

## **Senate Finance Committee Opens Bipartisan Probe of Conservation Easements**

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Scrutiny of a widely-marketed tax break to high-net-worth individuals under IRC section 170 has increased yet again. A tax break meant to encourage donations of land that will be environmentally conserved has been under the enforcement spotlight for some time. In late 2016, the IRS released Notice 2017-10 cautioning taxpayers and promoters about concerns that the tax deduction was being improperly and illegally exploited. The IRS has reported that over \$6 billion of deductions have been claimed using improperly inflated values based upon prepackaged and improperly labeled independent appraisals.

Various investigations are underway including criminal investigations.

It is important to note that the investigations involve alleged abuses of a legal program. Oftentimes abusive tax shelters will masquerade as legitimate tax planning techniques. If you have participated in a conservation easement or are considering such a transaction, it is imperative to consult with an experienced and independent tax controversy attorney about your options in addressing the situation. Federal tax law does not consider a promoter of a tax strategy independent for penalty relief purposes or, in more dire cases, prosecution protection.

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National Law Review, Volume IX, Number 87

Source URL: <https://natlawreview.com/article/senate-finance-committee-opens-bipartisan-probe-conservation-easements>