficulties in finding the representative case that would best present the Government's position. Many significant cases have been settled, whereas cases which have little effect on subsequent tax administration have not been settled but have been tried.

The Regional Counsel stated he was pleased with the relationship of his office with tax practitioners. He has continually stressed to Government trial attorneys that it is most important to maintain good relations with tax practitioners.

The Regional Commissioner in his remarks also stated that he is very much concerned with the relations between IRS and tax practitioners, and is interested in the discussions developing from meetings with tax practitioners in order that the IRS can improve their activities. He recommended that bar representatives should take advantage of any opportunity they may have to meet Mr. Thrower, the new Commissioner of Internal Revenue, who has already earned the respect of tax practitioners and Government personnel. Mr. Keebler briefly commented on the Commissioner's interest in striving to assure that IRS is organized to best anticipate tax administration demands in the future and to deal fairly, consistently, and conveniently with taxpayers all over the country.

The Chairman of the Bar Association Liaison Group for the Central Region remarked that the region has always been receptive to comments of members of the bar and that it had been a rewarding

experience to work with the Regional Counsel and the Regional Commissioner.

A very interesting film on the Gun Control Act of 1968 was shown to those present at the luncheon. Participants were given copies of various publications (RC-C-Doc108, Important Firearms Information, RC-C-Pub. No. 23, Firearms Identification, RC-C-Pub. No. 33 and 112) issued by the Alcohol, Tobacco and Firearms Division. The film and the related publications are being used in training sessions and also being shown to local police, gun dealers and various civic groups.

## V. AUTOMATIC DATA PROCESSING OPERATIONS

### (a) Taxpayer Notices and Letters

All those present were given a copy of Central Region, RC-C-Pub. 24 (3/69) entitled Taxpayer Notices and Letters, which describes and explains notices and letters sent to taxpayers concerning returns and related documents processed in the Internal Revenue Service Center, Covington, Kentucky.

The Service Center in the near future will attach computation schedules to their notices to taxpayers showing in detail how the regular interest or restricted interest was computed. Certain sections of the Internal Revenue Code prohibit the payment of interest on refunds resulting from certain adjustments. The most common type is a refund resulting from a carryback of a net operating loss. Exhibit #1, attached, lists the code provisions restricting and prohibiting interest. If a taxpayer or a representative disagrees with the amount of interest that has been computed, he should take this matter up with either the Service Center or the Taxpayer's Service section in the District Director's office. In cases before the Appellate Division, should there be any question regarding the amount of restricted interest that will be involved in a settled case, the taxpayer or his representative should ask the Appellate Conferee for an interest computation. Since this computation would be made to a predetermined date, it could vary from the final computation made by the Service Center.

Form 4188, Notice of Adjustment, and Form 4192, Notice of Balance Due, are explained in detail in the above Service Center publication covering taxpayer notices and letters. Form 3249, Notice of Nonreceipt of Return, pertains to business returns such as Form 941, and if returns covering the current quarter or year are not received, the computer will generate this notice which will be mailed. This form contains certain questions and if the information requested is given, the computer will stop sending out such notices.

The following is a comparison of taxpayer-generated correspon-

dence received for the period January 1 through November 7, 1969, as against the comparable period for 1968:

	<u>Received</u>	<u>Closed</u>	<u>Closing Inventory</u>
1968	504,127	495,584	8,543
1969	331,849	328,747	3,102

1. Answering of taxpayer inquiries on a more current basis, thus eliminating second and third letters.
2. Furnishing better taxpayer service at the local level, thereby preventing a written inquiry.
3. Processing adjustments on a more current basis.

The Service Center maintains a tax practitioner master file which is used to send out various types of mailing material which the Service Center believes will be very informative to practitioners. If representatives have not been receiving this material, they should notify the Service Center requesting that their name be placed in this master file.

## VI. RECENT DEVELOPMENTS IN RIRA

The major progress in the Reports and Information Retrieval Activity (RIRA) of the Chief Counsel's office has been with respect to internal changes. Formerly, monthly and quarterly information reports were prepared by personnel in each office of Regional Counsel. The preparation of these reports has now been eliminated since RIRA supplies the same information by printing various tables.

