Camous v. Commissioner, 67 T. C. 721 (1977); 1977 U. S. Tax Ct. LEXIS 162

A joint notice of deficiency sent to spouses is valid unless formal notification of separate residences is given to the District Director, and the 150-day filing period applies to both spouses if one is outside the U. S. when the notice is mailed.

Summary

In Camous v. Commissioner, the U. S. Tax Court addressed the validity of a joint notice of deficiency sent to Edward and Jeanne Camous for tax years 1968-1970, and the applicable filing period for a petition with the Tax Court. The IRS had mailed a joint notice to the Camouses' last known address, but Edward was in England at the time. The court ruled that the notice was valid because Jeanne had not formally notified the IRS of their separate residences. Additionally, the court held that both spouses had 150 days to file a petition due to Edward's residence abroad, emphasizing the literal interpretation of the statute and the practical need for extra time when one spouse is overseas.

Facts

Edward and Jeanne Camous filed joint tax returns for the years 1968-1970. In June 1975, Edward was convicted of tax evasion, and by September 1975, he had moved to England, leaving Jeanne in Connecticut. The IRS mailed a joint notice of deficiency to their last known address in Connecticut on November 14, 1975. The notice was returned unclaimed. Jeanne had informed Revenue Agents Gross and Thibodeau of their separation, but no formal notice was given to the District Director. Edward received a copy of the notice in England on January 29, 1976, and both filed a petition on April 9, 1976.

Procedural History

The IRS moved to dismiss Jeanne's petition for lack of jurisdiction, arguing the notice was invalid as to her and that she filed outside the 90-day period. The Camouses moved to dismiss for lack of jurisdiction, asserting the IRS should have sent separate notices due to their separate residences. The Tax Court held a hearing on these motions on October 18, 1976.

Issue(s)

1. Whether the joint notice of deficiency sent to the Camouses was valid under IRC section 6212(b).
2. Whether Jeanne Camous's petition was timely filed given Edward's residence outside the U. S. at the time the notice was mailed.

Holding

1. Yes, because Jeanne did not formally notify the District Director of their separate

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residences as required by IRC section 6212(b) and the regulations.
2. Yes, because under IRC section 6213(a), both spouses had 150 days to file a petition since Edward was outside the U. S. when the notice was mailed.

Court’s Reasoning

The court reasoned that a valid notice of deficiency under IRC section 6212(b) requires formal notification to the District Director of separate residences, which Jeanne failed to provide. The court rejected the notion that informal statements to revenue agents constituted sufficient notice. For the second issue, the court interpreted IRC section 6213(a) literally, stating that if the notice is addressed to “a person” outside the U. S. , both spouses are entitled to the 150-day filing period. This interpretation was supported by the practical need for extra time when one spouse is overseas, especially when filing a joint petition.

Practical Implications

This decision clarifies that taxpayers must formally notify the IRS of separate residences to trigger the requirement for separate deficiency notices. It also establishes that if one spouse is abroad, both have an extended period to file a petition, which is crucial for joint filers. Practitioners should advise clients to provide formal notice of separate residences and ensure timely filing of petitions, especially when one spouse is overseas. This ruling has been applied in subsequent cases involving joint notices and filing periods, such as in Estate of Krueger, and has influenced IRS procedures for handling notices of deficiency.

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