

# Settlement Taxation

*Higher Education Taxation Institute*  
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## Agenda

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



## What's at stake

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

## Origin of the Claim

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- “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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