

**TITLE XIV****TRIALS****RULE 140. PLACE OF TRIAL**

(a) **Request for Place of Trial:** The petitioner, at the time of filing the petition, shall file a request for place of trial showing the place at which the petitioner would prefer the trial to be held. If the petitioner has not filed such a request, then the Commissioner, at the time the answer is filed, shall file a request showing the place of trial preferred by the Commissioner. The Court will make reasonable efforts to conduct the trial at the location most convenient to that requested where suitable facilities are available. The parties shall be notified of the place at which the trial will be held.

(b) **Form:** Such request shall be set forth on a paper separate from the petition or answer. See Form 5, Appendix I.

(c) **Motion To Change Place of Trial:** If a party desires a change in the place of trial, then such party shall file a motion to that effect, stating fully the reasons therefor. Such motions, made after the notice of the time of trial has been issued, may be deemed dilatory and may be denied unless the ground therefor arose during that period or there was good reason for not making the motion sooner.

**RULE 141. CONSOLIDATION; SEPARATE TRIALS**

(a) **Consolidation:** When cases involving a common question of law or fact are pending before the Court, it may order a joint hearing or trial of any or all the matters in issue, it may order all the cases consolidated, and it may make such orders concerning proceedings therein as may tend to avoid unnecessary costs, delay, or duplication. Similar action may be taken where cases involve different tax liabilities of the same parties, notwithstanding the absence of a common issue. Unless otherwise permitted by the Court for good cause shown, a motion to consolidate cases may be filed only after all the cases sought to be consolidated have become at issue. The caption of a motion to consolidate shall include all of the names and docket numbers of the cases sought to be consolidated arranged in chronological order

(i.e., the oldest case first). Unless otherwise ordered, the caption of all documents subsequently filed in consolidated cases shall include all of the docket numbers arranged in chronological order, but may include only the name of the oldest case with an appropriate indication of other parties.

**(b) Separate Trials:** The Court, in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition or economy, may order a separate trial of any one or more claims, defenses, or issues, or of the tax liability of any party or parties. The Court may enter appropriate orders or decisions with respect to any such claims, defenses, issues, or parties that are tried separately. As to severance of parties or claims, see Rule 61(b).

#### **RULE 142. BURDEN OF PROOF**

**(a) General:** (1) The burden of proof shall be upon the petitioner, except as otherwise provided by statute or determined by the Court; and except that, in respect of any new matter, increases in deficiency, and affirmative defenses, pleaded in the answer, it shall be upon the respondent. As to affirmative defenses, see Rule 39.

(2) See Code section 7491 where credible evidence is introduced by the taxpayer, or any item of income is reconstructed by the Commissioner solely through the use of statistical information on unrelated taxpayers, or any penalty, addition to tax, or additional amount is determined by the Commissioner.

**(b) Fraud:** In any case involving the issue of fraud with intent to evade tax, the burden of proof in respect of that issue is on the respondent, and that burden of proof is to be carried by clear and convincing evidence. Code sec. 7454(a).

**(c) Foundation Managers; Trustees; Organization Managers:** In any case involving the issue of the knowing conduct of a foundation manager as set forth in the provisions of Code section 4941, 4944, or 4945, or the knowing conduct of a trustee as set forth in the provisions of Code section 4951 or 4952, or the knowing conduct of an organization manager as set forth in the provisions of Code section 4912 or 4955, the burden of proof in respect of such issue is on the respondent, and such burden of proof is to be carried by clear and convincing evidence. Code sec. 7454(b).

**(d) Transferee Liability:** The burden of proof is on the respondent to show that a petitioner is liable as a transferee of property of a taxpayer, but not to show that the taxpayer was liable for the tax. Code sec. 6902(a).

**(e) Accumulated Earnings Tax:** Where the notice of deficiency is based in whole or in part on an allegation of accumulation of corporate earnings and profits beyond the reasonable needs of the business, the burden of proof with respect to such allegation is determined in accordance with Code section 534. If the petitioner has submitted to the respondent a statement which is claimed to satisfy the requirements of Code section 534(c), the Court will ordinarily, on timely motion filed after the case has been calendared for trial, rule prior to the trial on whether such statement is sufficient to shift the burden of proof to the respondent to the limited extent set forth in Code section 534(a)(2).

