



Jon Holbrook Submits Comments to IRS on New Draft Schedule UTP

ATTORNEYS

Jon Holbrook

PRACTICE AREAS

Federal Tax Policy & Advocacy

Tax

Tax Planning & Advisory Services

October 24, 2022

On October 20, IPB attorney Jon Holbrook submitted a comment letter to the IRS requesting clarification that disclosure on Schedule UTP (Uncertain Tax Position) provides protection from the penalty for underpayments due to disregard of rules or regulations.

In the letter, Holbrook observes that the applicable regulations and revenue procedures do not explicitly endorse the use of Schedule UTP to disclose positions contrary to rules and regulations, and that they instead suggest disclosure on Forms 8275 or 8275-R.

Schedule UTP's instructions invite disclosure on Schedule UTP in this context and indicate that disclosure on Forms 8275 and 8275-R is unnecessary. The tension between these sources leaves taxpayers with uncertainty.

To eliminate a potential trap for the unwary, Holbrook requests that the Service confirm in a revenue procedure that a position adequately disclosed on Schedule UTP would not be subject to the penalty for underpayments due to disregard of rules or regulations.