



Ivins Attorney Pat Smith Quoted in Tax Notes re: Section 883 Regulations

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Ivins attorney Pat Smith was quoted in a *Tax Notes* article about the Tax Court's decision in *Good Fortune Shipping* rejecting a challenge to the validity of regulations under section 883 providing that shares of corporate stock that are issued in bearer form must be disregarded in determining the ownership of the issuing corporation. *Practitioners Divided on Court's Application of Chevron Test.*

Patrick J. Smith of Ivins, Phillips & Barker Chtd. agreed with the company that the regulations at issue in this case went too far in excluding bearer shares per se with respect to section 883's reciprocal exemption provision.

"I think the regulations that were being challenged here went beyond the scope of what they could do under either step one or step two of *Chevron*," Smith said. "They basically say ownership doesn't mean ownership in this context."

"The court talked about establishing ownership, but establishing ownership is different from ownership," Smith said. "These regulations aren't about establishing ownership; they're about denying ownership."

Smith said he could appreciate all the practical difficulties outlined by the court in dealing with bearer shares, and that the government has a sympathetic position with respect to this difficult issue, but "simply saying shares that are owned in bearer form don't count as ownership seems to me is just going too far."