### **RULE 143. EVIDENCE<sup>1</sup>**

**(a) General:** Trials before the Court will be conducted in accordance with the rules of evidence applicable in trials without a jury in the United States District Court for the District of Columbia. See Code sec. 7453. To the extent applicable to such trials, those rules include the rules of evidence in the Federal Rules of Civil Procedure and any rules of evidence generally applicable in the Federal courts (including the United States District Court for the District of Columbia). Evidence which is relevant only to the issue of a party's entitlement to reasonable litigation or administrative costs shall not be introduced during the trial of the case (other than a case commenced under Title XXVI of these Rules, relating to actions for administrative costs). As to claims for reasonable litigation or administrative costs and their disposition, see Rules 231 and 232. As to evidence in an action for administrative costs, see Rule 274 (and that Rule's incorporation of the provisions of Rule 174(b)).

**(b) Testimony:** The testimony of a witness generally must be taken in open court except as otherwise provided by the Court or these Rules. For good cause in compelling circumstances and with appropriate safeguards, the Court may

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<sup>1</sup>The amendments (which affect paragraphs (b) through (g)) are effective as of January 1, 2010.

permit testimony in open court by contemporaneous transmission from a different location.

**(c) Ex Parte Statements:** Ex parte affidavits, statements in briefs, and unadmitted allegations in pleadings do not constitute evidence. As to allegations in pleadings not denied, see Rules 36(c) and 37(c) and (d).

**(d) Depositions:** Testimony taken by deposition shall not be treated as evidence in a case until offered and received in evidence. Error in the transcript of a deposition may be corrected by agreement of the parties, or by the Court on proof it deems satisfactory to show an error exists and the correction to be made, subject to the requirements of Rules 81(h)(1) and 85(e). As to the use of a deposition, see Rule 81(i).

**(e) Documentary Evidence:** (1) *Copies:* A copy is admissible to the same extent as an original unless a genuine question is raised as to the authenticity of the original or in the circumstances it would be unfair to admit the copy in lieu of the original. Where the original is admitted in evidence, a clearly legible copy may be substituted later for the original or such part thereof as may be material or relevant, upon leave granted in the discretion of the Court.

(2) *Return of Exhibits:* Exhibits may be disposed of as the Court deems advisable. A party desiring the return at such party's expense of any exhibit belonging to such party, shall, within 90 days after the decision of the case by the Court has become final, make written application to the Clerk, suggesting a practical manner of delivery. If such application is not timely made, the exhibits in the case will be destroyed.

**(f) Interpreters:** The parties ordinarily will be expected to make their own arrangements for obtaining and compensating interpreters. However, the Court may appoint an interpreter of its own selection and may fix the interpreter's reasonable compensation, which compensation shall be paid by one or more of the parties or otherwise as the Court may direct.

**(g) Expert Witness Reports:** (1) Unless otherwise permitted by the Court upon timely request, any party who calls an expert witness shall cause that witness to prepare a written report for submission to the Court and to the opposing party. The report shall set forth the qualifications of

the expert witness and shall state the witness's opinion and the facts or data on which that opinion is based. The report shall set forth in detail the reasons for the conclusion, and it will be marked as an exhibit, identified by the witness, and received in evidence as the direct testimony of the expert witness, unless the Court determines that the witness is not qualified as an expert. Additional direct testimony with respect to the report may be allowed to clarify or emphasize matters in the report, to cover matters arising after the preparation of the report, or otherwise at the discretion of the Court. After the case is calendared for trial or assigned to a Judge or Special Trial Judge, each party who calls any expert witness shall serve on each other party, and shall submit to the Court, not later than 30 days before the call of the trial calendar on which the case shall appear, a copy of all expert witness reports prepared pursuant to this subparagraph. An expert witness's testimony will be excluded altogether for failure to comply with the provisions of this paragraph, unless the failure is shown to be due to good cause and unless the failure does not unduly prejudice the opposing party, such as by significantly impairing the opposing party's ability to cross-examine the expert witness or by denying the opposing party the reasonable opportunity to obtain evidence in rebuttal to the expert witness's testimony.

