

# Post-Avrahami Captive Environment

Derek W. Kaczmarek & Giselle C. Alexander  
Dickinson Wright PLLC

[dkaczmarek@dickinsonwright.com](mailto:dkaczmarek@dickinsonwright.com)

[galexander@dickinsonwright.com](mailto:galexander@dickinsonwright.com)

(602) 285-5044

(602) 285-5046

# Post-Avrahami IRS Reaction

- Increased IRS aggressiveness in captive cases – Captive Owners
  - Audits
    - Examiners
    - Management
  - Appeals
    - Appeals Officers
    - Issue Management Team
  - Chief Counsel
    - Significant coordination among offices
    - SB/SE highly interested in litigating additional cases
    - LB&I ambivalent on captives

# Post-Avrahami IRS Reaction

- Captive Managers
  - Continuing to pick-up new captive managers for promoter audits
  - Promoter audits still mirroring prior IRS promoter audits
  - Anticipate movement following litigation of additional cases

# Post-Avrahami IRS Resolutions

- Appeals & Counsel continue to reduce proposed settlements
- Awaiting anticipated Global Settlement Initiative – some questions regarding GSI

# Post-Avrahami – Predictions

- Continued IRS aggressiveness in captive cases
- Numerous cases in trial queue
- Tax Court beginning to schedule captive cases for trial
  - IRS selecting ugliest cases for trial

# Post-Avrahami –Recommendations

- Captive Managers must keep track of clients' cases
- Should aggressively select most favorable cases & push to trial
- Other considerations
  - Stipulations to be bound?
  - Litigation pool due to expense of litigating cases?