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## Capitalization Issues in Mergers & Acquisitions (Santa Fe v. Comm.)

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Arnie Sidman spoke to the Houston and Tulsa TEI Chapters in November about the *Santa Fe Pacific Gold Co. etal. v. Commissioner* decision, which is being viewed as a national corporate tax precedent with implications likely to last for decades. The opinion will impact nearly all corporate tax audits and will become a blueprint for analyzing and diffusing the most frequent IRS argument: are termination fees in hostile takeovers deductible or can they be capitalized? The Santa Fe case presents the most rational and significant setback for *INDOPCO, Inc. v. Commissioner*, 503 U.S. 79 (1992), the most frequent argument raised by the IRS in corporate audits.

