Weinroth v. Commissioner, 74 T. C. 430 (1980)

The IRS must exercise reasonable diligence to send a notice of deficiency to a taxpayer's last known address, even if the taxpayer has only notified other IRS agents of the change.

Summary

In Weinroth v. Commissioner, the U. S. Tax Court ruled that the IRS failed to exercise reasonable diligence in mailing a notice of deficiency to Abe and Eleanor Weinroth's last known address. The Weinroths had moved and notified various IRS agents of their new address, but the notice for their 1974 taxes was sent to their old address. The court held that the IRS's reliance on the address listed on the 1974 return was unreasonable given the Weinroths' prior notifications to other IRS agents. This decision underscores the importance of the IRS's duty to use all available information to determine a taxpayer's last known address.

Facts

Abe and Eleanor Weinroth moved from 415 Latona Avenue to 895 Parkway Avenue in September 1976. They notified IRS agents about the new address for tax years 1966-1969 and 1973. In April 1978, the IRS sent a notice of deficiency for the Weinroths' 1974 taxes to their old address at Latona Avenue. This notice was returned unclaimed. The Weinroths did not receive the notice until March 1979 and filed their petition with the Tax Court in June 1979, over a year after the notice was mailed.

Procedural History

The IRS moved to dismiss the Weinroths' petition for lack of jurisdiction, arguing it was filed late. The Weinroths countered with their own motion to dismiss, claiming the notice was not sent to their last known address. The Tax Court denied the IRS's motion and granted the Weinroths' motion, ruling that the notice was not sent to their last known address.

Issue(s)

1. Whether the IRS exercised reasonable diligence in mailing the notice of deficiency to the Weinroths' last known address.

Holding

1. No, because the IRS did not use the information it had about the Weinroths' new address, which had been communicated to other IRS agents, to update the address for the 1974 tax year notice.

Court's Reasoning

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The court emphasized that while taxpayers must notify the IRS of address changes, there is no requirement to notify the specific agent handling the year in question if other agents in the same district have been informed. The court found that the IRS failed to exercise reasonable diligence by not using the information about the Weinroths' new address, which was known to various IRS agents, including those involved in audits of other tax years. The court cited cases like *Alta Sierra Vista, Inc. v. Commissioner* and *Welch v. Schweitzer* to support its view that the IRS should use all available information within its organization. The court rejected the IRS's argument that notification must be given to the specific agent responsible for the year in question, stating that such a narrow interpretation was not supported by law.

Practical Implications

This decision requires the IRS to maintain better internal communication and utilize all available information when determining a taxpayer's last known address. It underscores the importance of the IRS's duty to exercise reasonable diligence, which could lead to changes in IRS procedures for updating taxpayer addresses. For taxpayers, it reinforces the need to notify the IRS of address changes but also provides assurance that such notifications to any IRS agent within the relevant district should suffice. This ruling could impact how the IRS handles notices of deficiency in ongoing audits involving multiple tax years, potentially leading to more thorough checks of internal records before mailing such notices.

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