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Ninth Circuit: Basis of intangible assets acquired in connection with failed thrifts

The U.S. Court of Appeals for the Ninth Circuit today affirmed the judgment of a federal district court that the taxpayer had not established a reasonable cost basis in certain intangible rights—acquired in connection with failed savings and loan associations (thrifts)—for purposes of claiming tax deductions and losses.

The taxpayer acquired the failed thrifts in 1981, and in exchange was given a package of incentives that included the right to maintain branches in other states and the right to use the purchase method of accounting. The taxpayer initiated this refund action, claiming that it was entitled to refunds attributable to losses and deductions relating to these intangible assets.

The Ninth Circuit today agreed with the district court that the taxpayer had not satisfied the burden of establishing the value for these intangible assets as well as its burden to establish a cost basis in these rights.

The case is: *Washington Mutual, Inc. v. United States*, No. 14-35289 (9th Cir. May 12, 2017). Read the Ninth Circuit's [decision](#) [PDF 166 KB]

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