



Leila D. Carney

MEMBER

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TAX DISPUTES & TAX LITIGATION | INTERNATIONAL TAX | COMPLEX LITIGATION | POLITICAL LAW | PRIVATE CLIENT

Leila Carney is a seasoned tax lawyer with a focus on resolving disputes with the IRS.

Ms. Carney's core practice involves providing a surgical defense to IRS audits, assessments, and penalties, including litigation in the U.S. Tax Court, Federal District Court, and D.C. Circuit Court against the IRS and the Department of Justice. She is adept at handling multifaceted issues involving global business and investing structures for individuals, corporate clients, and complex trusts. Ms. Carney has handled sensitive IRS exams, administrative appeals, criminal matters, voluntary disclosures, and submitted ruling requests and comment letters on proposed regulations.

Ms. Carney has practiced in the Tax Disputes & Tax Litigation Group since she first joined Caplin & Drysdale's Washington D.C. office in 2004. She also provides her tax, litigation, and federal law expertise to the Complex Litigation, Criminal Tax & White Collar Defense, Private Client, and Political Law Practices.

Highlights

Ms. Carney has zealously:

- litigated cases involving foreign-source income, captive insurance, conservation easements, and IRS third-party summons;
- defended Puerto Rico residency and sourcing in IRS campaign audits;
- navigated the Congressional Joint Committee on Taxation large tax refund review process;
- defended a gift tax return examination involving a high net worth trust structure;
- sought full abatement of civil penalties related to foreign trust reporting, return preparer penalties, and appraiser penalties;
- sought a full allowance of large deductions in IRS "hobby loss" and "cost segregation" examinations, and a refund of Net Investment Income Tax (NIIT);
- coordinated reinstatement of an inadvertent S-corp termination; and
- sought "9100" relief for missed "check the box" elections;

- advised on presidential ballot access law and procedure.

Ms. Carney has represented clients in sensitive audits with a risk of allegations of tax fraud or securities fraud. She has also assisted clients in responding to subpoenas for civil and criminal proceedings, as well as clients who are themselves under investigation.

Ms. Carney has protested civil penalties including those specific to foreign bank accounts, trusts, gifts, prepares, promoters, and appraisers. She has represented clients on collection matters such as offers-in-compromise, lien releases, installment agreements, and innocent spouse petitions. Ms. Carney has assisted with state tax aspects, such as California Franchise Tax Board (FTB) exams, resolution programs, and collection activities. She is also experienced in obtaining and defending tax-exempt status for public and private charities, as well as trade associations.

Additionally, Ms. Carney has advised clients on creating business practices that are in compliance with changing regulatory regimes, including those governing taxpayer consent to disclosure of tax return information, foreign bank account reporting (FBAR), and nonqualified deferred compensation plans. She has assisted clients in submitting comments on proposed regulations.

Admissions & Education

ADMISSIONS

District of Columbia

U.S. Tax Court

Virginia

EDUCATION

J.D., University of Virginia School of Law, 2004

B.A., The College of William & Mary, 2001

Professional Activities & Affiliations

OTHER PROFESSIONAL AFFILIATIONS

Member, American Bar Association, Section of Taxation

Member, District of Columbia Bar

Newsroom & Publications

NEWS

Caplin & Drysdale Elects Two New Members
Firm Release | 10.01.2023

Leila Carney Speaks to Tax Notes on IRS Funding Targeting Enforcement
Tax Notes, 07.17.2023

Captive Insurance Times Reports on Firm's Recent Captive Insurance Case
Captive Insurance Times, 11.12.2021

PUBLICATIONS & ALERTS

The IRS Announces 100 Criminal and Civil Audits of Puerto Rico Act 20, 22, and 60 Decree Holders
International Tax Alert | 07.17.2023

In the Room Where it Happens, it Doesn't Always Happen Exactly Right
Procedurally Taxing, 05.08.2023

Evaluating and Improving The Taxpayer Rights Provisions of the IRS Restructuring and Reform Act of 1998
Pittsburgh Tax Review, 03.16.2023

Defending Your Puerto Rico Source Income in an IRS Campaign Audit
International Tax Alert | 03.10.2023

All or Nothing: Defending Your Puerto Rico *Bona Fide* Residency Against an IRS Campaign Audit
International Tax Alert | 02.17.2023

Preparing for Battle: The IRS Puerto Rico Campaign Takes Off
International Tax Alert | 02.01.2023

Entrepreneur or Hobbyist: Turning Losses Into a Win
Article | *Practical Tax Strategies Thomson Reuters* , 01.01.2023

IRS to Issue Proposed Regulations Identifying Syndicated Conservation Easements as Listed Transactions
Tax Alert | 12.07.2022

Challenge to the Constitutionality of the ACA Raises NII Tax Refund Possibility
Tax Alert | 07.06.2020