(2) The Court ordinarily will not grant a request to permit an expert witness to testify without a written report where the expert witness's testimony is based on third-party contacts, comparable sales, statistical data, or other detailed, technical information. The Court may grant such a request, for example, where the expert witness testifies only with respect to industry practice or only in rebuttal to another expert witness.

(3) For circumstances under which the transcript of the deposition of an expert witness may serve as the written report required by subparagraph (1), see Rule 74(d).

#### **RULE 144. EXCEPTIONS UNNECESSARY**

Formal exceptions to rulings or orders of the Court are unnecessary. It is sufficient that a party at the time the ruling or order of the Court is made or sought, makes known to the Court the action which such party desires the Court to take or such party's objection to the action of the Court and the

grounds therefor; and, if a party has no opportunity to object to a ruling or order at the time it is made, the absence of an objection does not thereafter prejudice such party.

#### **RULE 145. EXCLUSION OF PROPOSED WITNESSES**

**(a) Exclusion:** At the request of a party, the Court shall order witnesses excluded so that they cannot hear the testimony of other witnesses and it may make the order on its own motion. This Rule does not authorize exclusion of: (1) A party who is a natural person, or (2) an officer or employee of a party which is not a natural person designated as its representative by its attorney, or (3) a person whose presence is shown by a party to be essential to the presentation of such party's cause.

**(b) Contempt:** Among other measures which the Court may take in the circumstances, it may punish as for a contempt: (1) Any witness who remains within hearing of the proceedings after such exclusion has been directed, that fact being noted in the record; and (2) any person (witness, counsel, or party) who willfully violates instructions issued by the Court with respect to such exclusion.

#### **RULE 146. DETERMINATION OF FOREIGN LAW**

A party who intends to raise an issue concerning the law of a foreign country shall give notice in the pleadings or other reasonable written notice. The Court, in determining foreign law, may consider any relevant material or source, including testimony, whether or not submitted by a party or otherwise admissible. The Court's determination shall be treated as a ruling on a question of law.

#### **RULE 147. SUBPOENAS<sup>1</sup>**

**(a) Attendance of Witnesses; Form; Issuance:** Every subpoena shall be issued under the seal of the Court, shall state the name of the Court and the caption of the case, and shall command each person to whom it is directed to attend and give testimony at a time and place therein specified. A

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<sup>1</sup>The amendments to paragraphs (a), (b), and (d) are effective as of January 1, 2010.

subpoena, including a subpoena for the production of documentary evidence or electronically stored information, signed and sealed but otherwise blank, shall be issued to a party requesting it, who shall fill it in before service. Subpoenas may be obtained at the Office of the Clerk in Washington, D.C., or from a trial clerk at a trial session. See Code sec. 7456(a).

**(b) Production of Documentary Evidence and Electronically Stored Information:** A subpoena may also command the person to whom it is directed to produce the books, papers, documents, electronically stored information, or tangible things designated therein, and may specify the form or forms in which electronically stored information is to be produced. The Court, upon motion made promptly and in any event at or before the time specified in the subpoena for compliance therewith, may (1) quash or modify the subpoena if it is unreasonable and oppressive, or (2) condition denial of the motion upon the advancement by the person in whose behalf the subpoena is issued of the reasonable cost of producing the books, papers, documents, electronically stored information, or tangible things.

**(c) Service:** A subpoena may be served by a United States marshal, or by a deputy marshal, or by any other person who is not a party and is not less than 18 years of age. Service of a subpoena upon a person named therein shall be made by delivering a copy thereof to such person and by tendering to such person the fees for one day's attendance and the mileage allowed by law. When the subpoena is issued on behalf of the Commissioner, fees and mileage need not be tendered. See Rule 148 for fees and mileage payable. The person making service of a subpoena shall make the return thereon in accordance with the form appearing in the subpoena.

