1 T.C. 1031 (1943)

A court lacks jurisdiction over a tax refund claim when the claim fails to provide the information required by law, regulations, and prescribed forms.

Summary

Angelus Milling Co. sought a refund of processing taxes. The Commissioner of Internal Revenue moved to dismiss the case, arguing that Angelus Milling had not filed a proper claim for refund. The Tax Court agreed with the Commissioner, finding that the claims relied upon by Angelus Milling failed to provide the necessary information required by law and regulations. Because of this deficiency, the court determined that it lacked jurisdiction to hear the case.

Facts

Angelus Milling Company, formerly Middleport Flour Mills, Inc., claimed it was a processor of wheat from July 9, 1933, to January 6, 1936, and paid $145,839.12 in processing taxes during that time.

Angelus Milling filed an "Amendment to Claim" on August 15, 1938, using Form P. T. 79, the designated form for processing tax refund claims. However, Schedules A to E of the form were left blank.

Attached to the form was information allocating the refund between Niagara Falls Milling Co. and Angelus Milling Co., stating the total processing taxes paid as $434,045.27. The affidavit of the president stated that the claim was originally filed on June 22, 1936, under the name of Niagara Falls Milling Company and/or Middleport Flour Mills, Inc., for $434,045.27.

The Commissioner denied the claim on May 23, 1941, stating that the claim did not contain margins computed per Section 907 of the Revenue Act of 1936 and Article 605 of Regulations 96, nor did it establish that Angelus Milling bore the burden of the tax as required by Section 902 of the Act and Article 606 of Regulations 96.

Procedural History

The Commissioner of Internal Revenue filed a motion to dismiss the proceeding before the Tax Court on jurisdictional grounds, arguing that Angelus Milling had not filed a proper claim for refund.

The Tax Court considered the motion, reviewed the submitted exhibits, and heard arguments from both parties before issuing its decision.

Issue(s)

Whether the Tax Court has jurisdiction over a claim for a refund of processing taxes

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when the claim fails to provide the information required by law, regulations, and prescribed forms.

Holding

No, because the claims relied upon by Angelus Milling failed to provide the necessary evidentiary basis for determining the merits of the refund claim, and the Commissioner did not waive the defects in the claim.

Court's Reasoning

The court reasoned that Section 903 of the Revenue Act of 1936 required claims for refund to be filed according to regulations prescribed by the Commissioner, including the use of prescribed forms. The regulations required specific information on Form P. T. 79, including detailed statements of average margins for the tax period and periods before and after the tax.

The court cited *Lincoln Cotton Mill Co. v. Commissioner* for the principle that the Commissioner is entitled to insist on compliance with directions regarding desired information, and a claim referring to no facts is ineffective.

The court found that Angelus Milling's "Amendment to Claim" did not provide a sufficient evidentiary basis and was intended as an amendment to claims filed in 1936 that also lacked the required information. The court stated, "The 'Amendment to Claim' and those original claims, when read together, do not set forth a sufficient evidentiary basis for determining the probable merits of the asserted claim."

The court rejected Angelus Milling's argument that the Commissioner waived defects in the claim by examining the company's books, noting that the examination was also related to the claim of Niagara Falls Milling Co. and that the Commissioner's rejection letter indicated that the claim was deficient.

Practical Implications

This case underscores the importance of meticulously complying with the specific requirements for filing tax refund claims. Attorneys and taxpayers must ensure that all necessary information is included in the claim, following the instructions on the prescribed forms and relevant regulations.

The case also clarifies that a general examination of a taxpayer's books does not automatically constitute a waiver of defects in a refund claim by the Commissioner. A clear and explicit waiver is required.

This decision influences how similar cases are analyzed by emphasizing the need for a sufficient evidentiary basis within the refund claim itself, ensuring the IRS has adequate information to assess the claim's merits. Subsequent cases addressing jurisdictional challenges to tax refund claims often cite *Angelus Milling* to reinforce

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the requirement of strict compliance with procedural rules.

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