

Settlement Taxation

Higher Education Taxation Institute

June 4, 2018

Benjamin A. Davidson

The University of North Carolina at Chapel Hill

Bertrand M. Harding, Jr.

Law Offices of Bertrand M. Harding, Jr.



Agenda

- What's at stake
- Origin of the claim
- What's new
- Settlement agreements
- Process



What's at stake

- Fragile relationship
- Amended W-2s
- Underwithheld taxes, interest, and penalties

Origin of the Claim

- “the petitioner does not have to prove the validity of his claim; rather, he must show the nature of the claim which was the actual basis for the settlement.”

Seay v. Commissioner, 58 T.C. 32 (1972); *see also U.S. v. Gilmore*, 372 U.S. 39 (1963).

- Payment types:
 - Wages
 - Non-wage taxable income
 - Tax-free

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First appeared as part of the conference materials for the
6th Annual Higher Education Taxation Institute session
"Settlement Taxation"