

UNITED STATES TAX COURT
WASHINGTON, DC 20217

PENGCHENG SI,)	
)	
Petitioner,)	
)	
v.)	Docket No. 18748-18.
)	
COMMISSIONER OF INTERNAL REVENUE,)	
)	
Respondent)	

ORDER

Trial in this case was held January 15, 2020. On January 31, 2020, we served a transcript of our bench opinion (Doc. 31) and entered decision (Doc. 32) in favor of the Commissioner, sustaining his disallowance of deductions claimed by petitioner Pengcheng Si for “other expenses”, “meals and entertainment”, and “legal and professional services”. Mr. Si timely filed a motion for reconsideration (Doc. 37) as to the third of these; the Commissioner responded (Doc. 39); and Mr. Si replied (Doc. 41). We will deny Mr. Si’s motion.

After trial we found (see Doc. 31 at 5, 7) that in the year at issue (2015) Mr. Si was engaged in--

a qui tam action that he filed in 2009 against his own former employer under the False Claims Act, pursuant to 31 U.S.C. 18 sec. 3730(b), which did not conclude until 2018. (Ex. 13-19 J, pp. 1 and 23.)

... As for the “legal and professional services” expenses, Mr. Si paid \$19,737 to an attorney in 2015 (Stip. 17) for legal work in the qui tam action. The action underlying those fees was dismissed with prejudice in 2018, and there is no indication of any award or settlement proceeds paid in 2015.

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We held (Doc. 31 at 12):

We cannot allow Mr. Si's claimed deduction for legal expenses paid in 2015. Section 62(a)(20) does not permit deductions in excess of the proceeds includible in gross income from an action brought under the False Claims Act. The record indicates that no proceeds were paid to Mr. Si in 2015 on account of his legal action. Thus the deduction of legal fees is not allowed.

Neither Mr. Si's motion for reconsideration nor his reply in support of that motion cites or discusses the controlling statute, section 62(a)(20) of the Internal Revenue Code (26 U.S.C.), nor suggests any reason that it does not have the effect stated in our bench opinion. It is

ORDERED that the motion for reconsideration is denied.

(Signed) David Gustafson
Judge

Dated: Washington, D.C.
April 14, 2020