

LEGAL AID SOCIETY

OF MIDDLE TENNESSEE AND THE CUMBERLANDS

Information for Release

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NASHVILLE LEGAL AID PROGRAM TEAMS WITH INDIANA LAW PROFESSOR TO WIN TAX CASE FOR INNOCENT SPOUSE

INDIANAPOLIS, IN, May 5, 2009 – Thousands of taxpayers will now have more opportunity to protect their rights, thanks to a case that Nashville attorney Robert Nadler helped argue in Tax Court. The case involved an IRS regulation imposing a two-year limit for innocent spouses to claim relief from a joint liability. The Tax Court held the regulation was invalid, giving innocent spouses more time to file their claims.

Nadler explained that taxpayers who are suffering an economic hardship, who are victims of spousal abuse, and who did not know about the unreported income are most likely to benefit from this decision. Many of Nadler's clients are single mothers who have been in abusive marriages. Nadler is a staff attorney with the Legal Aid Society and is the author of the Innocent Spouse Manual, which is used by legal aid clinics throughout the country.

He worked on the case with Valparaiso Law Professor Paul Kohlhoff. The decision in the case, *Lantz v. Commissioner*, was released on April 7. Ms. Lantz had filed a joint return with her husband. After his death, she learned that he owed much more tax than he reported. She then filed a claim for "innocent spouse relief", but the IRS denied her claim because of the two-year period in the regulation.

Nadler and Kohlhoff argued that Congress did not intend for the IRS to limit innocent spouse relief to a two-year period, when the IRS has ten years to collect the tax. The Tax Court agreed and struck down the two-year limit.

"This was an important victory for many taxpayers," Nadler explained. "Taxpayers in this situation often are not aware they have an innocent spouse claim until long after the tax first becomes due. This decision will help insure that the IRS considers the merits of each taxpayer's case."

Nadler works with the Legal Aid Society's Tennessee Taxpayer Project, a low-income taxpayer clinic funded by the IRS. It helps low-wage taxpayers who have disputes with the IRS. The Legal Aid Society gives free legal aid to people who have nowhere else to turn. It is Tennessee's largest legal aid provider and is funded in part by United Way.

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