By means of use of a Uniform Issue List, all cases pending before the Tax Court and District Court are now listed on tapes by code numbers that relate to the particular issue involved in such case. The trial attorney in the office of Regional Counsel now has information available to him regarding the number of cases pertaining to a particular issue and the location and identification of each particular case throughout the country. In addition, all decisions from July 1, 1967, of the Tax Court, District Court, Court of Appeals and Supreme Court have been codified through the use of the Uniform Issue List and are available for research purposes.

Some commercial tax services have tapes generally similar to those used by RIRA, which are available to tax practitioners. RIRA tapes are also available by writing to the Office of Chief Counsel. Tax practitioners will need the automatic reader-printer in order to use such

tapes. None of the tax practitioners present at this meeting had used the information provided by the commercial tax services.

## VII. SUSPENDING COLLECTION ACTION IN REFUND SUITS

Generally, the District Director will suspend collection if a suit for refund is filed. This would occur in those situations where a tax liability (usually an excise tax) is assessed for several taxable periods and the taxpayer under the *Flora* decision pays the tax for one period. He then files a suit for refund after denial of his claim and seeks suspension of collection of the other outstanding accounts until conclusion of the refund suit. The issue involved in the refund suit, if resolved in the taxpayer's favor, would result in the diminution of any tax liability for the other periods. Probably the most common type case in this category is the 100 percent penalty assessment in which an officer or employee of a corporation is assessed the penalty under Code Section 6672 because of his failure to pay over trust fund taxes to the Government. The situation may also entail a suit for refund of an amount which would adequately satisfy all outstanding assessments; and here, the taxpayer may request suspension of collection in order that the refund, if obtained, can be offset against his other liabilities. It is assumed, of course, that the refund suit is free of any procedural defect.

In these situations, the right to suspension of collection is not automatic, since clearly the Government has the right to proceed with collection of any delinquent taxes. *Florida v. United States*, 285 F. 2d 596 (8th Cir., 1960). A decision on whether collection will be withheld is purely administrative and will be based upon the facts and circumstances of each individual case. Provisions for this are covered under Section 5(14)14(4) (d) of the Manual.

Actually, in an appropriate case, the District Director will suspend collection with respect to other unpaid accounts when a claim for refund is filed. Such claim will, of course, be considered in the Audit Division of the District Director's office. That Division primarily makes the decision whether collection of the other taxes should be suspended pending consideration of the refund claim. It will advise the Collection Division to place the taxpayer's delinquent accounts in an inactive status. Should the claim for refund be rejected, however, the accounts will then be reactivated.

If a suit for refund is filed, the Internal Revenue Manual [Section 5811(6)] now provides that "enforced" collection will not be taken on accounts in litigation or any other existing liabilities or those that may arise against the taxpayer, without prior clearance from the Regional Counsel or the Refund Litigation Division of the Chief Counsel's Office, as applicable. This provision is fairly new to the Manual and has been inserted obviously to insure proper coordination among the various Government's offices. It has been the practice, how-

ever, in most cases to suspend enforced collection of other taxes outstanding if the amount involved in the refund suit will cover all outstanding taxes or if the taxpayer wins the issue involved in the refund suit, such will then cause the elimination of the liabilities for the other taxable periods. This probably has not been uniformly done in view of the fact that it is primarily a judgment decision on the part of the revenue officer who holds the accounts for collection.

Now, however, in accordance with the Manual provisions, the revenue officer will be required to coordinate any collection efforts in a litigated case with the Service attorney handling that case. If collection of the taxes will be jeopardized by delay, clearly there would be no suspension of collection action. In this respect, the District Director's office will make appropriate investigation to determine whether collection of the taxes would be in jeopardy. Counsel for taxpayers should be alerted to this and be prepared to make a showing to the revenue officer that collection of the tax will not be jeopardized if collection action is withheld.

There was some indication from the bar representatives that in some instances the Collection Division may have been too aggressive in their collection activity before the representatives are able to get collection action suspended.

#### **VIII. EXAMINATION OF TAXPAYERS' RECORDS MAINTAINED ON COMPUTER TAPE**

Examining a large corporation, because of the many divisions and departments usually involved, is a difficult and time-consuming task. Many large corporations now maintain accounting records by use of a computer. Quite often, to substantiate one amount appearing on the income tax return requires consulting many "sets" of books. If audit information can be extracted from the computer tapes, this method is much easier than examining the printouts.