**(d) Subpoena for Taking Depositions:** (1) *Issuance and Response:* The order of the Court approving the taking of a deposition pursuant to Rule 81(b)(2), the executed stipulation pursuant to Rule 81(d), or the service of the notice of deposition pursuant to Rule 74(b)(2) or (c)(2), constitutes authorization for issuance of subpoenas for the persons named or described therein. The subpoena may command the person to whom it is directed to produce and permit inspection and copying of designated books, papers, documents, electronically stored information, or tangible things, which come with-

in the scope of the order or stipulation pursuant to which the deposition is taken. Within 15 days after service of the subpoena or such earlier time designated therein for compliance, the person to whom the subpoena is directed may serve upon the party on whose behalf the subpoena has been issued written objections to compliance with the subpoena in any or all respects. Such objections should not include objections made, or which might have been made, to the application to take the deposition pursuant to Rule 81(b)(2) or to the notice of deposition under Rule 74(b)(2) or (c)(2). If an objection is made, the party serving the subpoena shall not be entitled to compliance therewith to the extent of such objection, except as the Court may order otherwise upon application to it. Such application for an order may be made, with notice to the other party and to any other objecting persons, at any time before or during the taking of the deposition, subject to the time requirements of Rule 70(a)(2) or 81(b)(2). As to availability of protective orders, see Rule 103; and, as to enforcement of such subpoenas, see Rule 104.

(2) *Place of Examination:* The place designated in the subpoena for examination of the deponent shall be the place specified in the notice of deposition served pursuant to Rule 74(b)(2) or (c)(2), in a motion to take deposition under Rule 74(c)(3) or (4), in the order of the Court referred to in Rule 81(b)(2), or in the executed stipulation referred to in Rule 81(d). With respect to a deposition to be taken in a foreign country, see Rules 74(e)(2), 81(e)(2), and 84(a).

(e) **Contempt:** Failure by any person without adequate excuse to obey a subpoena served upon any such person may be deemed a contempt of the Court.

#### **RULE 148. FEES AND MILEAGE**

(a) **Amount:** Any witness summoned to a hearing or trial, or whose deposition is taken, shall receive the same fees and mileage as witnesses in the United States District Courts. With respect to fees and mileage paid to witnesses in the United States District Court, see 28 U.S.C. section 1821.

(b) **Tender:** No witness, other than one for the Commissioner, shall be required to testify until the witness shall have been tendered the fees and mileage to which the wit-

ness is entitled according to law. With respect to witnesses for the Commissioner, see Code section 7457(b)(1).

(c) **Payment:** The party at whose instance a witness appears shall be responsible for the payment of the fees and mileage to which that witness is entitled.

#### **RULE 149. FAILURE TO APPEAR OR TO ADDUCE EVIDENCE**

(a) **Attendance at Trials:** The unexcused absence of a party or a party's counsel when a case is called for trial will not be ground for delay. The case may be dismissed for failure properly to prosecute, or the trial may proceed and the case be regarded as submitted on the part of the absent party or parties.

(b) **Failure of Proof:** Failure to produce evidence, in support of an issue of fact as to which a party has the burden of proof and which has not been conceded by such party's adversary, may be ground for dismissal or for determination of the affected issue against that party. Facts may be established by stipulation in accordance with Rule 91, but the mere filing of such stipulation does not relieve the party, upon whom rests the burden of proof, of the necessity of properly producing evidence in support of facts not adequately established by such stipulation. As to submission of a case without trial, see Rule 122.

#### **RULE 150. RECORD OF PROCEEDINGS**

(a) **General:** Hearings and trials before the Court shall be recorded or otherwise reported, and a transcript thereof shall be made if, in the opinion of the Court or the Judge presiding at a hearing or trial, a permanent record is deemed appropriate. Transcripts shall be supplied to the parties and other persons at such charges as may be fixed or approved by the Court.

(b) **Transcript as Evidence:** Whenever the testimony of a witness at a trial or hearing which was recorded or otherwise reported is admissible in evidence at a later trial or hearing, it may be proved by the transcript thereof duly certified by the person who reported the testimony.

