

First Circuit Gives the IRS a Seat in the Boardroom

44 Rutgers L. Rec. 145 (2017) | [WestLaw](#) | [LexisNexis](#) | [PDF](#)

The First Circuit Court of Appeals in *United States v. Textron, Inc.*, issued a critically important tax decision giving the Internal Revenue Service (IRS) access to Textron's tax accrual planning work papers. The case is a major victory for the IRS and in effect gives this government agency a seat in the room when tax accrual work papers are prepared. In *Textron*, the Court held en banc that the taxpayer could not, in response to an IRS summons, withhold from production to the IRS its tax accrual work papers under the long-recognized work product doctrine. The decision, which reversed the district court, was reached by a narrow margin of a five judge panel, with three judges representing the majority over two judges who wrote the dissenting opinion.

This decision was troubling to a number of large corporations and corporate counsel because it chills the taxpayer's thorough analysis of the accounting and legal implications of financial decision making by placing those corporate thought processes directly into the hands of the IRS.

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