

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA; and
TEXAS ASSOCIATION OF BUSINESS,

Plaintiffs,

v.

INTERNAL REVENUE SERVICE; *et al.*,

Defendants.

Civil Action No. 1:16-cv-00944-LY

PLAINTIFFS' RESPONSE TO NOTICE OF SUPPLEMENTAL AUTHORITY

The decision that Defendants cite in their supplemental filing (Dkt. 66), *CIC Services, LLC v. IRS*, No. 3:17-cv-110 (E.D. Tenn. May 1, 2017), has no bearing on Plaintiffs' challenge to the Treasury Rule here. *CIC Services* concerned an IRS notice compelling taxpayers and their tax advisors to disclose any "micro-captive transactions" to the IRS. Op. at 1–2. Failure to do so would trigger a tax. *Id.* at 4–5. The plaintiffs conceded they were "subject to" this requirement, *id.* at 3, and hence would owe a tax if they did not comply. Yet rather than pay that tax and sue for a refund, they asked the district court to bar enforcement of the requirement to report these transactions. Applying the Anti-Injunction Act ("AIA"), the court refused to do so. *Id.* at 4–7.

CIC Services is therefore just like the trio of Fifth Circuit cases addressed in Plaintiffs' Opposition to the Motion to Dismiss. Dkt. 45, at 23–26. As in those cases, the *CIC Services* plaintiffs were trying to prevent the IRS from completing the necessary steps to assess specific, allegedly due taxes. Here, by contrast, Plaintiffs' members have *not* engaged in any inversion transactions that trigger taxes under the Rule. Instead, Plaintiffs are advancing a legal challenge to an IRS regulation when no specific taxes are owed or even contemplated. *CIC Services* does not suggest that the AIA applies under these circumstances, and thus adds nothing new.

Respectfully submitted,

Dated: May 3, 2017

s/ Laura Jane Durfee

LILY FU CLAFFEE*

D.C. Bar No. 450502

LClaffee@USChamber.com

KATE COMERFORD TODD*

D.C. Bar No. 477745

KTodd@USChamber.com

STEVEN P. LEHOTSKY*

D.C. Bar No. 992725

SLehotsky@USChamber.com

WARREN POSTMAN*

D.C. Bar No. 995083

WPostman@USChamber.com

U.S. CHAMBER LITIGATION CENTER

1615 H Street NW

Washington, DC 20062

Telephone: (202) 463-5337

Facsimile: (202) 463-5346

*Counsel for Plaintiff Chamber of
Commerce of the United States of
America*

MICHAEL A. CARVIN*

D.C. Bar No. 366784

macarvin@jonesday.com

RAYMOND J. WIACEK*

D.C. Bar No. 925966

rjwiacek@jonesday.com

ANDREW M. EISENBERG*

D.C. Bar No. 445346

ameisenberg@jonesday.com

JACOB M. ROTH*

D.C. Bar No. 995090

yroth@jonesday.com

BRINTON LUCAS*

D.C. Bar No. 1015185

blucas@jonesday.com

JONES DAY

51 Louisiana Avenue NW

Washington, DC 20001

Telephone: (202) 879-3939

Facsimile: (202) 626-1700

LAURA JANE DURFEE

Texas Bar No. 24069653

ldurfee@jonesday.com

JONES DAY

2727 North Hardwood Street

Dallas, TX 75201

Telephone: (214) 220-3939

Facsimile: (214) 969-5100

Counsel for Plaintiffs

*Admitted *pro hac vice*

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of May, 2017, I filed the foregoing Response to Notice of Supplemental Authority with the Court through the Court's CM/ECF system. I further certify that I will serve a true and correct copy of the foregoing Response on the following attorneys:

Adam D. Strait
Michelle C. Johns
Paul T. Butler
U.S. Department of Justice, Tax Division
P.O. Box 683
Washington, DC 20044-0683
Counsel for Defendants

Pierre H. Bergeron
Charles E. Talisman
Rachael Harris
Squire Patton Boggs (US) LLP
2250 M Street Northwest
Washington, DC 20037

Dylan O. Drummond
Squire Patton Boggs (US) LLP
2000 McKinney Avenue, Suite 1700
Dallas, TX 75201

Linda Kelly
National Association of Manufacturers
733 10th Street NW, Suite 700
Washington, DC 20001
Counsel for Amicus

Date: May 3, 2017.

/s/ Laura Jane Durfee

LAURA JANE DURFEE
Texas Bar No. 24069653
ldurfee@jonesday.com
JONES DAY
2727 North Hardwood Street
Dallas, TX 75201
Telephone: (214) 220-3939
Facsimile: (214) 969-5100

Attorney for Plaintiff