

Settlement Taxation

Higher Education Taxation Institute
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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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