

Publications

Federal Claims Court Upholds IRS Position on Discounted Stock Options

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It appears the IRS may be starting to go after easy targets under section 409A of the Internal Revenue Code (“409A”), including discounted stock options. In *Sutardja v. United States*, the Court of Federal Claims confirmed that 409A applies to a discounted stock option (i.e., a stock option granted with an exercise price less than fair market value on the grant date) when it ruled in favor of the United States on several key 409A issues on summary judgment.

The case is summarized in the attached memo, along with a few general observations.

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