A national accounting firm has developed a process for extracting this information by using a tape to "audit" the taxpayer's tape. The process performs many routines which extract information, summarize information, make mathematical computations, and scientifically sample accounts.

The Central Region has tested the operation and finds it successful. The difficulty is that few taxpayers retain the tapes long enough so that they can be used in the income tax audit. The Service is presently contemplating procedures which will provide for the retention of tapes in certain situations upon notification.

#### **IX. TOPICS OF GENERAL INTEREST**

A bar representative inquired as to the effectiveness of the District Director's conference section. He was informed that approximately 65

percent of the cases heard by the Central Region district conferees resulted in agreements. Approximately 25 to 30 percent of the taxpayers who disagree with the adjustments made by the examining agent do not take advantage of their right of administrative appeal to the district conference section. This, however, also includes cases in which the Audit Division invites the taxpayer to go directly to the Appellate Division, although a district conference will be arranged if it is so desired. The Regional Commissioner stressed that the objective of the district conference program was to have factual issues settled at the lowest administrative level. A bar representative asked whether he should go to the district conference section or the Appellate Division in a situation where after a 30-day letter had been issued involving a legal issue, a Revenue Ruling favorable to the taxpayer had been published. He was advised to take this type of case to the district conference section.

The bar representatives called attention to the fact that in some local IRS offices there is a problem in getting returns and other documents date-stamped and receipted. This subject was discussed briefly and it was agreed that more research would be required and that this would be a topic on a future agenda.

A request was made by the bar representatives to have made available to them copies of the telephone directories of the regional offices and the district offices. Such directories can usually be furnished. Requests for the directories should be submitted to the respective District Directors, who will make every effort to provide the directory.

Another matter that was mentioned was that in some districts, even though a power of attorney was attached to a pension plan that is submitted for approval, the determination letter issued by the District Director is mailed to the taxpayer and not to the attorney; and neither does he receive a copy of such letter. It was also stated that in some other instances there has been failure on the part of IRS personnel to observe the existence of the power of attorney. The Regional Commissioner will bring this matter to the attention of all District Directors.

## EXHIBIT 1

### Code Provisions Restricting and Prohibiting Interest

The 1954 Code defines, in some instances generally and in others in specific terms, the conditions under which interest is either restricted or prohibited on Internal Revenue taxes. The table below lists the sections of the 1954 Code and certain provisions having the effect of law, which govern adjustments resulting in deficiencies or overassessment on which interest is restricted. It also lists an identifying title and the related provision which govern the computation of interest.

Code Section	Subject	Interest Restricted on	
		Underpayments	Overpayments
172(b)	Net Operating Loss Carryback	-----	6611(f)
46(b)	Unused Credit Carryback	6601(e)	6611(f)
6411(b)	Tentative Carryback Allowance	6601(e)	6611(f)
904(d)	Carryback of Foreign Tax Credit	-----	6611(g)
905(b)	Foreign Tax Credit For United Kingdom	-----	Sec. 103(c)
	Income Tax on Royalties, etc.		P.L. 85-866
1332	War Loss Recoveries	1335	1335
901	Foreign Tax Credit	905(c)	Not restricted
547(a)	Deficiency Dividend Deduction	547(b)(1)	547(b)(2)
	Personal Holding Co. Tax		
1481(a)	Renegotiation of Government Contracts	-----	1481(b)(3) and (c)
1341(b)(2)	Renegotiation of Certain Sub-Contracts	-----	Sec. 60(e)
			P.L. 85-866
1341(a)	Computation of Tax Where Taxpayer Restores Substantial Amount Held Under Claim of Right	-----	1341(b)
165(i)	Certain Property Confiscated by Government of Cuba	-----	165(i)
1342(a)	Computation of Tax Where Taxpayer Recovers Substantial Amt. Held by Another Under Claim of Right	-----	1342(b)
	Railroad Cutbacks (See section 20 of this subchapter)	-----	By agreement
7508	Time for Performing Certain Acts Postponed by Reason of War	7508(a)	7508(a)
Sec. 511, Merchant Marine Act of 1936	Construction Reserve Fund	Sec. 511(j) M.M. Act of 1936	Sec. 511(j)M.M. Act of 1936
802(a) as amended by P.L. 86-89	Life Insurance Companies	-----	Sec. 3(i), P.L. 86-60 6 25 50