

Publications

March 25, 2026 • Updates

Clock Beats Commissioner: IRS Concedes \$48M Easement Case

Key Takeaways

- On March 23, 2026, the U.S. Tax Court entered a stipulated decision in *Agate Holdings LLC, Agate Manager LLC v. Commissioner* under which the IRS conceded the partnership's full \$48.3 million deduction for a Louisiana conservation easement donation.
- The decision provides that accuracy-related penalties and civil fraud penalties **do not** apply for the 2018 tax year.
- According to the reported stipulation, the IRS's concession was based solely on the fact that its Nov. 3, 2023 notice was not timely issued under Internal Revenue Code Section 6235.

This development is significant because it highlights how procedural issues can be outcome-determinative in conservation easement cases. The taxpayer had accused the IRS of backdating documents to support otherwise time-barred penalties and adjustments, but the stipulated decision appears to turn on the timeliness of the notice rather than the merits of those allegations. The decision arrives as Treasury officials have discussed a final IRS settlement initiative for remaining conservation easement disputes.

For taxpayers and advisers, the practical lesson is clear: statute-of-limitations defenses, the validity and timing of partnership adjustment notices and the procedural foundation for penalties deserve close review at the outset of any tax controversy. Even where the government advances aggressive substantive positions, procedural defects may materially alter the case.

Businesses, partnerships and investors with pending tax audits (including conservation easements or otherwise), partnership proceedings, or asserted valuation or fraud penalties should consider whether this decision creates an opportunity to revisit defense strategy, discovery priorities and settlement posture.

Polsinelli's government investigations and tax attorneys have extensive experience with conservation easements and tax controversy and are prepared to assist with compliance or any potential enforcement action by the government. Should you have questions regarding the information discussed, please reach out to Lauren DeSantis-Then, Bill

Related People

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Related Capabilities

- Government Investigations
- Tax

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