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abusive syndicated conservation easement transactions have been of concern to the IRS for ...

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On July 9, the U.S. Tax Court struck down four more abusive syndicated conservation easement transactions. The Internal Revenue Service calls on any taxpayer involved in syndicated conservation easement transactions who receives a settlement offer from the agency to accept it soon.

These time-limited settlement offers, [announced June 25](#), are only being made to certain taxpayers with pending docketed Tax Court cases involving this type of abusive transaction.

These and other recent Tax Court decisions support the abusive nature of the

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advice of competent, independent advisors. Ending these abusive schemes remains a top priority for the IRS.”

The IRS recognizes the important role of legitimate conservation easement deductions in incentivizing land preservation for future generations. However, abusive syndicated conservation easement transactions have been of concern to the IRS for several years.

The IRS is aware that some promoters of these abusive transactions have downplayed the significance of the string of recent court decisions holding in the government's favor, arguing that their cases are somehow different or that those decisions might be reversed on appeal. These promoters ignore common sense and argue that the real dispute is about value, neglecting to explain how the reporting of short-term appreciation, often exceeding many multiples of reality, could possibly withstand judicial scrutiny.

“Taxpayers should ignore this nonsense, take an objective look at their cases, and cut their losses,” said IRS Chief Counsel Mike Desmond. “Abusive transactions, like settlement offers, do not get better with time, and this is a good opportunity to get out.”

In listed syndicated conservation easement structures, promoters syndicate ownership interests in real property through partnerships, using promotional materials to suggest that prospective investors may be entitled to a share of a conservation easement contribution deduction that equals or exceeds two and one-half times the investment amount. The promoters obtain an appraisal that greatly inflates the value of the conservation easement based on a fictional and unrealistic highest and best use of the property before it was encumbered with the easement.

After the investors invest in the partnership, the partnership donates a conservation

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