Department of the Treasury

Internal Revenue Service

Office of Chief Counsel

Notice

CC-2003-013

April 22, 2003

Subject: Litigation Fees Settlement Authority of Area Counsel Under I.R.C. § 7430

Cancel Date: Upon Incorporation into the CCDM

Effective as of the date of this Notice, certain claims for section 7430 administrative and litigation costs, as described below, may be settled without the approval of the Associate Chief Counsel (Procedure & Administration).

Pursuant to CCDM 35.4.16.12(3)(b)(7)(a), claims for litigation costs in pending Tax Court cases may not be settled without the approval of the former Assistant Chief Counsel (Field Service) if the settlement offer exceeds $5,000.00. In addition, claims for administrative costs may not be settled without the approval of the former Assistant Chief Counsel (Field Service). See CCDM 35.4.16.12(3)(b)(8). The 2000 reorganization of the Office of Chief Counsel transferred responsibility for reviewing and approving these settlements to the Associate Chief Counsel (Procedure & Administration).

The allowable amount of attorney's fees and costs per hour has increased from $75.00 per hour to $125.00 per hour, adjusted for inflation, since publication of CCDM 35.4.16.12(3)(b). See Section 3101(a)(1) of the Restructuring and Reform Act of 1998 (section 3.24).
As a result of the increases in allowable costs, requests for litigation or administrative costs generally exceed the $5,000.00 limitation.

CCDM 35.4.16.12(3)(b) is amended to grant Area Counsel broader settlement authority to settle claims for litigation and administrative costs. Specifically, CCDM 35.4.16.12(3)(b)(7)(a) is amended to delegate settlement authority to Area Counsel for litigation costs where the litigation cost settlement offer does not exceed $25,000.00. In addition, CCDM 35.4.16.12(3)(b)(8) is amended to authorize Area Counsel to approve settlement of claims for administrative costs where the settlement offer does not exceed $5,000.00. All settlements of claims for litigation or administrative costs for amounts that exceed $25,000.00 or $5,000.00, respectively, shall require the approval of the Associate Chief Counsel (Procedure & Administration).

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Any questions regarding the matters contained herein should be directed to the Office of the Associate Chief Counsel (Procedure & Administration), Branch 3, Administrative Provisions & Judicial Practice Division at (202) 622-7490.

/s/

DEBORAH A. BUTLER
Associate Chief Counsel
(Procedure & Administration)