
“Computed Without Regard to Taxes Paid”: The Individual Tax Consequences of Compensation Clawbacks

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Compensation clawbacks can raise difficult, and often adverse, tax issues for employees and other service providers. Specifically, for clawbacks that are effected on a gross (pretax) basis, questions arise as to how the clawback is treated for income tax purposes and what avenues an individual may have for recovering any taxes previously paid on the recouped amount. As we describe in this client alert, the answers to these questions are far from straightforward, often counterintuitive, and largely dependent on the facts and circumstances of the original payment and its clawback.

[Read the full alert.](#)

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