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Court of Federal Claims: No netting of overpayment, underpayment interest under same-taxpayer rule

The U.S. Court of Federal Claims today denied the taxpayer's motion for summary judgment and granted summary judgment for the government in a refund proceeding concerning the taxpayer's request to apply the interest netting rules of section 6621(d).

The Court of Federal Claims held that the taxpayer was not entitled to net its overpayment interest with underpayment interest of a foreign sales corporation (FSC) that was owned by the taxpayer because the taxpayer and the FSC were not the same taxpayer (as required under section 6621(d)).

The case is: *Ford Motor Co. v. United States*, No. 14-458T (Fed. Cl. May 30, 2017). Read the Court of Federal Claims' [decision](#) [PDF 162 KB]

The taxpayer applied to balance the interest it owed and paid on underpayments of taxes with interest received from the IRS on tax overpayments. The taxpayer made an overpayment to the IRS for the taxes it owed in 1992, while a former foreign sales corporation (FSC) owned by the taxpayer had tax underpayments between 1990 and 1998. While the interest netting rules allow a taxpayer, under certain circumstances, to "net" accrued interest on equivalent underpayments and overpayments, the IRS denied the taxpayer's attempts to net its overpayment against the FSC's underpayments because the taxpayer and the FSC were not the same taxpayer as required by section 6621(d). The Court of Federal Claims today agreed with the government that the taxpayer and its former FSC were not the same taxpayer, and granted summary judgment for the government.

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