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The Numbers Don't Add Up: IRS Says Solyndra's \$71M Cash Can't Pay \$900M In Debt

The once darling alternative energy company that was gilded by President Obama's glow has seen better days. Solyndra took \$527 million from taxpayers? Yes indeed. Taxpayers are on the hook for more than half a **billion** dollars after the company filed for bankruptcy.



That was just two years after winning a rare loan guarantee from the Department of Energy. Well, at least Solyndra isn't connected to Libya. Yet if you are a select enough investor, you still might find a pony in the pile. Think Net Operating Losses (NOLs), but don't talk **too** much about them if you hope to placate the IRS.

Most creditors, of course, including the IRS, will be out of luck. The shuttered energy concern has only \$71 million in cash to stretch across more than \$900 million in unpaid debts. Under anyone's math, that's hard to imagine.

Yet Solyndra's lawyers are heading to court again to battle the Energy Department and the IRS over whether its Chapter 11 plan should be confirmed. See [Solyndra, DOE Square Off for Chapter 11 'Cramdown'](#). The IRS hasn't minced words about Solyndra's Chapter 11 reorganization

plan, claiming its “principal purpose is tax avoidance.” See [Solyndra’s Legal Team Pours It On as Political Spotlight Burns](#). The IRS says it is little more than an avenue for owners of an empty corporate shell to avoid paying taxes.

“The undeniable conclusion is that tax benefits drive this plan,” attorneys for the IRS wrote in a bankruptcy pleading. See [IRS Slams Solyndra Bankruptcy Plan](#). The tax breaks could act like a giant sponge to soak up income that would otherwise be taxed. Think of it like a get-out-of-tax-jail-free card. In short, the IRS claims the usable NOLs would be worth ***much more*** than the measly funds set aside for creditors. See [IRS Says ‘Tax Avoidance’ at Heart of Solyndra Bankruptcy Plan](#).

Solyndra’s owners—and Republicans have probed the Obama Solyndra symbiosis—have been planning for years to use the NOLs in the future post-bankruptcy, according to claims. The bankruptcy rules on NOLs are complex, but there are ways that NOLs can survive. See [Bailout and NOL Rules: What, Me Worry?](#) It appears that’s what Solyndra and its shareholders are counting on. See [Attorneys for IRS, Energy Department Object to Solyndra Bankruptcy Plan](#).

Is it a good deal for creditors to squeeze \$7 or \$8 million out of the Solyndra mess? Not really, especially given that the IRS claims the coveted tax benefits Solyndra’s smiling owners will get are worth more in the neighborhood of \$150 million. That sounds pretty rich.

Let’s see, if the rich should pay their fair share, how should that platitude apply here?

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