

## IRS to Require Disclosure of Uncertain Tax Positions on Business Returns

The IRS has announced a new initiative pursuant to which many corporations will have to disclose uncertain tax positions on a schedule attached to the business tax return. As currently proposed, this disclosure schedule will need to be attached to applicable tax returns filed after the release of the disclosure schedule. This disclosure initiative continues a long line of other IRS programs designed to enhance transparency and improve tax administration. The details of the initiative are contained in IRS Announcement 2010-9 (see link below).

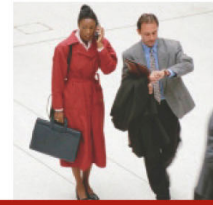
Tax return disclosures would be required by business taxpayers who have both a financial statement prepared under FIN 48 or other similar accounting standards concerning uncertain U.S. federal income tax positions and total assets in excess of \$10 million. Disclosures would be made on a schedule attached to the return and would consist of a concise description of each uncertain tax position for which the taxpayer or a related entity has recorded a reserve in its financial statements and the maximum amount of potential federal tax liability attributable to each uncertain tax position (determined without regard to the taxpayer's risk analysis regarding its likelihood of prevailing on the merits). The current proposal does not require taxpayers to disclose their risk assessment or tax reserve amounts. However, the IRS has indicated that an adequate description of each position should include "the rationale for the position and a concise general statement of the reasons for determining that the position is an uncertain tax position." The announcement outlines other details that must be included in the description of each uncertain tax position.

Anticipating taxpayers' concerns and questions, the IRS is inviting comments on the disclosure initiative, which must be submitted by March 29, 2010.

For the time being, the IRS is retaining its current "policy of restraint" for requesting tax accrual workpapers. It has been widely speculated for some time that the IRS might reverse course on this longstanding policy.

### FOR MORE INFORMATION

For the full text of Announcement 2010-9, go to [www.irs.gov/pub/irs-drop/a-10-09.pdf](http://www.irs.gov/pub/irs-drop/a-10-09.pdf). To read Commissioner Schulman's public comments, see [www.irs.gov/newsroom/article/0,,id=218705,00.html](http://www.irs.gov/newsroom/article/0,,id=218705,00.html).



For further information on this new IRS initiative or other federal tax controversy issues, please contact:

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