**RULE 151. BRIEFS**

(a) **General:** Briefs shall be filed after trial or submission of a case, except as otherwise directed by the presiding Judge. In addition to or in lieu of briefs, the presiding Judge may permit or direct the parties to make oral argument or file memoranda or statements of authorities. The Court may return without filing any brief that does not conform to the requirements of this Rule.

(b) **Time for Filing Briefs:** Briefs may be filed simultaneously or seriatim, as the presiding Judge directs. The following times for filing briefs shall prevail in the absence of any different direction by the presiding Judge:

(1) *Simultaneous Briefs:* Opening briefs within 75 days after the conclusion of the trial, and answering briefs 45 days thereafter.

(2) *Seriatim Briefs:* Opening brief within 75 days after the conclusion of the trial, answering brief within 45 days thereafter, and reply brief within 30 days after the due date of the answering brief.

A party who fails to file an opening brief is not permitted to file an answering or reply brief except on leave granted by the Court. A motion for extension of time for filing any brief shall be made prior to the due date and shall recite that the moving party has advised such party's adversary and whether or not such adversary objects to the motion. As to the effect of extensions of time, see Rule 25(c).

<sup>1</sup>(c) **Service:** Each brief shall be served upon the opposite party when it is filed, except that, in the event of simultaneous briefs, such brief shall be served by the Clerk after the corresponding brief of the other party has been filed, unless the Court directs otherwise. Delinquent briefs will not be accepted unless accompanied by a motion setting forth reasons deemed sufficient by the Court to account for the delay. In the case of simultaneous briefs, the Court may return without filing a delinquent brief from a party after such party's adversary's brief has been served upon such party.

(d) **Number of Copies:** A signed original and two copies of each brief, plus an additional copy for each person to be served, shall be filed.

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<sup>1</sup>The amendment is effective as of January 1, 2010.

**(e) Form and Content:** All briefs shall conform to the requirements of Rule 23 and shall contain the following in the order indicated:

(1) On the first page, a table of contents with page references, followed by a list of all citations arranged alphabetically as to cited cases and stating the pages in the brief at which cited. Citations shall be in italics when printed and underscored when typewritten.

(2) A statement of the nature of the controversy, the tax involved, and the issues to be decided.

(3) Proposed findings of fact (in the opening brief or briefs), based on the evidence, in the form of numbered statements, each of which shall be complete and shall consist of a concise statement of essential fact and not a recital of testimony nor a discussion or argument relating to the evidence or the law. In each such numbered statement, there shall be inserted references to the pages of the transcript or the exhibits or other sources relied upon to support the statement. In an answering or reply brief, the party shall set forth any objections, together with the reasons therefor, to any proposed findings of any other party, showing the numbers of the statements to which the objections are directed; in addition, the party may set forth alternative proposed findings of fact.

(4) A concise statement of the points on which the party relies.

(5) The argument, which sets forth and discusses the points of law involved and any disputed questions of fact.

(6) The signature of counsel or the party submitting the brief. As to signature, see Rule 23(a)(3).

## **RULE 152. ORAL FINDINGS OF FACT OR OPINION**

**(a) General:** Except in actions for declaratory judgment or for disclosure (see Titles XXI and XXII), the Judge, or the Special Trial Judge in any case in which the Special Trial Judge is authorized to make the decision of the Court pursuant to Code section 7436(c) or 7443A(b)(2), (3), (4), or (5), and (c), may, in the exercise of discretion, orally state the findings of fact or opinion if the Judge or Special Trial Judge is satisfied as to the factual conclusions to be reached in the case and that the law to be applied thereto is clear.

**(b) Transcript:** Oral findings of fact or opinion shall be recorded in the transcript of the hearing or trial. The pages of the transcript that contain such findings of fact or opinion (or a written summary thereof) shall be served by the Clerk upon all parties.

**(c) Nonprecedential Effect:** Opinions stated orally in accordance with paragraph (a) of this Rule shall not be relied upon as precedent, except as may be relevant for purposes of establishing the law of the case, res judicata, collateral estoppel, or other similar doctrine.